

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 20 March 2013

The Council met at Eleven o'clock

MEMBERS PRESENT:

THE PRESIDENT

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

THE HONOURABLE ALBERT HO CHUN-YAN

THE HONOURABLE LEE CHEUK-YAN

THE HONOURABLE JAMES TO KUN-SUN

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

THE HONOURABLE LEUNG YIU-CHUNG

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

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

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

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

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

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

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

THE HONOURABLE WONG KWOK-HING, M.H.

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

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

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

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

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

THE HONOURABLE CYD HO SAU-LAN

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

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

THE HONOURABLE CHAN HAK-KAN, J.P.

THE HONOURABLE CHAN KIN-POR, B.B.S., J.P.

DR THE HONOURABLE PRISCILLA LEUNG MEI-FUN, J.P.

DR THE HONOURABLE LEUNG KA-LAU

THE HONOURABLE CHEUNG KWOK-CHE

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

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

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

THE HONOURABLE PAUL TSE WAI-CHUN, J.P.

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

THE HONOURABLE LEUNG KWOK-HUNG

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE WONG YUK-MAN

THE HONOURABLE CLAUDIA MO

THE HONOURABLE MICHAEL TIEN PUK-SUN, B.B.S., J.P.

THE HONOURABLE JAMES TIEN PEI-CHUN, G.B.S., J.P.

THE HONOURABLE NG LEUNG-SING, S.B.S., J.P.

THE HONOURABLE STEVEN HO CHUN-YIN

THE HONOURABLE FRANKIE YICK CHI-MING

THE HONOURABLE WU CHI-WAI, M.H.

THE HONOURABLE YIU SI-WING

THE HONOURABLE GARY FAN KWOK-WAI

THE HONOURABLE MA FUNG-KWOK, S.B.S., J.P.

THE HONOURABLE CHARLES PETER MOK

THE HONOURABLE CHAN CHI-CHUEN

THE HONOURABLE CHAN HAN-PAN

DR THE HONOURABLE KENNETH CHAN KA-LOK

THE HONOURABLE CHAN YUEN-HAN, S.B.S., J.P.

THE HONOURABLE LEUNG CHE-CHEUNG, B.B.S., M.H., J.P.

THE HONOURABLE KENNETH LEUNG

THE HONOURABLE ALICE MAK MEI-KUEN, J.P.

DR THE HONOURABLE KWOK KA-KI

THE HONOURABLE KWOK WAI-KEUNG

THE HONOURABLE DENNIS KWOK

THE HONOURABLE CHRISTOPHER CHEUNG WAH-FUNG, J.P.

DR THE HONOURABLE FERNANDO CHEUNG CHIU-HUNG

THE HONOURABLE SIN CHUNG-KAI, S.B.S., J.P.

DR THE HONOURABLE HELENA WONG PIK-WAN

THE HONOURABLE IP KIN-YUEN

DR THE HONOURABLE ELIZABETH QUAT, J.P.

THE HONOURABLE MARTIN LIAO CHEUNG-KONG, J.P.

THE HONOURABLE POON SIU-PING, B.B.S., M.H.

THE HONOURABLE TANG KA-PIU

DR THE HONOURABLE CHIANG LAI-WAN, J.P.

IR DR THE HONOURABLE LO WAI-KWOK, B.B.S., M.H., J.P.

THE HONOURABLE CHUNG KWOK-PAN

THE HONOURABLE CHRISTOPHER CHUNG SHU-KUN, B.B.S., M.H., J.P.

THE HONOURABLE TONY TSE WAI-CHUEN

PUBLIC OFFICERS ATTENDING:

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

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

PROF THE HONOURABLE ANTHONY CHEUNG BING-LEUNG, G.B.S.,
J.P.
SECRETARY FOR TRANSPORT AND HOUSING

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

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

THE HONOURABLE GREGORY SO KAM-LEUNG, G.B.S., J.P.
SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT

MR LAU KONG-WAH, J.P.
SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS

MR JOHN LEE KA-CHIU, P.D.S.M., P.M.S.M., J.P.
SECRETARY FOR SECURITY

THE HONOURABLE WONG KAM-SING, J.P.
SECRETARY FOR THE ENVIRONMENT

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

CLERKS IN ATTENDANCE:

MR KENNETH CHEN WEI-ON, S.B.S., SECRETARY GENERAL

MRS JUSTINA LAM CHENG BO-LING, DEPUTY SECRETARY GENERAL

MISS FLORA TAI YIN-PING, ASSISTANT SECRETARY GENERAL

MISS ODELIA LEUNG HING-YEE, 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>
Rating (Exemption) Order 2013.....	26/2013
Revenue (Reduction of Business Registration Fees) Order 2013.....	27/2013
Legislation Publication (Revision) Order 2013	28/2013
Telecommunications (Telecommunications Apparatus) (Exemption from Licensing) (Amendment) Order 2012 (Commencement) Notice	29/2013
Toys and Children's Products Safety Ordinance (Amendment of Schedules 1 and 2) Notice 2013	30/2013

Other Papers

- No. 75 — Estimates
for the year ending 31 March 2014
General Revenue Account
- Consolidated Summary of Estimates
- Revenue Analysis by Head
- No. 76 — Hong Kong Rotary Club Students' Loan Fund
Financial statements for the year ended 31 August 2012
- No. 77 — Sing Tao Charitable Foundation Students' Loan Fund
Financial statements for the year ended 31 August 2012
- No. 78 — Hong Kong Arts Development Council
Annual Report 2011/12

- No. 79 — The Hong Kong Academy for Performing Arts
Annual Report 2011-2012 and financial statements for the
year ended 30th June 2012
- No. 80 — Self-financing Post-secondary Education Fund
Financial statements for the period from 26 August 2011 to
31 August 2012
- No. 81 — HKSAR Government Scholarship Fund
Financial statements for the year ended 31 August 2012
- No. 82 — The Lord Wilson Heritage Trust
Annual Report 2011-2012
- No. 83 — AIDS Trust Fund
Financial statements for the year ended 31 March 2012

Report No. 12/12-13 of the House Committee on Consideration of
Subsidiary Legislation and Other Instruments

ORAL ANSWERS TO QUESTIONS

PRESIDENT (in Cantonese): Questions. First question.

Government's Response to Issues Raised by United Nations Human Rights Committee

1. **MS EMILY LAU** (in Cantonese): *President, in April 2011, the Hong Kong Special Administrative Region (SAR) Government submitted, through the Central People's Government, its third report in the light of the International Covenant on Civil and Political Rights (Covenant) to the United Nations Human Rights Committee (UNHRC). The UNHRC adopted a "List of issues to be taken up in connection with the consideration of the third periodic report of Hong Kong, China" (List of Issues) in November 2012, and conducted a hearing on that report in Geneva, Switzerland on the 12th and 13th of this month. In this connection, will the executive authorities inform this Council:*

- (a) *given that paragraph 3 of the List of Issues requested the SAR Government to "indicate what further steps have been taken to ensure that the next Chief Executive and Legislative Council elections take place by universal suffrage in compliance with the Covenant", of the details of the SAR Government's response to the UNHRC in this respect; and*
- (b) *given that paragraph 3 of the List of Issues requested the SAR Government to describe "the conditions for nomination, for example, age limits, and any other qualifications or restrictions" for the candidates for the next Chief Executive election, of the details of the SAR Government's response to the UNHRC in this respect; and given the recent comment of the spokesman of the National Committee of the Chinese People's Political Consultative Conference that he believed that Hong Kong people would elect a person who loved the country and Hong Kong to be the Chief Executive, whether the authorities will set "loving the country and Hong Kong" as one of the conditions for candidacy for the next Chief Executive election?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, our reply to the questions raised by Ms LAU is as follows:

- (a) The Government of the SAR has made it clear in the "Third Report of the SAR of the People's Republic of China in the light of the International Covenant on Civil and Political Rights" and in its response to a written question raised by the UNHRC that, the SAR is committed to attaining the ultimate aim of selecting the Chief Executive and electing all the Members of the Legislative Council by universal suffrage in accordance with the Basic Law and the "Decision on Issues Relating to the Methods for Selecting the Chief Executive of the SAR and for Forming the Legislative Council of the SAR in the Year 2012 and on Issues Relating to Universal Suffrage" adopted by the Standing Committee of the National People's Congress in December 2007 (the NPCSC's Decision).
- (b) The Government of the SAR has made it clear in its response to a written question raised by the UNHRC that, Article 44 of the Basic

Law provides that, "the Chief Executive of the Hong Kong Special Administrative Region shall be a Chinese citizen of not less than 40 years of age who is a permanent resident of the Region with no right of abode in any foreign country and has ordinarily resided in Hong Kong for a continuous period of not less than 20 years".

As set out in the NPCSC's Decision, "in selecting the Chief Executive of the Hong Kong Special Administrative Region by the method of universal suffrage, a broadly representative nominating committee shall be formed. The nominating committee may be formed with reference to the current provisions regarding the Election Committee in Annex I to the Hong Kong Basic Law. The nominating committee shall in accordance with democratic procedures nominate a certain number of candidates for the office of the Chief Executive, who is to be elected through universal suffrage by all registered electors of the Hong Kong Special Administrative Region, and to be appointed by the Central People's Government".

As for the arrangements for implementing universal suffrage for the Chief Executive, the SAR Government will conduct extensive consultation with various sectors of the community in the process of formulating the method for electing the Chief Executive in 2017.

We would also like to reiterate that, since the reunification of the SAR with the Mainland China, the Chief Executive elections have been conducted strictly in accordance with the Basic Law and the Chief Executive Election Ordinance (Cap. 569), and other relevant requirements and regulations.

The Basic Law and the Chief Executive Election Ordinance have set out clearly the basic qualification criteria for becoming the Chief Executive and the eligibility criteria for being a candidate for the Chief Executive election.

Any person who meets those qualification and eligibility criteria can stand as a candidate in the Chief Executive election. The SAR Government will act strictly in accordance with the law to ensure that the Chief Executive elections are held in an open, fair and honest manner.

MS EMILY LAU (in Cantonese): *President, the Secretary has mentioned in his main reply that any person who meets those qualification and eligibility criteria set out in the Basic Law and the Chief Executive Election Ordinance can stand as a candidate in the Chief Executive election. President, at the meeting held in Geneva on 12 March — the Under Secretary who attended this meeting and replied to questions in his capacity as the Secretary is also present at that meeting — a member of the UNHRC pointed out to the authorities that the future election of the Chief Executive by universal suffrage would not just involve voting by electors because the right to stand for election was also very important. Will the future universal suffrage also include that issue? The authorities had not given an answer at that time.*

The Secretary's main reply today has not touched upon the Covenant. The authorities submitted a report in the light of the Covenant and attended the hearing. President, will the proposals made in the future have to be consistent with the Covenant and the recommendations of the UNHRC?

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): *President, in Geneva, we presented to members of the UNHRC our democratic process in the past few years and we touched upon the two elections to be held in Hong Kong in 2016 and 2017, telling them that we would implement universal suffrage according to the Basic Law and the NPCSC's Decision. As to how we can do so and the options, we are happy to discuss fully with all sectors of the community including Legislative Council Members in the future, with a view to implementing universal suffrage.*

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

MS EMILY LAU (in Cantonese): *The Secretary has not answered if the proposals about universal suffrage made in the future have to be consistent with the Covenant and the recommendations of the UNHRC. The authorities should not have attended the hearing if they despise the UNHRC. I ask the Secretary to publicly clarify the SAR Government's position.*

PRESIDENT (in Cantonese): Ms LAU, you have repeated your supplementary question. Secretary, please reply.

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, we will carry out this task in accordance with the Basic Law and the NPCSC's Decision.

MS CYD HO (in Cantonese): *During the two Sessions held earlier, there were reports that the future candidates and the elected Chief Executive should be a person who loved the country and Hong Kong. However, the UNHRC made a comment when it considered the human rights reports submitted by similar countries having one-party systems, and I quote: "One-party systems are not compatible with article 25 the Committee observed that restrictions on political activity outside the only recognized political party amount to an unreasonable restriction of the right to participate in the conduct of public affairs."*

President, this was the comment previously made by the UNHRC. Hong Kong people are really worried that, in electing the so-called person who love the country and Hong Kong, there would be screening by the Election Committee with the vast majority of members returned by a small-circle election or appointed

PRESIDENT (in Cantonese): Ms HO, please state your supplementary question.

MS CYD HO (in Cantonese): *..... which may ruin the principles of one person, one vote, as well as universal and equal suffrage. Will the authorities confirm that the future nomination procedures will not include screening? Could the authorities confirm that the future nomination procedures will certainly be consistent with the comment previously made by the UNHRC?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, as I have just said, the two elections in the future will be held in accordance with the Basic Law and the NPCSC's Decision. In fact, Article 45 of the Basic Law specifies, "the method for selecting the Chief

Executive shall be specified in the light of the actual situation in the Hong Kong Special Administrative Region and in accordance with the principle of gradual and orderly progress. The ultimate aim is the selection of the Chief Executive by universal suffrage upon nomination by a broadly representative nominating committee in accordance with democratic procedures." I believe we would undertake the relevant work according to this provision in the future.

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

MS CYD HO (in Cantonese): *President, it has certainly not been answered.*

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

MS CYD HO (in Cantonese): *I just want to ask the Secretary if he can confirm whether there will be a screening procedure in the future. Will the proposals be consistent with the UNHRC's view of opposing the restriction of the right to stand for election due to political stance? By not answering this question, does the Secretary imply that he cannot make any confirmation?*

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

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): I have already answered that we will act in accordance with the Basic Law and the NPCSC's Decision.

MR IP KIN-YUEN (in Cantonese): *President, in the past when I marked the HKCEE examination papers, I focused on the ability of students to give accurate answers to the questions; I would consider that the answers had gone off the track if they could not do so.*

Ms Emily LAU has very clearly asked in her question whether the authorities would set "loving the country and Hong Kong" as one of the

conditions for candidacy for the next Chief Executive election? Nevertheless, the main reply has only set out many known conditions, but without mentioning whether the authorities would set "loving the country and Hong Kong" as one of the conditions for candidacy for the next Chief Executive election. After I have become a Member of this Council, I do not quite understand why the answers provided by the authorities are different from the criteria I previously used to mark the examination papers. Can the Secretary clearly answer whether the authorities would adopt such a condition? Even if there is not yet a decision, can he tell us what do we still have to wait for and what is the meaning of "loving the country and Hong Kong"?

PRESIDENT (in Cantonese): Mr IP, please repeat the supplementary question that you asked the Secretary to answer.

MR IP KIN-YUEN (in Cantonese): *My supplementary question is whether the authorities would set "loving the country and Hong Kong" as one of the conditions for candidacy for the next Chief Executive election. Actually, I have only repeated the main question that Ms Emily LAU asked the Secretary.*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, there are different comments and views in the community and we will not comment on the views of individuals. On the whole, we will definitely undertake the work according to the Basic Law and the NPCSC's Decision in the future. I believe Members would participate and express their views at that time.

DR LAM TAI-FAI (in Cantonese): *President, Mr LAU Kong-wah's answer today made me rather disappointed and frustrated. He has intentionally evaded Ms Emily LAU's main question and his answer was deliberately evasive and vague, failing to give a direct answer.*

The main question is clear enough: Whether the authorities will set "loving the country and Hong Kong" as one of the conditions for candidacy for the next

Chief Executive election? He has instead said that "The Basic Law and the Chief Executive Election Ordinance have set out clearly the basic qualification criteria for becoming the Chief Executive and the eligibility criteria for being a candidate for the Chief Executive election".

LAU Kong-wah, "loving the country and Hong Kong" is a prerequisite for being a Chief Executive and this condition does not even need superfluous elaborations. Why do you not boldly and forcefully give such an answer? Is it necessary to say that people who are against China, stir up trouble in Hong Kong or bring calamity to the country cannot stand for election? This is a redundant question; he can boldly and forcefully answer that "loving the country and Hong Kong" is a prerequisite.

I hope he can boldly and forcefully answer my simple supplementary question. Some leaders — I am certainly referring to the Mainland leaders — have said that there are three conditions: first, "loving the country and Hong Kong"; second, having the trust and support of the Central Authorities; third, having the recognition of Hong Kong people. I hope he can stand upright, throw out his chest, straighten his back and tell me loud and clear whether he agrees with the three conditions.

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, from the supplementary questions and views of Members, we can see that there are different voices and views in the Legislative Council and the community. In handling this issue, it is very important that the Government must act in accordance with the provisions of the Basic Law and the NPCSC's Decision. There are opportunities for full discussion in the future and I believe that different views can then be expressed.

DR LAM TAI-FAI (in Cantonese): *He is a greenhorn in taking up the Secretary's duties, and he has little experience*

PRESIDENT (in Cantonese): Please repeat the part of your question that the Secretary has not answered.

DR LAM TAI-FAI (in Cantonese): *President, my supplementary question is clear enough: According to the Mainland leaders, the Chief Executive must satisfy three conditions: first, "loving the country and Hong Kong"; second, having the trust and support of the Central Authorities*

PRESIDENT (in Cantonese): You only need to repeat the part of your question that the Secretary has not answered.

DR LAM TAI-FAI (in Cantonese): *..... third, having the recognition of Hong Kong people. I asked if he agreed and he could very simply answer yes or no.*

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

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, although I am a greenhorn, I know that I have already answered this supplementary question.

MR CHAN KAM-LAM (in Cantonese): *President, every country or region has its own methods for electing the Chief Executive or parliamentary representatives. Can the Secretary tell us if there is a universal formula in the Covenant which all countries must comply in electing Chief Executives, Presidents, Prime Ministers or members of parliament in the same mode? The Basic Law has fully specified the future democratic process; if we disregard the laws of Hong Kong but comply fully with the Covenant which does not have specific provisions on civil rights, I believe this is not the right approach.*

President, recently, I observed that the Catholic Pope is not elected by all Catholics under a one person, one vote system.

PRESIDENT (in Cantonese): Mr CHAN, please stop making comments.

MR CHAN KAM-LAM (in Cantonese): *I want to know how the Secretary interprets the Covenant.*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, the Covenant contains general descriptions about the principles of universal suffrage. The UNHRC also had general comments on Article 25 of the Covenant, that is, the Covenant does not impose any particular election systems. The guidelines of the United Nations also propose that the systems of various jurisdictions can be established in response to the people's particular needs, aspirations and historical reality.

MR IP KWOK-HIM (in Cantonese): *Article 45 of the Basic Law explicitly stated that the ultimate aim of the selection of the Chief Executive by universal suffrage should be achieved. Has the Secretary reflected fully to the UNHRC that the present election system in Hong Kong must comply with the Basic Law? And in the process, will the existing legislation impede the implementation of the provisions of the Basic Law on nomination by a broadly representative nominating committee in accordance with democratic procedures? Is this point in any way different from the Covenant?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, at the said meeting of the UNHRC, the SAR Government restated the democratic process in the past few years. Actually, the past elections were held in accordance with the Basic Law and we had fully informed members of the UNHRC at the meeting that we would carry out consultations and the five-step mechanism for the two future elections according to the Basic Law and the NPCSC's Decision.

Certainly, some members expressed concern at the meeting. They understood the challenges that we were facing and the SAR Government had put forward some ideas. The final conclusion is that members and the Government considered the dialogue constructive. Back in Hong Kong, we hope that we can have a full exchange with Members in the future and continue to work together on the methods of election for the next two elections.

MR ALBERT HO (in Cantonese): *President, Dr LAM Tai-fai has just asked the Secretary to boldly and forcefully express his views. Unfortunately, he is not bold and forceful enough, and he fails to present the ideas of the SAR Government. He has just said that the Government will act according to the law and the NPCSC's Decision. Yet, Hong Kong plays a part in making the law and the legislature should decide whether some election rules should be determined by a two-thirds majority.*

I would like to ask the Secretary: If he does not have any ideas, when different views are collected in the future for example, there are views that Members sitting on this side who are against China and stir up trouble in Hong Kong cannot stand for election, while there are opposing views asking us to consider how the Covenant should be interpreted and stating that universal values must be maintained. If he does not even have any ideas, how can he evaluate which views are worth accepting in the future? If the Secretary does not have any ideas, he can tell us that the Chief Executive will not make any comments in the future. If there are divergent views in Hong Kong, we have to wait for the Central Authorities' instruction to deal with the matter and receive orders from the Central Authorities. In that case, in election where the number of candidates corresponds to the number of seats, such as the election of the chairman of the NPC, it is still regarded as a democratic election. Is this acceptable?

PRESIDENT (in Cantonese): Mr HO, please sit down if you have already stated your supplementary question.

MR ALBERT HO (in Cantonese): *I would like to ask if he has no comments and would only wait for the instruction of the Central Authorities?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, I believe Mr Albert HO would agree that the most important idea is that all election methods should be constitutional and legal.

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

MR ALBERT HO (in Cantonese): *President, he has not answered if he is waiting for the instruction of the Central Authorities.*

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

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, in promoting the relevant work, we have to go through the "five-step mechanism" as specified in the constitution.

MS CLAUDIA MO (in Cantonese): *I have also marked the examination papers of university students. If I asked a university student a question about human relations but he mentioned in his answer that people have five sense organs, seven emotions and the six sensory pleasures, I would give him a zero mark because his answer had gone off the track. This time, he*

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

MS CLAUDIA MO (in Cantonese): *President, I will state my supplementary question. It is simply ironic for LAU Kong-wah to answer this oral question today. I believe we all know the reason and I hope Members of this Council will not unnecessarily comment on other persons' religious beliefs. The Pope is responsible to God and the Chief Executive of Hong Kong is accountable to Hong Kong people.*

President, my supplementary question is: If he cannot answer right now whether "loving the country and Hong Kong" is one of the conditions for candidacy for the next Chief Executive election, will "loving the country and the party" be one of the conditions?

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, I still will not comment on any individual opinions.

MR TAM YIU-CHUNG (in Cantonese): *President, the Basic Law and the NPCSC's Decision specify that even if the Chief Executive will be returned by universal suffrage in the future, the Chief Executive shall be appointed by the Central Government, and the Central Government makes the appointment by exercising its constitutional power. Thus, that should be a substantive appointment. Can the Secretary tell us if that is a substantive appointment? If so, what will happen if the elected person cannot be appointed because he is not a person who loves the country and Hong Kong? Should preparations be made in the relevant law in the future, specifying what should be done if an appointment is not made by the Central Government? Should the authorities also take this point into account when it conducts consultations on the relevant law and policy?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, the elections must be held according to the Basic Law and the provisions of the NPCSC. Furthermore, the election results and the appointment by the Central Government must be substantive.

PRESIDENT (in Cantonese): We have spent more than 24 minutes on this question. Second question.

Review of System for Issuance of One-way Permits

2. **MR SIN CHUNG-KAI** (in Cantonese): *At present, the daily quota for Mainland residents coming to Hong Kong for settlement on Permits for Proceeding to Hong Kong and Macao (One-way Permits or OWPs) is 150. The Chief Executive indicated earlier that there was hardly any room for reducing this quota because it involved the issue of Hong Kong people's Mainland spouses and their children born in the Mainland coming to Hong Kong for settlement. In this connection, will the Government inform this Council:*

- (a) *of the total number of Mainland residents who came to Hong Kong for settlement on OWPs since 1 July 1997, together with a breakdown by the reason for which they were granted OWPs;*
- (b) *whether the authorities will consider discussing with the relevant Mainland authorities the adjustment of the OWP quota granted for reasons other than family reunion; whether they will consider afresh requesting the relevant Mainland authorities to review the existing system for the issuance of OWPs, including handing over to the Hong Kong Special Administrative Region (HKSAR) Government the work of vetting and approving as well as issuing OWPs; if they will not, of the reasons for that; and*
- (c) *whether the authorities have assessed the impact brought about by tens of thousands of Mainland residents coming to Hong Kong for settlement on OWPs every year on the population policy, land planning, job market, livelihood issues of Hong Kong, as well as the demand for welfare, transport and housing, and so on; if no assessment has been made, of the reasons for that?*

SECRETARY FOR SECURITY (in Cantonese): President, my reply to the three parts of the main question is as follows.

Pursuant to Article 22(4) of the Basic Law, for entry into the HKSAR, people from other parts of China must apply for approval. Mainland residents who wish to settle in Hong Kong must apply for OWPs from the Exit and Entry Administration Offices of the Public Security Bureau of the Mainland at the places of their household registration.

The application, approval and issue of OWP fall within the remit of the Mainland authorities. The OWP scheme allows Mainland residents to come to Hong Kong for family reunion in an orderly manner through approval by the Mainland authorities in accordance with the laws and regulations of the Mainland. Under this policy objective, the Mainland authorities have since May 1997 implemented a point-based system, setting out open and transparent criteria to objectively assess the eligibility and priority of applicants. The Mainland

authorities also announce on the Internet the points required for approval of the OWP application.

According to the announcement of the Mainland authorities, Mainland residents under one of the following situations may apply for OWP to come to settle in Hong Kong:

- (a) his/her spouse is settled in Hong Kong; may bring along children aged under 18;
- (b) he/she is aged above 18 and under 60 and need to come to Hong Kong to take care of his/her parents settled in Hong Kong both of who are aged above 60 and have no children in Hong Kong;
- (c) he/she is aged above 60 and has no children in the Mainland, and has to depend on his/her children aged above 18 settled in Hong Kong;
- (d) he/she is aged under 18 and has to depend on his/her parents settled in Hong Kong; and
- (e) he/she is a child of Hong Kong permanent residents and holds a Certificate of Entitlement.

The Mainland authorities have from time to time adjusted and refined the OWP scheme. For example, the Mainland authorities have removed the restriction that separated spouse can only bring along one child to Hong Kong, gradually shortened the waiting time of separated spouses to four years. In addition, in response to the request of Hong Kong residents and their Mainland "overage children" for reunion in Hong Kong, starting from 1 April 2011, eligible Mainland "overage children" of Hong Kong residents may apply for OWP in an orderly manner. The phased submission of applications by "overage children" to the Mainland authorities will be scheduled chronologically according to the order in which their natural fathers or mothers obtained their Hong Kong identity cards. The Mainland authorities are accepting applications from Mainland residents whose natural fathers or mothers first obtained their Hong Kong identity cards before 1982. Through utilizing residual OWP quota, the Mainland authorities are actively processing these applications to allow eligible "overage children" to come to settle in Hong Kong in an orderly manner.

From 1 July 1997 to 31 December 2012, 762 044 Mainland residents came to settle in Hong Kong on the strength of OWP. Among them, about half reunited with their spouses and half reunited with their parents, while a small number reunited with their children. New arrivals on the strength of OWP are among the important sources of population growth in Hong Kong. The Administration will consider relevant issues when formulating population policy. Currently, the Immigration Department and Home Affairs Department collect information of new arrivals at Lo Wu boundary control point and Registration of Persons Offices respectively. The information is compiled into a quarterly report which is distributed to the relevant government departments and non-governmental organizations for reference. The Census and Statistics Department also takes new arrivals on the strength of OWP into account when making population estimates, which provide a common basis for the Government in the long-term planning for education, housing, transport, social services, medical services, and so on.

Regarding Members' suggestions, including adjustment of quota and change in approval arrangements, I wish to reiterate that the policy objective of the OWP scheme is to allow Mainland residents to come to Hong Kong for family reunion in an orderly manner through approval by the Mainland authorities in accordance with the laws and regulations of the Mainland. In the OWP approval process, Mainland residents who meet the eligibility criteria laid down by the Mainland authorities may apply to come to settle in Hong Kong. We do not see any justifications or needs to change the existing OWP scheme or approval arrangements of the Mainland authorities, nor to add other administrative screening criteria. The HKSAR Government will take account of the views of the various sectors and the overall interest of the community, continue to exchange views on the OWP policy with the Mainland authorities, and reflect to them the views of the various sectors as appropriate.

MR SIN CHUNG-KAI (in Cantonese): *The Secretary has not answered part (a) of my question on a breakdown by the reason for which the OWPs were granted. May I ask, among the 762 044 OWP holders, how many OWPs were granted for reasons other than family reunion? In the main reply, the Secretary mentioned four or five types of reasons which all belong to family reunion. How many of those 760 000-odd people came to settle in Hong Kong for reasons other than family reunion in the past 15 and a half years?*

SECRETARY FOR SECURITY (in Cantonese): President, as 49% belongs to reunion with spouses and 48% belongs to reunion with parents, so only a small percentage of about 1% of the OWPs were granted for reasons other than family reunion. There are also some very special cases, such as to take possession of estates — which is pretty special. Other cases include applications from mothers of single-parent families who have divorced their Hong Kong husbands. According to our policy, they cannot make applications for their minor children in their own name. Thus, they are also included in the 1% special cases mentioned by me earlier.

MR SIN CHUNG-KAI (in Cantonese): *I did not hear clearly. After adding 49 and 48, there should still be 3%, which represents tens of thousands of people out of those 760 000 people. Actually, I asked about the breakdown. Can the Secretary provide specific figures after the meeting to set out the reasons for the settlement of those tens of thousands of people in Hong Kong? We notice that for cases of reunion with spouses and families, the relevant procedures are relatively more transparent. But how about those tens of thousands of people? Through what ways did they come to settle in Hong Kong? Did they come to Hong Kong for business or training, and then after residing for seven to eight years*

PRESIDENT (in Cantonese): Your supplementary question is clear enough. Secretary, do you have anything to add?

SECRETARY FOR SECURITY (in Cantonese): I can provide some figures. The percentages quoted by me earlier have been generalized. In fact, 49.4% belongs to reunion with spouses, 48.75% belongs to reunion with parents and 1.22% belongs to reunion with children. As a result, over the past years, 4 000-odd people have come for reasons other than the abovementioned reunions.

MR CHUNG KWOK-PAN (in Cantonese): *President, I have recently met with some mothers of single-parent families in the Complaints Division of the Legislative Council, whose children were born in Hong Kong and are now studying and being brought up in Hong Kong. The question is, their husbands*

have divorced them, deceased or left the families. They complained to the Legislative Council because their applications for OWPs were rejected and they wish to come to Hong Kong to take care of their children. Which category or status do these Mainland single mothers belong to?

SECRETARY FOR SECURITY (in Cantonese): President, they belong to the special cases. As I have explained, under the existing policy, minor citizens are not allowed to apply for the settlement of other people in Hong Kong. The logic is very simple. Given that they are minors and do not have work capacity, thus approving their applications for the entry of adult Mainland residents will create many problems. We will exercise discretion in considering these cases of single-parent families. The Security Bureau has also received about 100 requests for help, and efforts will be made to relay these cases to the Mainland authorities by all means.

Regarding the single-parent families, we have granted OWPs in 40 cases and allowed 30 single mothers multiple entries to Hong Kong within one year to enable them to take care of their children in Hong Kong. We must understand that in those cases involving single-parent families, regardless of whether the Hong Kong husbands have disappeared or deceased, or the couples have separated for other reasons, we must verify that the marriages are genuine, which is rather difficult. Therefore, each case must be specially dealt with. In fact, we did discover cases involving bogus marriages. In 2012, for example, we had arrested 1 000 people involving bogus marriages. And yet, many single-parent families certainly worth our sympathy and we will therefore do our best to relay the situation to the relevant authorities. As we can see, the Mainland authorities have provided active assistance in handling these cases.

DR HELENA WONG (in Cantonese): *President, we asked for the figures because we want to know the number of cases in which OWPs were granted for reasons other than family reunion, and the official reply was 4 000-odd cases. I also want to know, apart from taking possession of estates, what are the other reasons for approving those 4 000-odd cases of entry to Hong Kong? Noting that even the separated spouses have to wait for four years before they can reunite, how come 4 000-odd applications have been approved for reasons other than family reunion?*

Furthermore, with regard to the acceptance of new arrivals, should the Hong Kong Government conduct reviews or put forward proposals for gate-keeping in this regard? Should we have the final say on cases which do not relate to family reunion in particular? If not, how can we formulate our population policy?

PRESIDENT (in Cantonese): Dr WONG, you have raised a number of questions. Please repeat the supplementary question that you want the Secretary to answer.

DR HELENA WONG (in Cantonese): *Will the Hong Kong Government demand to have the final say on new arrivals on OWPs for reasons other than family reunion?*

SECRETARY FOR SECURITY (in Cantonese): President, Members may wish to know what is meant by reasons other than family reunion. I must point out that for family reunion, it is most important for the parents, children or elderly persons who have to depend on their children in Hong Kong to come and settle here. The discretion mentioned by me earlier when I talked about single mothers may also be exercised in some other special cases. Unattended Mainland children, for example, whose parents are either not in Hong Kong or unable to look after them, may have to depend on their relatives in Hong Kong. Discretion will be exercised in these cases on their merits. Furthermore, for elderly persons aged above 60 who are living in the Mainland and have no children in Hong Kong, discretion will be exercised to approve their OWPs if their relatives in Hong Kong are willing to look after them. They nonetheless account for a small proportion.

Thus, the most important of all is what Hong Kong needs to have a final say on. Let me make one point clear. The family reunion policy is a component of the population policy, thus the absorption of talents under the population policy should therefore be dealt with by other initiatives. At present, various schemes have been put in place to absorb talents, such as the Quality Migrant Admission Scheme (QMAS), or the scheme to encourage university graduates to stay or return to and work in Hong Kong. If the qualifications, experiences or skills of people from other places can contribute to Hong Kong

society, we will absorb them. This is again a population policy which aims to absorb talents.

The policy objective of the granting of OWPs is family reunion. It would be unconvincing if a person's wife can come to settle in Hong Kong while the others cannot. Family reunion should not be graded — disregarding a person's wealth and education level — the existing policy on family reunion therefore dovetails with the objective of the Hong Kong Government in this regard.

MR IP KWOK-HIM (in Cantonese): *President, I notice that in the main reply, the Secretary has clearly highlighted that any person aged above 18 and under 60 and need to come to Hong Kong to take care of his parents settled in Hong Kong both of who are aged above 60 and have no children in Hong Kong meets the qualifying condition and may apply for settlement in Hong Kong.*

Many of the kaifongs and people whom I have met belong to this category. May I ask the Government if consideration will be made to provide additional OWP quotas for these "overage children" who aged above 18 — they are regarded as "overage children" because children below 18 may follow their parents to come to Hong Kong?

SECRETARY FOR SECURITY (in Cantonese): *President, since the reunification, we have some 80 000 residual OWP quotas and they have been deployed to be allocated to those "overage children". Noting from the current figure, we have received about 40 000 applications, which is the accumulated figure of three batches of applicants of three different stages. Of these 40 000 applications, some 28 000 have been approved and nearly 24 000 applicants have been granted permits and arrived in Hong Kong. Judging from the 80 000 residual OWP quotas and the current development, we do not see any need to provide additional OWP quotas.*

MR WU CHI-WAI (in Cantonese): *President, as evident from the cases that I followed up on in my day-to-day work, many applicants are Mainland residents. While they are well aware of the relevant requirements, they are baffled by the low transparency. As we may be aware, the QMAS is highly transparent.*

After the applications were submitted to Hong Kong for vetting and approval, the applicants may agree to send their information to Mainland's Exit and Entry Administration Offices for approval of their exit to Hong Kong.

The question under discussion is: With regard to applications for family reunion, should Hong Kong be regarded as the first application point where only qualified applications will be passed to the Mainland for vetting and approval? This is the highest level of transparency which we have all along proclaimed. In so doing, we can eliminate the possibility of having thousands of applications that do not necessarily meet the qualifying conditions for family reunion, as Mr SIN has suggested, which has prompted us to think that the OWP scheme has loopholes.

In this connection, may I ask the Secretary again, given that the QMAS allows applicants to submit their applications in Hong Kong, will application for family reunion adopt the same practice so that applications submitted in Hong Kong will be passed to the Mainland authorities for vetting and approval?

SECRETARY FOR SECURITY (in Cantonese): President, first of all, I wish to point out that two different policies are involved. While the QMAS is our population policy to absorb talents, the OWPs are issued for family reunion. Firstly, the existing policy complies with the Basic Law. Article 22(4) of the Basic Law provides that the vetting and approval of applications for OWPs fall under the remit of the relevant office of the Public Security Bureau.

Secondly, the Hong Kong Government also considers the current practice reasonable and necessary as family reunion is also an acceptable consideration. The existing application procedures are considered fair in view of the point-based system, which has been made public. This point-based system is highly transparent and publications will be made on the Internet. According to the system, for reunion with spouses, points will be calculated by multiplying the separation days by 0.1, which means 0.1 point for one day. For people applying to come to Hong Kong to take care of their dependent parents, points will be awarded according to the age of the elderly persons concerned. The same applies to children. The calculation method is very fair and there is no falsification. We consider this point-based system fair.

On the other hand, we are also satisfied with its transparency. Firstly, the eligibility points will be published on the Internet. Secondly, according to the point-based system, everyone should be informed of the points awarded. In addition, applications which have secured enough eligibility points will be announced. As stated in the relevant documents and initiatives, the purpose of making announcement is to facilitate public scrutiny. If a neighbour of mine, whose marriage date, duration of separation and year of birth (which is the same with me) are known to me, was awarded an unusually high point, I can lodge a complaint. This is what I mean by public scrutiny.

Thirdly, from our regular meetings and exchange with the Mainland authorities, we learn that they are making very proactive responses, and have implemented our recommended measures on all fronts. Therefore, we do not see any need to change the existing system.

PRESIDENT (in Cantonese): We have spent nearly 23 minutes on this question. Third question.

Planning and Capital Cost of West Kowloon Cultural District

3. **MR MA FUNG-KWOK** (in Cantonese): *President, according to the development parameters in the draft South West Kowloon Outline Zoning Plan (SWK OZP), the maximum plot ratio for the West Kowloon Cultural District (WKCD) is 1.81. There have been comments that such a plot ratio is too low (cf. the maximum domestic plot ratio for Kowloon being 7.5), rendering the WKCD site not being fully utilized and difficult to incorporate facilities (including literary museum, more space for artists' creative work and hotels for accommodating arts groups visiting Hong Kong) which have all along been advocated by the arts and cultural sectors. Moreover, some members of the public consider that the development plan drawn up by the West Kowloon Cultural District Authority (WKCDA) based on the Conceptual Plan "City Park", under which the public transport terminus and station are to be provided underground and the various arts and cultural facilities to be scattered within WKCD, will result in an insufficient flow of visitors in WKCD. On the other hand, the estimated cost for building the proposed Xiqu Centre in WKCD has doubled from \$1.3 billion in 2006 to \$2.7 billion, arousing concern that the \$21.6 billion funding allocation to the WKCDA in 2008 will be insufficient to*

meet the capital cost of WKCD. In this connection, will the Government inform this Council:

- (a) whether the Government had based on clear and scientific criteria for setting the maximum plot ratio of WKCD at 1.81; if it had, of the details of such criteria; if not, of the Government's justifications for adopting that plot ratio;*
- (b) whether the Government will consider, on the premise of not affecting the development progress of WKCD, raising the plot ratio for WKCD so as to add the aforesaid venues and facilities advocated by the arts and cultural sectors and to increase the floor areas for residential and commercial uses in the district, thereby bringing sufficient flow of visitors to WKCD on the one hand and boosting WKCDA's income on the other; if it will consider, of the details; if not, how the authorities will address the aforesaid demand of the arts and cultural sectors; and*
- (c) whether the Government has assessed the capital cost of WKCD to find out if the construction costs of WKCD will exceed the \$21.6 billion funding allocation; if it has, of the details, and whether the Government has formulated measures for dealing with any over-budget situation; of the measures put in place by the Government to strictly control the capital cost of WKCD and at the same time maintain the building quality of various facilities?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, the development density and approach for WKCD are the outcome of consultations over a long period of time. Apart from the statutory public consultation conducted by the Government on the SWK OZP, the WKCDA has conducted a three-stage Public Engagement exercise on the overall planning of WKCD and eventually selected the "City Park" conceptual plan by Foster + Partners. Based on this conceptual plan, the Development Plan (DP) for WKCD has undergone the statutory planning and public consultation process, which was completed in January this year. On the premise of prudent financial management, WKCDA

aims to take forward the WKCD project as soon as possible, so as to create a world-class arts and cultural hub for the early benefit of the community.

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

- (a) In accordance with section 21 of the West Kowloon Cultural District Authority Ordinance, WKCD, in preparing the DP for WKCD, shall comply with the development parameters and other requirements or conditions as may be specified in the SWK OZP, which include setting the maximum plot ratio of 1.81 for the overall WKCD development. The SWK OZP was published in the Gazette in April 2008 and, upon extensive public consultation, approved in March 2009. The plot ratio of 1.81 is calculated based on the area of the entire WKCD site, including the Park and waterfront promenade of considerable size in site area; if the area of these sites are excluded, with only the area with buildings to be calculated, the plot ratio of WKCD is actually higher than 1.81. The development parameters concerned are the outcome of years of consultation and discussion.

From the planning perspective, buildings along the waterfront should be relatively lower to avoid a wall effect in the coastal area affecting air ventilation and blocking the harbour view from inland urban area. As a new waterfront development area, WKCD is intended for low-rise and low-density developments. The current plot ratio is in line with this planning intention.

- (b) In addition to imposing requirements on the plot ratio and the area of public open space of the DP for WKCD, the SWK OZP stipulates that not more than 20% of the total plot ratio shall be for residential use in WKCD and that the building height limits shall be in the range of 50 m to 100 m above the Principal Datum.

As stated in the paper submitted to the Finance Committee of the Legislative Council for seeking funding in 2008, the land sale proceeds from the disposal of hotel, office and residential sites in WKCD shall go to the Government. As such, any increase in the floor area for residential and commercial uses in the district will not

bring direct income to WKCDA. This income will be transferred to the Treasury. According to the current plan, residential and commercial developments will be developed with the arts and cultural facilities and other facilities managed by WKCDA in an integrated manner. Such integration should be able to bring people to and create vibrancy for WKCD.

The DP for WKCD was gazetted in March 2012 under the Town Planning Ordinance to enable the public to submit representations. The DP was subsequently approved by the Chief Executive in Council in January 2013. Any substantial amendment to the DP at this stage will result in delay of the implementation timetable of the WKCD project.

Moreover, WKCDA has strived to maintain close communication with the arts and culture sector and to gauge stakeholders' views on WKCD's arts and cultural facilities through various means, with a view to striking a balance between different social and artistic demands. For instance, it is planned that Literary Arts Space for literary arts activities and programmes, Arts and Craft Studio, offices for arts-related uses and other ancillary facilities will be provided in WKCD. The detailed design and operation of these facilities will be further explored. WKCDA will continue to listen to stakeholders' views in order to provide suitable arts and cultural spaces to encourage arts creation and to support local and visiting art groups.

- (c) The Finance Committee of the Legislative Council approved in 2008 a one-off upfront endowment of \$21.6 billion to WKCDA to implement the WKCD project. The WKCD development spans over a long period of time, during which changes in economic conditions and other relevant factors may affect construction costs. Owing to significant changes in the economic environment in recent years, construction costs have been on the rise. As reflected by the Government's Building Works Tender Price Index, construction cost has nearly doubled over the past six years. Besides, the proposed integrated basement, education facilities, green initiatives as well as

information and communication technology initiatives give rise to additional construction costs.

Keeping a close watch on changes in the project costs, WKCDA has been exploring such arrangements as phased development to increase cash flow and to contain project costs. To optimize the use of existing resources, WKCDA has adopted a prudent financial approach in formulating suitable financial strategies. In terms of controlling construction costs, WKCDA makes reference to the prevailing economic environment, market prices and independent quantity surveyors' assessments when carrying out procurement and tender exercises for individual facilities, exercising stringent control over the budgets for relevant construction works. WKCDA also explores a variety of viable approaches to maximize cost effectiveness. In terms of investment returns, the upfront endowment of \$21.6 billion has, after deduction of expenses incurred in the past few years, accumulated to approximately \$23.5 billion to date.

The WKCD project is now at the planning and design stage. Upon the finalization of the designs of the first batch of facilities and confirmation of the construction programmes, it will be possible to make more reliable cost estimations and to consider the need for additional funding. WKCDA will update the public on its latest financial status at a suitable juncture.

The WKCD Project Management Team of the Home Affairs Bureau is responsible for monitoring WKCDA in terms of the progress of project delivery, methods of procurement and tendering, as well as expenditures for various construction projects. The Team also reminds WKCDA to achieve the objectives as stipulated in the West Kowloon Cultural District Authority Ordinance, upholding both financial sustainability and the building quality of various facilities.

MR MA FUNG-KWOK (in Cantonese): *President, I must first declare that I am also a Board Member of WKCDA. Although I have asked the same questions within the Board, I could not get a satisfactory answer. Hence, I bring the*

relevant issues to the Legislative Council by raising this question to the Government. The reason is that the Government has a very great demand for land urgently, and many actions have been taken in this regard, so much so that people now have the impression that the Government is so desperate that it will use every means to achieve this objective. But in fact, WKCD can help address the Government's demand for land, and that is why I have asked this question, hoping that the Government will give consideration to the matter accordingly. However, the Secretary has not fully answered the three parts of my main question.

Regarding the OZP, it was in fact proposed by the Government, and the maximum plot ratio of 1.81 was set 10 years ago when the entire WKCD project was planned. Within these 10 years, there have been drastic changes in land demand, so much so that questions have been asked as to whether there is adequate land reserve. Given the emergence of such urgent demand now, why have the authorities not tried to consider the matter afresh in this regard?

Second, I wish to point out that the whole development project is undertaken by WKCD in stages and phases; on the premise of not affecting the ongoing Phase I of the project, whether a review would be conducted on how various developments are to be taken forward in future? Therefore, just now, the Secretary has not answered the question as to whether the Government will consider, on the premise of not affecting the development progress of WKCD, raising the plot ratio for WKCD?

Third, regarding the construction costs, I asked whether the Government has made any assessment as to whether the project would be over-budget as I am 100% confident that the construction costs would definitely exceed the budget, and there is no way the project could be completed within the funding allocation of \$21.6 billion. What should be done then? Why can't the Government willingly acknowledge the situation, and then try to address the problems accordingly?

PRESIDENT (in Cantonese): Please ask only one supplementary question.

MR MA FUNG-KWOK (in Cantonese): *I really do not know which question I should ask because the Secretary has in fact not answered all three parts of my main question.*

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

MR MA FUNG-KWOK (in Cantonese): *I am disappointed. Perhaps the Secretary can just answer any one of these questions because as far as I am concerned, he has not answered all three parts of my question.*

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, in fact, I have already stated clearly in the main reply that if there is any adjustment to the said plot ratio, it will definitely impact on the development progress of the project. As mentioned by Mr MA Fung-kwok, the maximum plot ratio of 1.81 was actually proposed 10 years ago. The entire process spanning over these 10 years was conducted in accordance with a set of comprehensive and detailed statutory procedures including many rounds of public consultation as well as discussion at meetings of the Town Planning Board (TPB) before the DP was finally approved by the Chief Executive in Council. It can be said that the entire process was very thorough indeed, and it was only after this process that the maximum plot ratio of 1.81 was finalized.

It is not only because of land demand or other reasons that this plot ratio was adopted, but also because of WKCD's harbourfront location. Under this situation, if slight adjustment is to be made to the plot ratio, it can be done through the TPB. In fact, like other development plans, this development project has also provided that any person can propose slight adjustment to the plot ratio.

However, it will take months if such an adjustment is made. If the plot ratio is to be substantially raised as suggested by Mr MA Fung-kwok in the main question, for example, by two times, it will involve a prolonged process or even perhaps many years in order to conduct a series of public consultation and studies which include preparing technical feasibility reports on transportation, the environment, topography, and so on, before the plot ratio can be adjusted.

Hence, simply put, regarding Mr MA Fung-kwok's question about adjusting the plot ratio of the entire WKCD without affecting the development progress, it is practically impossible.

MR TONY TSE (in Cantonese): *President, just now, the Secretary mentioned in the main reply that given the trend of rising construction costs over the years — which has doubled over the past six years — WKCDA has been keeping watch on changes in the project costs and exploring a variety of viable approaches to maximize cost effectiveness.*

As we all know, different architectural designs will have great impacts on construction costs. Hence, I would like to ask the Secretary, given the rising trend of construction costs, whether WKCDA will consider increasing the weight of estimated construction costs when assessing or selecting the design proposals, in order to decide which particular design will be adopted?

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, when selecting the design plans, the authorities have already taken into account many considerations in various aspects. We had already held a design competition for the Xiqu Centre, and a winning design had been selected. We have also launched the M+ museum design competition which is still ongoing. While construction cost is one of the factors for consideration, we must also take into account the practical needs. The Chief Executive has already pledged in his first Policy Address that despite rising construction costs, the authorities will adhere to the goal of developing a world-class arts and cultural centre in Hong Kong.

Hence, taking the example of the Xiqu Centre, while the estimated construction costs of the winning design is substantially higher than the original estimates, the said design can cater for our needs. In particular, we have incorporated space for arts education and public use in the design of the Xiqu Centre, which have contributed to the increased construction costs. But because of these elements, the Xiqu Centre can fit more appropriately the present interpretation that it serves more than just a performance venue.

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

MR TONY TSE (in Cantonese): *President, I have asked a simple question, that is, whether the weight of the relevant elements will be increased given the current high construction costs. Of course, the Secretary just stated that*

PRESIDENT (in Cantonese): Mr TSE, you have already asked your supplementary question. Secretary, will you answer the Member's question about increasing the weight of certain elements?

SECRETARY FOR HOME AFFAIRS (in Cantonese): We have a selection panel for the design competition, and the panel would select the winning design according to the established criteria.

MR CHRISTOPHER CHUNG (in Cantonese): *President, the Government was very confident back then in saying that it would make a reasonable estimation of the construction costs on the basis of 2% inflation rate forecast, and that risk premium had already been factored in when calculating the relevant costs. However, it is very clear from the present situation that even with the risk premium factored in, the estimated cost for the Xiqu Centre has, for instance, spiralled from \$1.3 billion to \$2.7 billion. Perhaps the Government will tell us very soon that the estimated cost for the M+ museum is likely go up to \$7-odd billion.*

Given WKCDA's inability to control costs, as well as recent signs of its extravagant spending in the acquisition of collection — it was asked to get a hamburger, but it finally bought French fries — I would like to ask whether the Government will consider conducting another cost estimation of the WKCD development project, in order to ascertain how additional funding should be provided by the Legislative Council, so that costs can be controlled in accordance with the principle of keeping expenditure within the limits of revenues as stipulated in the Basic Law?

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, as Mr CHUNG has mentioned, we had indeed estimated the costs on the basis of 2% increase initially. It was around 2005 and 2006 then. As we did not have a crystal ball, we could not foresee what would happen in the overall external economic environment, including the United States sub-prime crisis, the financial tsunami, the series of quantitative easing measures taken by the United States to increase money supply, and so on. Under such circumstances, the costs have actually increased by more than 2%, in fact, much more than 2%.

Regarding Mr Christopher CHUNG's suggestion of conducting another comprehensive estimation on the cost increases, and then reporting to the Legislative Council, this is something WKCDA will do, but the increase in overall construction costs cannot be estimated on account of the situation of the Xiqu Centre alone. WKCDA must wait until the finalization of the designs of the first batch of facilities and confirmation of the construction programmes before it can make more reliable estimations on the changes in cost, and then account for the same to the Legislative Council and the public.

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

MR CHRISTOPHER CHUNG (in Cantonese): *The Secretary has not answered my question as to whether costs will be controlled in accordance with the principle of keeping expenditure within the limits of revenues as stipulated in the Basic Law. I hope the Secretary can answer that question.*

SECRETARY FOR HOME AFFAIRS (in Cantonese): The provision of controlling cost by keeping expenditure within the limits of revenue under the Basic Law is a principle which the Financial Secretary must follow in drawing up budgets, whereas the WKCD project is governed by its own legislation. WKCDA will certainly take forward various facilities under the WKCD project in strict accordance with the direction of financial prudence.

MR CHAN KAM-LAM (in Cantonese): *President, during our discussion on the financial commitment of the WKCD around 2007 and 2008, the Government had stated categorically that the one-off upfront endowment of \$21.6 billion was sufficient to implement the relevant projects. However, as we can see today, the problem has already become very serious. Even though the Secretary has mentioned in the main reply that the upfront endowment has accumulated to approximately \$23.5 billion to date, the sum is still largely insufficient to complete all the original facilities under the entire project.*

I would like to ask the Secretary a question of grave concern to the people: whether this project will eventually become a "shrunk" cultural district? Or whether the approach of entrusting WKCD to implement the project in phases or stages would render various facilities under the entire project be completed gradually over 20 years or even 30 years?

SECRETARY FOR HOME AFFAIRS (in Cantonese): *President, at present, WKCD still intends to proceed according to the established objective in taking forward various facilities under the WKCD project. Although there is indeed a trend of rising overall construction costs, WKCD and even the Government will strive to come up with methods to take forward various facilities under the WKCD project in order to achieve the original established objectives.*

MISS CHAN YUEN-HAN (in Cantonese): *President, the Joint Subcommittee to Monitor the Implementation of the West Kowloon Cultural District Project (the Subcommittee) of the current-term Legislative Council had already convened a meeting in this regard. But regrettably, as the Secretary had not attended the said meeting, he could not listen to our deliberations personally. Many members of the Subcommittee had also served as Members of the Legislative Council from 2004 to 2008. At that time, we had queried whether the Government could construct the WKCD with \$21.6 billion because we considered that the sum was inadequate. We even invited a university to conduct studies, which showed that the proposal was not feasible. Yet the Government had refused to listen to our views back then.*

Now, the budget for the Xiqu Centre has spiralled from \$1.3 billion to \$2.7 billion, which illustrates exactly the problem of extravagant spending with regard to cost control, and as pointed out by many arts group in the community, there is no monitoring at all. Considering the matter objectively from the terms and conditions of the tender, if a 10% margin has been provided for the relevant costs, how can the authorities exercise control? Over the years, there have been several personnel changes in the post of Chief Executive Officer, and the incumbent who came here to answer our questions has given me the impression of being a "big spender", but you still say that there is no way

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

MISS CHAN YUEN-HAN (in Cantonese): *my supplementary question is as follows: I hope the Secretary can review again the functions of the Government in the entire tendering process of vetting and approval? Because the officials who attended the said meeting could not answer our questions, and we all considered at that time that the question should best be answered by the Secretary. My question is: How can the authorities monitor the spending of WKCD because it has already been described as a "big spender" in the community; how then can the authorities exercise monitoring?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, I cannot agree with Miss CHAN's views that WKCD is a "big spender" with extravagant spending, or there is a lack of monitoring, or it is making unapproved expenditures. As a matter of fact, the overall procurement procedures and selection procedures of WKCD have strictly adhered to the procedures provided by the Government. There is also a monitoring task force under the Home Affairs Bureau responsible for overseeing the work of WKCD in accordance with the West Kowloon Cultural District Authority Ordinance.

PRESIDENT (in Cantonese): This Council has already spent 24 minutes 30 seconds on this question. Fourth question.

Regulation of Travel Agents and Tourist Guides

4. **MR WONG TING-KWONG** (in Cantonese): *President, some members of the tourism industry have pointed out that while the Government has been actively developing the tourism industry, travel agents vary in standard, and a number of incidents detrimental to the interests and reputation of the tourism industry have occurred in recent years. In this connection, will the Government inform this Council:*

- (a) *whether it knows the number of complaints received from tourists by the Travel Industry Council of Hong Kong (TIC) against travel agents and tourist guides in the past three years, together with a breakdown by the content of such complaints (for example, coerced shopping, and itineraries not matching the descriptions); the number of such complaints in which the travel agents or tourist guides who had breached the rules were penalized, together with a breakdown by the penalty imposed;*
- (b) *whether the Government and TIC have reviewed the effectiveness of the 10 enhanced regulatory measures introduced in 2011 (including the Demerit Point System); if they have, of the review results; if not, the reasons for that; and*
- (c) *given that an independent Travel Industry Authority (TIA) is expected to be established in 2014 at the earliest, how the authorities will enhance their regulatory work before the Authority is established; given that inbound Mainland tours are in general received jointly by the travel agents of Hong Kong and those of the Mainland, whether the authorities will further liaise and collaborate with the relevant Mainland authorities to enhance the regulation of travel agents in the two places; if they will, of the details; if not, the reasons for that?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): *President, tourism is an important pillar of Hong Kong's economy. The Government all along attaches great importance to the healthy operation and development of the tourism industry in Hong Kong. Currently, the TIC is*

responsible for trade self-regulation, including the promulgation of codes of conduct and directives, as well as putting in place a disciplinary mechanism to handle cases of non-compliance by its member travel agents. On the other hand, the Travel Agents Registry (TAR) under the Tourism Commission is responsible for issuing travel agents' licences and related work, including monitoring the financial position of travel agents under the Travel Agents Ordinance (TAO) (Cap. 218).

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

- (a) In the 53 complaint items involving travel agents received by the TIC in 2010, 22 items were related to itinerary arrangements; nine related to accommodation arrangements; three related to meal and transportation arrangements; and 19 related to other matters. Among the 52 complaint items received in 2011, 18 items were related to itinerary arrangements; four related to accommodation arrangements; 15 items related to meal or transportation arrangements; and 15 related to other matters. Among the 44 complaint items received in 2012, 11 items were related to itinerary arrangements; 21 related to accommodation arrangements; seven related to meal or transportation arrangements; and five related to other matters.

For cases involving tourist guides, among the 145 complaint items received in 2010, 64 items were related to the service attitude of tourist guides; 72 related to shopping arrangements; and nine related to other matters. Among the 99 complaint items received in 2011, 40 items were related to the service attitude of tourist guides; 54 related to shopping arrangements; and five related to other matters. Among the 148 complaint items received in 2012, 25 items were related to the service attitude of tourist guides; 113 related to shopping arrangements; and 10 items related to other matters.

In the past three years, there were respectively 53, 103 and 94 cases in which travel agents were penalized by the TIC. Among the 53 cases in 2010, the TIC issued warning letters in four cases; imposed fines in 48 cases; and suspended membership with imposition of fines in one case. Among the 103 cases in 2011, the TIC imposed fines in all cases, among which 26 cases also involved recording

demerit points. Among the 94 cases in 2012, the TIC imposed fines in all cases, among which 40 cases also involved recording demerit points.

In the past three years, there were respectively 55, 26 and 23 cases in which tourist guides were penalized by the TIC. Among the 55 cases in 2010, 33 tourist guides were given letters of advice; 10 given warning letters; and 13 whose Tourist Guide Passes (TGPs) were suspended. Among the 26 cases in 2011, 18 tourist guides were given letters of advice; seven given warning letters, among whom two were also recorded demerit points; and one whose TGP was suspended. Among the 23 cases in 2012, six tourist guides were given letters of advice, among whom one was also recorded demerit points; 14 given warning letters, among whom six were also recorded demerit points; and three whose TGPs were suspended, among whom all were also recorded demerit points.

- (b) The TIC implemented 10 measures in February 2011 to improve the operation of Mainland inbound tours and to enhance the protection of Mainland travellers' rights. The measures include strengthening the mechanism for information reporting, promoting the consumer rights of Mainland inbound travellers; stepping up inspection, and so on. Since the implementation of the 10 measures, complaints received by the TIC from Mainland inbound group tour members in 2011 (260 cases) substantially reduced by nearly 30% compared to that in 2010 (360 cases). The number of complaints remained stable in 2012 (266 cases).

The TIC's "Task Force on the Review of the Operation and Regulation of Mainland Inbound Group Tours" will meet soon to explore measures for strengthening the regulation of Mainland inbound tours. The Commissioner for Tourism will join the meeting. In view of the recent "3A Holidays" incident ("3A' incident"), we have formally requested the TIC to study thoroughly how to strengthen the 10 measures for regulation of Mainland inbound tours, including strengthening the regulation on accommodation arrangements for inbound tours and conducting random checks on tour confirmation agreements, and so on.

- (c) The Government announced in end 2011 to establish the TIA to take over the current regulatory and licensing functions of the TIC and the TAR. Targets of regulation include travel agents, tour escorts and tourist guides. In the past year, we have been actively carrying out preparation work for the establishment of the TIA. We plan to report progress to the Legislative Council Panel on Economic Development in mid-2013. We expect that the draft legislation for the establishment of the TIA could be introduced into the Legislative Council around mid-2014.

The TAO and the current regulatory regime will remain in force until the establishment of the TIA, and the TIC will continue to regulate and penalize any non-compliance of travel agents. During the transition period, the TIC will continue to handle non-compliance cases in a serious manner and the TAR will step up its surveillance work to ensure the normal operation of the industry.

On co-operation with the Mainland, the Government all along maintains close co-operation with the China National Tourism Administration (CNTA) and other regional tourism authorities. In July 2010, the Government and CNTA reached consensus in five areas concerning strengthening regulation of the market for Mainland tour groups visiting Hong Kong. Both sides agreed to study jointly on the regulation of the order of the Mainland to Hong Kong market, enhancement of the transparency of tourists' rights, and so on. In early 2011, the Tourism Commission jointly promulgated with the CNTA a document to prescribe the key points that must be included in the contract between Mainland travel agents organizing group tours and the Hong Kong travel agents receiving the groups. Before commissioning Hong Kong travel agents to receive Mainland group tours, Mainland travel agents are required to prepare commissioning contracts which must contain the said key points. As mentioned above, the TIC will study how to strengthen the regulation of Mainland inbound tours. After the TIC has ironed out details of the new measures, we will liaise with the CNTA and solicit co-operation from related tourism authorities.

Taking the "3A" incident as an example, for serious incidents, the Government would exchange information with the CNTA. After being notified of the incident, the Mainland tourism authorities followed up promptly and conveyed initial findings to us within a short time span to facilitate the investigation in Hong Kong.

We will continue to maintain close co-operation with the Mainland tourism authorities to further enhance tourism service quality, and will closely monitor the implementation and effectiveness of the various measures.

MR WONG TING-KWONG (in Cantonese): *President, in his main reply, the Secretary mentioned that the TIC will handle non-compliance cases in a serious manner but in the recent "3A" incident in which the travel agent was suspected of failing to arrange accommodation for its guests, the travel agent, whose licence was suspended, voluntarily requested to withdraw its membership from the TIC during the investigation. It is tantamount to winding up business to evade investigation but this request was refused by the TIC.*

It has been a while since the incident, which happened during the Chinese New Year holidays. The TIC's investigation seems to make no progress, or it can even be said that the TIC is at a loss, which makes people doubt its efficiency and capability. I would like to ask whether the authorities would urge the parties concerned to speed up the investigation and what is the result of the investigation on this incident conducted by the relevant Mainland regulatory authorities?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, we consider that as a regulatory body, the TIC has dealt with the "3A" incident expeditiously and seriously, with efforts to uphold the reputation of Hong Kong's tourism industry.

As a matter of fact, the Board of Directors of the TIC held a meeting on 12 March to discuss the withdrawal request of "3A" and decided not to accept the request for the time being. The TIC intended to continue the suspension of the

membership of "3A" until the investigation was over so as to give the public a clear account of the incident. The TIC is still waiting for "3A" to submit the required information papers, including its contract with the Mainland travel agent and the confirmation letter of the hotel, and "3A" is required to submit the papers before 21 March. The Compliance Committee of the TIC will later hold a meeting to examine this case. I urge "3A" to co-operate with the TIC regarding the investigation and submit the papers as soon as possible. As the same time, the Registrar of Travel Agents will continue with the investigation under section 21 of the TAO.

As far as I understand, the CNTA and other relevant Mainland tourism authorities are still investigating the case and we are closely liaising with the departments concerned. In the course of the investigation by the TAR and TIC, should anyone be found to have involved in any suspected criminal activities, we will refer the case to the relevant law-enforcement department to follow up.

MR TANG KA-PIU (in Cantonese): *The Hong Kong Tourism Industry Employees General Union has complained to us about the hardships of local tour guides. They are the "five have-nots", having no supporting facilities at the tourist spots, no labour insurance, no Mandatory Provident Funds, no labour welfare and no standard pay of the industry. All they can depend on are their sales skills, commissions and luck. Owing to such long-standing practices of the industry, a vicious cycle is formed, resulting in all kinds of vices. As tour guides represent the first image of the city of Hong Kong, I would like to ask the Secretary how to protect and enhance their professional and occupational development?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): I thank Mr TANG for his views. As a regulatory body, the TIC has provided a series of training in relation to tour services. As regards the development of tourist attractions, it will enhance the tourist facilities and basic facilities in Hong Kong. In this respect, I have also mentioned in my main reply that we will establish the TIA and will more actively take on board the views of various stakeholders in the hope of further enhancing the tourist supporting facilities and the wages of employees in the tourism industry.

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

MR TANG KA-PIU (in Cantonese): *I would like the Secretary to further clarify about the enactment of legislation that he mentioned in his reply. Will it solve the tour guides' problem of "five have-nots" that I described just now?*

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

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): The problems that Mr TANG has just mentioned involve many different aspects, which are not only limited to the development of the tourism industry but are also closely related to Hong Kong's overall economy. As I have already indicated just now, in respect of tourism infrastructure and training of tour guides, we will vigorously explore with the industry how to enhance the receiving capacity and the remuneration of tour guides.

MISS ALICE MAK (in Cantonese): *President, we note that many problems originate from the problems relating to tour guides. However, as Mr TANG Ka-piu has just said, they are poorly paid and have to depend on selling products. There are even cases that tour guides have to "buy tour groups" or hand a tour over to other agency, such as several tour guides would receive one tour. The Secretary keeps saying that the TIC will enhance its work. But to be frank, the TIC has neither authority nor manpower, what can it do then?*

I would like to ask the Secretary, first, before the establishment of the TIA, what can the Government do to assist the TIC in the regulatory work, such as inspection, in particular, the inspection on travel agents, because at present many problems arise because travel agents do not regard tour guides as their employees and they contract out tour groups. Will the TIA consider reviewing this system in future? Before the establishment of the TIA, what can the Government do to help the TIC?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): I thank Miss MAK for her supplementary question. As regards the case of "buying tour groups" mentioned by Miss MAK, it is forbidden under the present regulatory system. Among the 10 measures, we will step up the regulatory work in this respect. The measures also regulate the remuneration package of tour guides. Tour guides cannot receive payment by means of "buying tour groups" or operating in a self-financing mode. Therefore, we have stepped up our liaison with the relevant authorities in the Mainland and have regulated the tourism industry in Hong Kong for cracking down on this kind of practice. Members can learn from my main reply that heavier penalties have been imposed in the past two years, resulted from enhanced inspection of such illegal and non-compliant tourism activities. We crack down activities such as "buying tour groups", so that law-abiding tour guides can have a better pay. As I have just said, we will continue to liaise closely with the industry to explore how to enhance the overall receiving capacity of the industry and improve the remuneration of tour guides.

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

MISS ALICE MAK (in Cantonese): *President, my supplementary question is actually very clear.*

PRESIDENT (in Cantonese): Actually your supplementary question is not very clear. Please ask again.

MISS ALICE MAK (in Cantonese): *Before the establishment of the TIA, what can the Government do to help the TIC to resolve the problem of not having the manpower and the authority to regulate tour guides?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, there were five key points that we studied with the CNTA. After returning to Hong Kong, we studied the 10 measures with the TIC and our

aim was to curb such activities. After reviewing the recent "3A" incident, we find that it is necessary to step up the enforcement of the 10 measures. Therefore, I have also mentioned in my main reply that we have instructed the TIC to review various issues, such as improving the arrangements concerning the accommodation and confirmation agreement and also stepping up the regulation and cracking down on illegal activities.

MR YIU SI-WING (in Cantonese): *In the past, there had been many complaints involving the reception of Mainland tours, including the "3A" incident, and some of them involved the responsibility of Mainland travel agents. However, the regulatory bodies in Hong Kong can only regulate the Hong Kong tourist agents and cannot rectify the problems of the Mainland travel agents. This is unfair to local travel agents. Has the Government promptly reflected this problem to the CNTA or other relevant authorities to seek a way to plug the loophole?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): I thank Mr YIU Si-wing for his opinion. To combat the irregularities involving inbound Mainland tours, we cannot work alone. We have to communicate with the relevant Mainland authorities, and joint efforts on both sides are needed. I have also mentioned in the main reply that in 2011, the Tourism Commission of the HKSAR Government jointly promulgated with the CNTA a document to prescribe the key points that must be included in the contract between Mainland travel agents organizing group tours and the Hong Kong travel agents receiving the groups, including the clear stipulation of the duty and obligation of both the Mainland travel agents that organize the group tours and their tour escorts, and that of the Hong Kong travel agents receiving the groups and their tour guides. This task takes the co-operation of both sides.

The HKSAR Government has all along maintained close co-operation with the CNTA and other regional tourism authorities. Should problems be found involving the Mainland travel agents in the process, our regulatory body will work together with the Mainland tourism authorities. Take the "3A" incident as an example. After the HKSAR Government and CNTA had exchanged information, the Mainland tourism authorities followed up promptly and conveyed initial findings to Hong Kong within a short time span to facilitate the investigation in Hong Kong. Concerning the "3A" incident which involved

Mainland tourists being forced to spend the night in the coach, the Guangdong tourism authority responded on 16 February 2013 and promptly advised that the Shenzhen Municipal Bureau of Culture, Sports and Tourism had confirmed that they did not have the records of the group of tourist leaving for Hong Kong. As far as we understand, the incident is still under investigation by the CNTA and Mainland tourism authorities, and we will continue to follow up. This is a good example which shows that it takes the co-operation of both sides to combat illegal activities.

MR CHAN KAM-LAM (in Cantonese): *President, from the main reply of the Secretary, we note that in 2010, 2011 and 2012, there were still large numbers of complaints, indicating the ineffectual monitoring of the Government, as well as the great difficulties in monitoring the situation. Will the Secretary consider studying the existing problems from various perspectives, and other than considering enacting the legislation in 2014 to empower the TIA to carry out the registration and licensing work, it will also comprehensively review the existing tourist supporting facilities? Will it review what can be done better with regard to the operation of the travel agents or other aspects?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): I thank Mr CHAN Kam-lam for his opinions. In the face of the ever-changing the tourism operation, our policy needs to be adjusted according to the market situation. The 10 measures aim at curbing the illegal activities according to the prevailing situation, enhancing the service capacity of the overall tourist facilities and enriching the tourists' experience in touring Hong Kong. The "3A" incident has made us realize that we can enhance certain arrangements, the accommodation in particular, to safeguard the rights and interests of the tourists and also increase the transparency in this respect. We have instructed the TIC to step up the work in certain areas, including the requirement of a clear indication of the accommodation arrangements and the stipulation on the tour confirmation agreements the itinerary and shopping time, and so on. Of course, in the long run, Hong Kong needs to develop more tourist attractions and enhance the hotel facilities in order to enrich the tourists' travel experience and expand our service capacity. We will study these matters comprehensively with the industry.

PRESIDENT (in Cantonese): This Council has already spent over 24 minutes on this question. Fifth question.

Enforcement of Fire Safety (Buildings) Ordinance

5. **MR CHAN HAN-PAN** (in Cantonese): *President, quite a number of owners of old buildings have received Fire Safety Directions (Directions) issued by the authorities under the Fire Safety (Buildings) Ordinance (Cap. 572) (the Ordinance), requiring them to improve the fire service facilities of their buildings by a certain deadline. However, for some buildings for which owners' corporations (OCs) have not been formed and with fragmented ownerships, the owners have difficulties in co-ordinating the relevant works; and for some buildings with OCs, such works cannot commence either for reasons such as divergent views among owners, the owners (most of them being indigent elderly) being unable to afford the relevant expenses, and a small number of owners refusing to share the expenses. These owners have difficulties in complying with the Directions, and are liable to prosecution by the Government as a result. In this connection, will the Government inform this Council:*

- (a) *of the number of buildings which have not met the fire safety requirements at present; the number of such buildings the owners of which have been issued with the Directions so far; among them, the respective numbers of tenement buildings of seven or less storeys, or old buildings aged 40 years or above; among such tenement buildings or old buildings, the respective numbers of buildings with and without OCs, as well as those having complied with the Directions;*
- (b) *of the number of prosecutions instituted by the authorities against the offenders since the implementation of the aforesaid Ordinance in 2007; among them, the number of cases involving tenement buildings or old buildings; whether the Government knows the reasons for non-compliance with the Directions by the relevant parties, and whether the reasons include the absence of OCs to co-ordinate the relevant works, or the refusal by a small number of owners to share the expenses; if such reasons are included, and as the authorities will institute prosecutions against all owners of the*

buildings for non-compliance with the Directions, whether they have examined if this is unfair to those owners who are willing to carry out improvement works; and

- (c) *regarding the cases in which the works cannot commence because of refusal of some owners to share the relevant expenses and the absence of OCs, what measures the authorities currently have to assist the owners concerned to comply with the Directions; whether the Government will consider introducing any subsidy schemes similar to the "Operation Building Bright", so as to expeditiously improve the fire service facilities of buildings; if it will, of the specific arrangements; if not, the reasons for that; given the application of the aforesaid Ordinance to different types of composite buildings and domestic buildings of different ages and heights, and so on, whether the authorities will consider amending the Ordinance, so as to exercise regulation for different types of buildings more appropriately?*

SECRETARY FOR SECURITY (in Cantonese): President, the Ordinance came into operation in July 2007. The Ordinance stipulates that the fire safety of composite and domestic buildings constructed on or before 1 March 1987 should be enhanced to better meet the requirements of today. There are differences between the fire safety requirements at the time of the construction of those buildings and the modern standards. For instance, the commercial portions of the composite buildings were not required by law at that time to install automatic sprinkler systems. Enhancements are therefore necessary.

The Fire Services Department (FSD) and the Buildings Department (BD) have been conducting joint inspections on target buildings by two phases. The first phase covers about 9 000 old composite buildings and the second phase covers about 3 000 old domestic buildings. The two departments will issue Directions to owners and/or occupiers with regard to fire service installations and fire safety constructions in those buildings with a view to enhancing their basic fire protection measures. The BD is the enforcement department on fire safety measures in terms of the planning, design and construction of buildings, while fire service installations and equipment fall under the purview of the FSD.

My reply to the Member's three-part question is as follows:

- (a) As at the end of February 2013, the two departments have jointly inspected 6 041 out of the 9 000 old composite buildings in Hong Kong. A total of 112 803 Directions were issued to owners and/or occupiers of 3 358 buildings out of those inspected. Among the 3 358 buildings which have been issued Directions, 3 112 are 40 years old or older; 1 393 have either OCs or are owned by a single owner. Among all Directions issued, 25 877 (that is, 23%) have been complied with.

- (b) If owners and/or occupiers fail to comply with a Direction without reasonable excuse, prosecution may be initiated against him/her. As at the end of February 2013, a total of 38 prosecutions, involving 11 buildings, were initiated against building owners and/or occupiers or OCs who failed to do so. Among the buildings concerned, seven are 40 years' old or more.

The enforcement authorities normally give owners and/or occupiers a year to comply with the Directions. They may file an application to the enforcement authorities for extending the compliance period if more time is needed to prepare for and carry out the improvement works. The main reasons quoted in those applications are that more time is needed for discussion and raising funds for the improvement works, and that there is a plan to combine the fire safety improvement works with the major renovation works of the building, and so on.

The enforcement authorities would, without compromising basic fire safety, adopt a flexible and pragmatic approach in handling individual cases, for instance, by relaxing some of the requirements in a reasonable manner or accepting alternatives put forward by owners and/or occupiers or extending the compliance period of the Directions, and so on. There are around 87 000 outstanding Directions, and 23% have not yet reached their deadlines, while the remaining 77% have been given an extension of the deadline from one year to five years.

If owners and/or occupiers fail to comply with the Directions within a reasonable period or provide justifications to support the application for a time extension, the enforcement authorities have the responsibility to take enforcement actions under the Ordinance to ensure the fire safety of old buildings. Relevant evidence and circumstances of each case, including follow-up actions taken by individual owners and/or occupiers on the Directions, would be considered before prosecution action is initiated.

- (c) Currently, the enforcement authorities would refer those buildings without OCs to the respective District Offices, which would assist them in establishing OCs so that the co-ordination of improvement works would be carried out more smoothly. The Home Affairs Department launched the Building Management Professional Advisory Scheme in 2011 in which property management companies are engaged to assist the relevant buildings in establishing OCs, applying for various building maintenance financial assistance and loan schemes, as well as following up the repair works and tender procedures, and so on. The Hong Kong Housing Society (HKHS) also offers advice on the establishment of OCs together with a subsidy of up to \$3,000.

To assist owners of private buildings in conducting maintenance and repair of their buildings, the BD, the HKHS and the Urban Renewal Authority have been operating various financial assistance schemes for property owners in need, including the Building Safety Loan Scheme, Integrated Building Maintenance Assistance Scheme and Building Maintenance Grant Scheme for Elderly Owners. Fire safety improvement works pertaining to the Ordinance have been incorporated into the list of works eligible for subsidies or loans under these schemes. The application procedures of these schemes have also been streamlined. Owners may apply for multiple schemes by completing a set of application forms under the Integrated Building Maintenance Assistance Scheme.

As for the scope of the Ordinance, we had taken into account the actual circumstances of the target buildings in drafting the Ordinance. Moreover, the enforcement authorities would, without

compromising basic fire safety, adopt a flexible and pragmatic approach in handling individual cases. We understand the difficulties faced by the owners of these buildings in complying with the Directions. However, enhancing building fire safety is of paramount importance in terms of protecting lives and assets. Therefore, I hope that owners and residents of these old buildings would work together to comply with the Directions as soon as possible in order to ensure their own safety and that of their families.

MR CHAN HAN-PAN (in Cantonese): *President, the Secretary has not answered my question.*

According to his main reply, among buildings which have received Directions, more than 3 100 are 40 years old or older but only 1 300 or so have OCs. In other words, 55% of these buildings do not have OCs. At present, more than 8 000 outstanding Directions have reached their deadlines. It means that about half of the owners have to face prosecution by the Government. Yet, these owners cannot carry out the works as required in the absence of OCs. Meanwhile, among the many reasons which hinder them to form an OC, some are beyond their control.

According to the Government's reply, if these owners fail to comply with the Directions, the Government may initiate prosecution against them. However, if prosecution fails to prompt these owners to comply with the Directions, what will the Government do? Will it proceed with the prosecution or provide owners with assistance? Will it continue to prosecute them till they are broke? What does the Government mean by saying that it will adopt a flexible approach?

PRESIDENT (in Cantonese): Which Secretary will answer this question? Secretary for Security, please answer.

SECRETARY FOR SECURITY (in Cantonese): President, first of all, I must stress that while the formation of OCs may facilitate the compliance with Directions, our past experience indicates that in some cases, the Directions have

been complied with even if there are no OCs. There is no direct relation between the two; but we definitely agree that it is easier to get things done when there is an OC. As stated in the main reply, we will try our best to help those buildings which do not have an OC, hoping that their owners can form one.

Just now, I have stated that, under our prosecution policy, we will consider the circumstances of every case and will not automatically initiate prosecution against non-compliance. In fact, as all of you may know, we have shown our understanding to the owners in many ways and give them time to comply with the Directions. As I have just said, 77% of outstanding Directions have been given an extension of deadline. Among them, 20 000 or so have been given an extension of one year, over 10 000 an extension of two years and more than 4 000 an extension of five years. In other words, if we find that the owners in these cases have taken initiatives but just need some more time to discuss the various options for improvement works, or if we find that they have already got some options in hand but just need further studies because of various structural restrictions or technical problems, the FSD is willing to discuss the proposed options with the contractors or authorized persons (APs) of these buildings. For cases which have been granted extension, many of them are followed up. On prosecutions, all of them have to be approved by the Department of Justice (DOJ). As the DOJ is responsible for studying these cases to decide on whether prosecution is required, our prosecutions are actually based on its recommendation.

In general, the FSD will take a flexible approach in handling these cases, and the DOJ will fully consider the legislative intent and the actual difficulties faced by the occupants when it looks into each and every case.

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

MR CHAN HAN-PAN (in Cantonese): *President, the Secretary has not answered my supplementary question. My question is: What will the Government do if the owners continue to fail to comply with the Directions after prosecutions are made against them? Will the Government enforce the*

Directions by taking over the works required? Or will it take other measures to handle these cases?

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

SECRETARY FOR SECURITY (in Cantonese): President, for those who do not show any interest in complying with our Directions, we will definitely prosecute them as the legislative intent is to improve fire safety but they do not show the slightest interest in doing so. I think all of you will agree that prosecutions must be made in these cases.

As for those who are very much willing to comply with the Directions but have failed to do so because of various difficulties, we will try to avoid prosecutions. The Member has just asked what the authorities will do if the owners really fail to comply with the Directions. If any of these cases is put to court, the Court may issue a compliance order. Before issuing such an order, the Court will of course let the party in question tell and explain their cases. The Court will then give its ruling based on the relevant facts.

DR PRISCILLA LEUNG (in Cantonese): *President, as far as I know, sometimes, even if a building has an OC and its residents are willing to pool money to improve fire service facilities, there may be some practical problems. Local groups often meet with the FSD, and colleagues of the Secretary often attend these meetings recently, I have received a number of letters from the OCs of old buildings in the Yau Tsim Mong District, saying that as their buildings are composite buildings, the FSD has ordered them to install automatic sprinkler systems as required by the Fire Services Ordinance. Just now, the Secretary has also mentioned this point in the main reply. However, the problem is that the water tanks of these sprinkler systems have to be installed on rooftops. As these water tanks are quite heavy, some owners worry that, structurally speaking, their decades-old dilapidated tenement buildings may not be able to bear the weight of the water tanks. As I had attended some of these meetings before, I know that certain buildings have put off the installation works because the owners are worried about the structural problems; and some of them are hence prosecuted.*

In view of this, I would like to ask the Government: In these cases, will the authorities, apart from extending the compliance period at their discretion, consider providing additional assistance, including technical assistance, given that most of the residents in these old tenement buildings are elders? What will the authorities do? Will they consider reviewing Cap. 572?

SECRETARY FOR SECURITY (in Cantonese): President, we know that some buildings were built long time ago and the then design requirements were different from the requirements of today. Also, we understand that the structures of certain buildings have caused technical problems to the installation of water tanks. According to the general practice of the FSD, apart from issuing Directions, the FSD is very much willing to discuss — and has often discussed — with the APs or qualified contractors commissioned by owners or OCs about the proposals they come up with after studying the cases to see if there is any alternative for the improvement works.

In fact, there are many successful cases where alternative options have been adopted. For example, some buildings just have to install a new water tank on top of the old one. In some other cases, the tank size may be reduced without compromising the overall fire safety requirements or building safety. While the tank size required is 9 000 litres in general, the FSD may sometimes accept the tank size to be reduced to 2 000 litres after considering the actual circumstances. Different cases may have different alternatives. For instance, some buildings may reuse their abandoned water tanks; and some may alter their fresh water tanks or brine tanks to use part of them as fire services water tanks. These examples show that the FSD is willing to consider different alternatives in helping owners and occupants comply with the requirements of the Ordinance.

DR PRISCILLA LEUNG (in Cantonese): *Will Cap. 572 be reviewed?*

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

SECRETARY FOR SECURITY (in Cantonese): At this moment, we think that the existing measures are sufficient to solve the problems facing us. We just

need to spend more time to explore different alternatives. Based on our experience, we believe that we can find alternatives for different buildings to satisfy the statutory requirements.

MS STARRY LEE (in Cantonese): *President, I agree with the Secretary on his view that problems can be solved by spending more time to explore different alternatives. However, I am afraid that his reply may not be able to fully address the worries of those honest owners who are now living in the "N-nos" buildings. This is because while they actually want to comply with the Directions and have got the assistance of the District Offices or some other supporting units, there is no way for them to put the Directions into action as other owners refuse to co-operate with them. The present problem is not that they do not have alternative options but that they fail to get the co-operation of other people in the course of compliance.*

In view of this, I would like to ask the Secretary: When there is no other choice but to institute prosecution, will he consider asking the DOJ to prosecute only the unco-operative owners so as to free the co-operative owners from prosecution? Or will he consider following the practice of "removal first, cost recovery to follow" adopted by the BD in respect of unauthorized building works (UBWs), so that the honest owners can be free from the threat of coming to court and being summoned?

SECRETARY FOR SECURITY (in Cantonese): This supplementary question involves two issues. I will first respond to the issue of "removal first, cost recovery to follow". In this context, it means "improvement first, cost recovery to follow". As all of you may know, under the Buildings Ordinance, the authorities are allowed to adopt the practice of "removal first, cost recovery to follow" when the UBWs in a building are posing an imminent danger. However, the FSD is not empowered to do the same under the Ordinance. The law has not conferred the FSD or other agents with the power to first carry out the fire safety improvement works and later negotiate with the owners for cost recovery.

Another problem comes from the fact that fire service installations are different from buildings. For buildings with UBWs, reinstatement is the only

possible option. Yet, for fire service installations, as I have just said, there can be many possible alternatives to comply with the requirements of the Ordinance. As long as these alternatives are consistent with the spirit of the Ordinance and satisfy the requirements thereunder, any of them can be adopted. While there can be so many possible alternatives, the FSD will have difficulty in deciding which one to take when carrying out the improvement works.

The Member has just raised an issue about prosecution. We will provide the DOJ with all the facts of these cases; and the DOJ, when considering whether to make a prosecution, will also take into account the attitudes and behaviour of each owner. Of course, the final decision must be in line with the statutory provisions.

MISS ALICE MAK (in Cantonese): *President, I would like to ask the same issue in my supplementary question. We understand that legislation does not confer the authorities with such power, but will the Government consider reviewing the relevant legislation to allow the authorities to first carry out the works instead of solely relying on prosecution to threaten owners to take action?*

SECRETARY FOR SECURITY (in Cantonese): *President, I must clarify that it is not our directive to initiate prosecution. Legislation and enforcement actions are both meant to urge owners to take the safety measures required by law. That is why some cases are granted a time extension of five years — Members may have noticed this point when I previously quoted the figures. Of course, when we approve the applications for time extension, we will consider the attitude of the principals and whether their applications are justified.*

We do not mean to make things difficult for owners so as to facilitate our prosecution. As shown in our enforcement experience, we have never come across any cases in which we cannot find any possible means to comply with the Ordinance. Let me give you an extreme example. At present, three buildings have adopted a highly flexible compromise solution to solve their problems. In these cases, we allow these buildings to take an alternative in improving fire safety by simply putting fire extinguishers in certain specified places. While this alternative is not one of the general options devised by the FSD, these three buildings are not prosecuted. Therefore, I hope Members can understand that

we will initiate prosecutions only when there is no other possible option. The example of the three buildings just cited fully reflects that the enforcement departments have grasped the real picture and do not aim at making prosecutions.

PRESIDENT (in Cantonese): This Council has spent more than 23 minutes and 30 seconds on this question. Last question seeking an oral reply.

Stepping Up Regulation of Lift Contractors and Training for Lift Practitioners

6. **MR TANG KA-PIU** (in Cantonese): *President, on the 2nd of this month, a lift in a building in North Point plunged from the first floor to the ground, injuring several passengers. It has been reported that the situation was very serious as all four suspension cables of the lift had snapped. As pointed out by some members of the trade, lift accidents have occurred from time to time in recent years, reflecting loopholes in the existing regulatory mechanism, and such accidents are also related to the shortage of manpower for lift repair and maintenance. In this connection, will the Government inform this Council:*

- (a) *whether the authorities will conduct a comprehensive review of the Registered Lift Contractors' Performance Rating Scheme (the Performance Rating Scheme) and consider linking the Scheme to law-enforcement work to enhance its effectiveness, for example, revoking directly the licence of a contractor whose performance score is zero;*
- (b) *whether it knows the number of registered lift contractors who had provided training to lift workers who newly joined the trade and the respective numbers of new entrants who had completed the training and those who stayed in the trade afterwards, in the past three years; and which institutions had provided training courses for such entrants and the respective numbers of entrants who had completed the courses and those who stayed in the trade afterwards; as the Code of Practice for Lift Works and Escalator Works (CoP) stipulates that lift maintenance and repair works must be carried out by two or more lift workers together, and the number of storeys of new buildings has been increasing, whether the authorities have*

assessed if the number of trained workers can meet the demand; whether the authorities have any new measures to attract new blood to the trade; if so, of the details; if not, the reasons for that; and

- (c) *of the number of lifts inspected each month by the Electrical and Mechanical Services Department (EMSD) at present; whether the EMSD has conducted more frequent inspections and spot checks on lifts which are maintained and repaired by contractors with low ranking in performance rating; if it has, of the details; if not, the reasons for that?*

SECRETARY FOR DEVELOPMENT (in Cantonese): President, the Lifts and Escalators Ordinance (the Ordinance), enacted in April 2012, came into full operation in December 2012. The Ordinance has introduced a series of enhanced regulatory measures against registered contractors. Firstly, it clearly stipulates that registered contractors must ensure that their lift maintenance works are carried out properly and safely, as well as increases the maximum fine from HK\$10,000 to HK\$200,000 with the maximum imprisonment period maintained at 12 months; secondly, introduces a registration renewal system under which registered contractors are required to renew their registration every five years; and thirdly, empowers the Registrar to cancel or suspend the registration of registered contractors pursuant to the provisions of the Ordinance. On enforcement, the EMSD conducts sample inspections on all lifts in Hong Kong on a risk-assessment basis to monitor the work of registered contractors. Furthermore, the EMSD implemented the Performance Rating Scheme in June 2009 and published the performance ratings of registered contractors quarterly to help lift owners or their property management companies select suitable contractors to carry out maintenance and repair works for their lifts.

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

- (a) Under the Performance Rating Scheme, the EMSD will deduct performance monitoring (PM) points of registered contractors according to an established mechanism for irregularities identified during inspections. Warning letters will be issued to relevant registered contractors under the following circumstances:

- (i) where a total of 12 or more PM points are deducted for non-compliant items found in a single lift during inspection; or
- (ii) where over four PM points are deducted on average within a 12-month period.

Registered contractors who have received a total of three warning letters may be subject to disciplinary hearings. Disciplinary action can include cancellation of registration. Besides, the EMSD will take appropriate enforcement actions against registered contractors for non-compliances or disciplinary offences found in the course of inspections, including initiating prosecutions or requesting for setting up disciplinary boards to conduct disciplinary hearings.

The EMSD is carrying out a comprehensive review of the Performance Rating Scheme and its enforcement inspection system, with a view to enhancing its effectiveness in controlling the performance of contractors. The review includes considering conducting more inspections for lifts maintained by registered contractors with relatively low performance ratings, and conducting audit visits to these registered contractors to ascertain if they have the necessary facilities, resources and manpower to provide the level of service in compliance with the Ordinance.

- (b) According to the information provided by registered contractors, 45 registered contractors have provided training to a total of 450 new entrants engaged in lift maintenance works in the past three years. About 90% of them stayed in the trade after completing the necessary training needed to acquire the status of competent workers.

Further, the Vocational Training Council (VTC) has been conducting relevant apprentice courses to train new entrants for the industry. In the past three years, around 120 people joined the lift and escalator trade after completing the relevant courses.

As at February 2013, there were about 5 000 competent workers providing services to around 60 000 lifts and 8 200 escalators in Hong Kong. Although the number of works items requiring at least two workers working together has increased from 10 to 15 under the CoP issued by the EMSD in November 2012, we consider that this requirement has only minimal impact on manpower. Besides, the number of lifts increased only slightly by about 1% annually on average over the past several years and it would not cause too much pressure on the overall manpower demand. Notwithstanding these, we are implementing the following measures to attract new entrants to the trade:

(i) *Enhancing the professional status of the workers*

The registration regime for workers introduced under the Ordinance to replace the employer-tied arrangement provides workers with more flexibility in choosing jobs and more bargaining power in negotiating remuneration packages.

(ii) *Strengthening training*

Currently, the Construction Industry Council is actively deliberating with the Hong Kong Federation of Electrical and Mechanical Contractors, the Lift and Escalator Contractors' Association and the VTC on ways to provide more training for the electrical and mechanical trade of the construction industry. To increase the manpower for the trade, they have agreed in principle to introduce the Contractor Cooperative Training Scheme for the electrical and mechanical trade of the construction industry and provide assistance to those trainees who intend to join the ranks of electrical and mechanical apprentices after completing the VTC's basic craft courses in electrical and mechanical engineering.

(iii) *Improving working conditions*

The EMSD has been working from time to time with the trade and in the light of the latest developments in the industry to review and update the CoP with a view to enhancing the

requirements on working conditions. For instance, the CoP has recently introduced a new provision that requires contractors to assess and confirm that the environmental factors, such as temperature, ventilation, lightings, and so on, inside the lift shaft are suitable before commencing works.

- (c) At present, the EMSD conducts about 750 inspections on lifts and escalators a month on average. Since 2009, the EMSD has raised the ratio of spot checks from 1 in 10 to 1 in 7. It has also adopted a risk-based approach and accorded higher priority to lifts which are maintained by contractors with poor performance, have long years of service or are of those models that have frequent breakdowns. To make the inspection work more focused, the Administration would consider factoring in flexibility and specific targets to the ratio of spot checks. For instance, contractors or lifts that have the abovementioned problems would be subject to more frequent inspections.

The EMSD obtained approval in 2010 to add a total of eight posts to its establishment. Before that, the EMSD had 15 staff to undertake the work of regulating lift and escalator safety. The manpower increased 53% in 2010 (including the ranks of engineers and inspectors) to enhance the regulation of lift and escalator safety. After the Ordinance has come into full operation, the EMSD continues to conduct audit inspections according to a risk-based approach and strictly enforce the provisions of the Ordinance. The Administration will also review from time to time the EMSD's manpower situation to ensure that appropriate resources are allocated for the department to carry out law enforcement and public education work.

MR TANG KA-PIU (in Cantonese): *President, the Secretary said that trainees would be provided with financial assistance, but I query that such a remark is illusory, unrealistic and incomprehensive. Holding in my hand is a letter of appointment offered to a new entrant by a lift contractor. It states that the worker shall work nine hours a day with a one-hour unpaid lunch break, and the daily wage is \$212, that means the hourly wage is \$26.5. When did this letter of appointment take effect? February 2013. The wage is lower than the minimum*

wage level. Okay. Suppose three years later, a devoted worker who has worked smoothly and received an annual pay rise of 5% is promoted to be a formal technician despite his young age. Yet his hourly wage is still less than \$31. This letter of appointment came from one of the five major lift contractors in Hong Kong. With such low wages, of course there would be wastage of manpower. Working in pairs turned out to be working alone. Staff who were originally assigned to do routine maintenance and lubrication were provisionally deployed elsewhere to conduct emergency repairs. Safety and quality problems will certainly arise in the long run. Hence, I would like to ask the Secretary — this is the second time I have pointed out in a Council meeting that the problem of the lift industry actually lies with the excessively low wages — what he thinks of this letter of appointment which offers a wage lower than the minimum wage. What solutions does he have to tackle the problem of excessively low wages?

SECRETARY FOR DEVELOPMENT (in Cantonese): President, should any employers hire their staff with remunerations lower than the minimum wage, we welcome Members to report such cases to us, and we will follow them up.

President, since the Ordinance came into effect in December last year, the employer-tied arrangement has been replaced by a system which is not employer-tied. We hope that through market power, workers will have bigger flexibility in seeking jobs for better income and enjoy higher bargaining power. At the same time, we will strengthen the training work. Recently, we have launched the Contractor Cooperative Training Scheme to offer employment on a "first-hire-then-train" basis. Under this scheme, employees will receive an allowance during the six-month training period in their employment. Regarding the basic craft courses in electrical and mechanical engineering provided by the Construction Industry Council, apart from training, we will also issue an allowance to the trainees during the 11 months of the course period.

The industry of electrical and mechanical engineering and lift maintenance often hire workers on a monthly-paid basis. Hence, generally speaking, apart from wages, their welfare benefits and other terms should be slightly better than those of daily-paid workers.

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

MR TANG KA-PIU (in Cantonese): *My supplementary question has not been answered. Of course they are paid once a month, but their pay is still calculated by daily wage. Anyway, the Secretary has not answered the question because what was mentioned by the Secretary*

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

MR TANG KA-PIU (in Cantonese): *Just now when the Secretary talked about the problem of excessively low wages, he did not respond in the light of the whole industry. He merely responded to the part about trainees in the construction industry.*

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

SECRETARY FOR DEVELOPMENT (in Cantonese): President, perhaps I did not make myself clear enough just now. The Ordinance, which came into effect in December last year as mentioned by me earlier, focuses on the lift and escalator industry.

MR CHAN HAK-KAN (in Cantonese): *President, actually Shineford, which was involved in this incident, was not the contractor with the poorest performance. If we look at the Government's list, we will find some other contractors whose performance was in fact much worse than that of Shineford. May I ask the Secretary, with regard to those contractors whose PM points have been in the margin of failure for a long time, what solutions does he have to upgrade their service performance so that the public will regain confidence in taking the lifts and engaging these contractors?*

SECRETARY FOR DEVELOPMENT (in Cantonese): President, in the past two or three weeks, apart from inspecting all the lifts which Shineford was responsible for maintaining, we also inspected those lifts maintained by contractors whose PM points were lower than Shineford's. As at the close of play on Sunday, a total of 100-odd lifts which were not maintained by Shineford

had been inspected, and no problem had been found with any of them. We have also liaised with the colleagues in the EMSD, who will conduct inspections on the remaining 1 000 to 2 000 lifts for which these contractors are responsible. This is the first point.

The second point is that we will review the Performance Rating Scheme. The Lift and Escalator Safety Advisory Committee which will be established later will conduct a review in this regard, giving consideration to how to improve the Performance Rating Scheme and link the Scheme to law enforcement.

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

MR CHAN HAK-KAN (in Cantonese): *The Secretary has not answered my supplementary question. In my supplementary question, I asked the Secretary how to raise the standard of those contractors whose PM points have remained low for a long time, not what has been done recently. I would like the Secretary to clarify about it.*

SECRETARY FOR DEVELOPMENT (in Cantonese): President, low PM points involve two aspects. One is safety while the other one is maintenance and repairs. We are concerned that apart from contractors, five parties are responsible, in our opinion, for publicity and education in this area. In other words, property owners and property management companies also have a role to play. In this regard, we will enhance publicity and education for them. In fact, as we know, penalties have become much heavier since the Ordinance took effect in December last year. We also know that after the occurrence of the recent Shineford incident, the colleagues in the EMSD have promptly responded and followed up the matter. I believe this incident has substantially alerted the other contractors as well.

MR LEE CHEUK-YAN (in Cantonese): *President, lift safety is really a matter of life and death. It was fortunate that the last incident in North Point happened on the first floor. If it had happened on a higher floor, there would have been numerous casualties. However, I think that on each occasion, the Government*

just "mobilized the troops after the robbers had fled". Now it is said that inspections will be carried out, but is there enough manpower? Is there any long-term commitment? It is said in the main reply that the Ordinance has now come into full operation, but regarding manpower, only eight posts were added in 2010 — it was 2010. Manpower was not increased immediately after the Ordinance came into operation so as to carry out the inspection work and the demerit scheme properly. If monitoring work is done in a slipshod manner, actually lift accidents will continue to happen.

Hence, I would like to ask the Secretary what he meant by having spot checks at the ratio of 1 in 7 in the main reply. Given that there are nearly 70 000 lifts and escalators, if the ratio is 1 in 7, that means the number of lifts and escalators to be checked is 10 000 per year, but now only 750 spot checks can be conducted every month. So how will it be possible to inspect 10 000 lifts and escalators, let alone inspecting 70 000? I wonder how the authorities can conduct spot checks at the ratio of 1 in 7. Could the Secretary, firstly, explain what is meant by having spot checks at the ratio of 1 in 7, and secondly, refrain from merely "mobilizing the troops after the robbers have fled" and instead, make genuine long-term commitment, increase the manpower and conduct monitoring work and spot checks properly? President, I put forward these two supplementary questions actually no. It is one supplementary question consisting of two parts.

PRESIDENT (in Cantonese): Members can raise only one supplementary question.

MR LEE CHEUK-YAN (in Cantonese): *It consists of two parts.*

SECRETARY FOR DEVELOPMENT (in Cantonese): President, the ratio of 1 in 7 is an average. As I have said earlier, there are a total of 68 000 lifts and escalators in Hong Kong. Our colleagues have inspected more than 9 100 lifts and escalators in each of the past three years. Therefore on average, spot checks were conducted at the ratio of approximately 1 in 7.

MR LEE CHEUK-YAN (in Cantonese): *President, actually the Secretary has not answered my question as to whether he will strengthen the manpower for monitoring work. This is the most important question. Moreover, the Secretary said that spot checks were only conducted at the ratio of 1 in 7 every year. Does that mean it will take seven years for all the lifts and escalators to be inspected?*

PRESIDENT (in Cantonese): Secretary, the Member has asked about the manpower for monitoring work.

SECRETARY FOR DEVELOPMENT (in Cantonese): President, I have talked about the manpower for monitoring work earlier. Although only eight posts were added in 2010, they covered different ranks and the increase amounted to 50%. Both the EMSD and the Development Bureau attach great importance to lift safety. Should there be a need to increase manpower, they will bring it up to the Bureau, and we will give active consideration to cater for such a need.

MR ANDREW LEUNG (in Cantonese): *President, first of all, I declare that I am the former Chairman of the VTC. The VTC is responsible for training these workers. The Secretary has pointed out in paragraph (ii) of part (b) in the main reply that the Construction Industry Council is currently deliberating with the Hong Kong Federation of Electrical and Mechanical Contractors, the Lift and Escalator Contractors' Association and the VTC on the introduction of the Contractor Cooperative Training Scheme to offer employment on a "first-hire-then-train" basis. However, the VTC and the Construction Industry Council are two separate units with different accounts. Have they agreed on the amount of financial assistance to be provided to each student? Is there any upper limit, and when will the initiative be implemented?*

SECRETARY FOR DEVELOPMENT (in Cantonese): President, we had been deliberating with them all the way, and it was not until recently that we reached an agreement. The Contractor Cooperative Training Scheme offers 550 places with a monthly allowance of \$3,750 for a period of six months. Besides, there are 600 places for the basic craft courses in electrical and mechanical engineering.

The training period lasts for 11 months and the monthly allowance is \$2,800. The courses will commence from the middle of this year.

PRESIDENT (in Cantonese): Mr LEUNG, do you wish to follow up on the question?

MR ANDREW LEUNG (in Cantonese): *I would like to follow up on the question. The Secretary said*

PRESIDENT (in Cantonese): Do you think the Secretary has not answered your question?

MR ANDREW LEUNG (in Cantonese): *The Secretary has not answered my question about training. The Secretary mentioned how many places there are, but he said the length of time is only six months. I can only say that the approach of training a lift technician in six months is a bit too lax as far as Hong Kong people's safety is concerned.*

PRESIDENT (in Cantonese): This is not a follow-up question.

MR POON SIU-PING (in Cantonese): *President, the Secretary has indicated earlier in his reply that the EMSD will conduct inspections on lifts every month since the EMSD is the department responsible for enforcement. Just now an Honourable colleague also brought up the issue of increase in manpower. Some staff members of the EMSD have relayed to me that at present, with only some 20 staff members responsible for the inspection of lifts in the whole territory, the staff endure tremendous work pressure. May I ask the Government how it will resolve the heavy workload of front-line staff while ensuring lift safety? Does it presently have any plan to recruit additional staff so as to enhance the ratio for spot checks?*

SECRETARY FOR DEVELOPMENT (in Cantonese): President, I must point out that apart from the manpower mentioned earlier, where necessary, for example, in the recent Shineford incident, and when we need to enhance inspection on contractors with relatively low PM points, the EMSD will make internal deployment of manpower to cope with the situation. While ensuring lift safety, of course we are also concerned about the work pressure of front-line staff. Thus, as I mentioned just now, if the EMSD brings up such a need for resources, the Development Bureau will give active consideration to cater for its need.

MR KWOK WAI-KEUNG (in Cantonese): *President, the problem of manpower shortage in the lift industry is known to everybody. The fact that all the front-line staff have to work overtime already serves as a good illustration.*

The Secretary has indicated earlier in his reply that the practice of working in pairs and the annual growth of 1% in the number of lifts will not pose too much pressure to the manpower in the industry. In my opinion, such a comment is not correct. The Government's attitude and efforts in assessing the relevant issue reflects its serious underestimation of the problem. Moreover, it is treating people's lives in a light way, since members of the public have to take lifts every day.

I would like to raise a supplementary question concerning the lack of manpower and whether working in pairs can really be put into practice. In the past inspections, did the Government find out any cases where work which should be carried out in pairs was done by only one person instead of two? If there were such cases, please provide the relevant figures and the penalties for the related charges; if not, will the requirement of working in pairs be included in the scope of inspection and the Performance Rating Scheme?

SECRETARY FOR DEVELOPMENT (in Cantonese): President, actually this is the second time I have come here to answer Members' questions regarding manpower. I am very grateful for Members' concern.

According to the data in my hand, a total of 570 technicians, trained either by the VTC or by the industry itself, have entered the market in the past three years, giving an average of 190 per year. At present, about 5 000 people are engaged in the industry. That means the growth is roughly more than 3%. The number of lifts, as I have mentioned earlier in the main reply, has increased about 1% each year. Therefore, on the face of such data, I think the remark that

replenishment with new recruits in the industry is unable to catch up with the growth in the number of lifts cannot be substantiated. This is the first point.

The second point is that the EMSD and the Special Administrative Region Government attach great importance to people's safety in taking lifts, so it is unfair to say that we treat people's lives in a light way. As a matter of fact, Hong Kong has maintained very good records of lift and escalator safety over the years.

PRESIDENT (in Cantonese): You have not answered the Member's supplementary question.

SECRETARY FOR DEVELOPMENT (in Cantonese): President, sorry, which part have I omitted to reply?

PRESIDENT (in Cantonese): Mr KWOK, please repeat your supplementary question.

MR KWOK WAI-KEUNG (in Cantonese): *Will the lack of manpower pose any problem to the implementation of the system of working in pairs? Has the Government checked in its present inspection work whether the contractors adopted the practice of working in pairs? If it has not done so, has it considered including the requirement of working in pairs in the performance rating mechanism in the future?*

SECRETARY FOR DEVELOPMENT (in Cantonese): President, working in pairs is one of the 15 working procedures which they are required to carry out. Thus we will follow it up during the inspections and checks on their work. Moreover, after the Ordinance came into effect, contractors must keep detailed records about their maintenance work. This is another track which we may follow up. We will pay close attention to the implementation in this regard.

PRESIDENT (in Cantonese): This Council has spent more than 25 minutes on this question. Oral questions end here.

WRITTEN ANSWERS TO QUESTIONS**Personalized Vehicle Registration Marks Scheme**

7. **MR IP KWOK-HIM** (in Chinese): *President, it has been reported that at the auction of personalized vehicle registration marks (PVRMs) held on 16 February this year, the Transport Department (TD) sold a PVRM with the combination of "CSD HK". Since that combination was very similar to the English abbreviation of the Hong Kong Correctional Services Department (CSD), the CSD had requested the TD to withdraw the PVRM from sale before the auction, but to no avail. Some CSD staff members had expressed the worry that had the PVRM been successfully bid by people with ulterior motives and the PVRM been displayed on a motor vehicle used in illegal activities, the image of law-enforcement agencies would be tarnished, and law and order problems might even be caused. On the other hand, the vetting criteria of the PVRMs Scheme prescribe that an application will be refused if the PVRM in the application is likely to cause a reasonable person to believe that the motor vehicle on which the PVRM is displayed belongs to any department of the Government or any specified organization, or to believe that the person using the vehicle represents such a department or organization. In this connection, will the Government inform this Council:*

- (a) *how the authorities had vetted the application for the aforesaid PVRM in accordance with the established criteria; and*
- (b) *in the light of the aforesaid incident, whether the authorities will review the vetting criteria for PVRMs and specify in the criteria that applications for PVRMs with a combination containing "CSD" will not be accepted?*

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

- (a) The application and vetting of PVRMs are governed by the Road Traffic (Registration and Licensing of Vehicles) Regulations (Cap. 374E) (the Regulations). The TD processes the applications for PVRMs in accordance with the Regulations and established procedures.

Pursuant to regulation 12F(2)(c)(iii) of the Regulations, the Commissioner for Transport (the Commissioner) shall refuse an application if, in his opinion, the proposed personalized registration mark is likely to cause a reasonable person to believe that the motor vehicle on which the registration mark is displayed belongs to, or the person using the vehicle represents any public body. In accordance with regulation 2 of the Regulations, a public body includes any department of the Government.

In vetting and determining the applications for PVRMs, the Commissioner should, on a comprehensive, objective and cogent basis, take into account the views of the Vetting Committee which comprises members from various sectors, and the possible references of the combination of the marks. He should also pay due regard to the prevailing public perception of government department vehicles and the vehicle registration marks displayed on them, the freedom of expression by the public, as well as the intent of the PVRMs Scheme to offer more choices to vehicle owners.

As regards the registration mark "CSD HK", regulations 11(1)(a) to (i) of the Regulations have already provided that registration marks consisting of "A", "F" and "AM" or followed by numerals are designated for assignment to government vehicles. On the other hand, "CSD" can be the acronym of the names of various persons, organizations or associations. The combination "HK" is also a prefix of traditional vehicle registration marks, which should not necessarily be regarded as representing the Hong Kong Government. Having regard to the views rendered by the Vetting Committee, the general public perception of government department vehicles and the vehicle registration marks displayed on them, the freedom of expression by the public as well as other relevant considerations, the Commissioner considers that there is no sufficient ground to conclude that the registration mark "CSD HK" is in breach of the vetting criteria under regulation 12F(2)(c)(iii) of the Regulations.

- (b) The existing legislation has stipulated clear vetting criteria for PVRM applications. As stated above, we consider that there is no sufficient ground to show that a reasonable person is likely to believe

that the motor vehicle on which the registration mark comprising the above letters is displayed belongs to a specific government department, or to believe that the person using the vehicle represents that department. Hence, the Administration has no plan to amend the legislation to reject registration mark applications containing the term "CSD". The TD will continue to consider and approve PVRM applications on a comprehensive, objective and cogent basis in accordance with the prevailing statutory criteria and having regard to individual combinations under application.

Handling of Complaints About Water Seepage in Residential Units

8. **MR MICHAEL TIEN** (in Chinese): *President, many members of the public have complained to me about water seepage on the walls or ceilings of their residential units. There is one complainant whose unit has been plagued by the water seepage problem since 2003, and the problem has remained unresolved even though he has complained to various government departments and bodies, including the Water Supplies Department (WSD), the Food and Environmental Hygiene Department (FEHD), the Buildings Department (BD), the Office of The Ombudsman and the dedicated Joint Office (JO) set up by the BD and the FEHD to handle complaints about water seepage in buildings. In this connection, will the Government inform this Council:*

- (a) *of the total number of complaints and enquiries received by the JO since its establishment in 2006 and the number of cases which have not yet been processed, with a breakdown by the District Council (DC) district and type of buildings (residential, industrial and commercial buildings); the longest waiting time for processing and the reasons for those cases having to wait for so long; the average processing time per case; whether the authorities will review the work efficiency of the JO with a view to shortening the average waiting time by a certain percentage within a particular period of time and formulate the relevant performance pledges; if they will not, of the reasons for that;*
- (b) *among the cases processed by the JO, of the number of those classified as cases in which "the source of water seepage/leakage*

cannot be identified"; of the operational guidelines based on which the inspecting personnel made such classification; whether the relevant complainants may request for a review of the cases which were classified by the JO as those in which "the source of water seepage/leakage cannot be identified" and the investigation into which was terminated; whether the Government has any specific ways to further assist such members of the public in resolving their problems; if it has not, of the reasons for that;

- (c) among the complaints received by the JO, of the number of those involving seepage/leakage of fresh water mains; why the authorities have not accepted the recommendation of including the WSD in the JO, made in paragraph 42 of the investigation report published by the Office of The Ombudsman in 2008 on handling of water seepage complaints by the aforesaid three government departments;*
- (d) given that the authorities conducted an interim review of the operation mode of the JO only in 2008, whether they will conduct thorough examinations and reviews of the operation and management of the JO within 2013; if they will not, of the reasons for that;*
- (e) of the existing staffing structure of the JO; whether the authorities will set up a dedicated department to head the JO officially, establish its power and provide clear lines of command regarding staff deployment and office management to prevent the occurrence of a loose co-operative relationship between the two departments; if they will not, of the reasons for that; and*
- (f) whether the authorities will review and examine the methods and equipment currently used by the JO for testing water seepage as well as consider introducing other testing methods (for example, microwave moisture and acoustics tests), so as to enhance the testing efficiency?*

SECRETARY FOR DEVELOPMENT (in Chinese): President, as property owners are responsible for maintaining and managing their buildings, they also

have responsibility for resolving any water seepage problems. Hence, if water seepage is found inside a private property, the owner should first investigate the cause and, as appropriate, co-ordinate with the occupants and other owners concerned for repairs.

Where the water seepage problem poses a public health nuisance, a risk to the structural safety of the building or water wastage, the Government would step in and take action in accordance with the relevant provisions of the Public Health and Municipal Services Ordinance (Cap. 132), Buildings Ordinance (Cap. 123) or Waterworks Ordinance (Cap. 102). The JO was set up with staff of the BD and the FEHD to tackle such offences through a "one-stop shop" approach.

My reply to the six-part question is as follows:

- (a) Since its establishment in 2006 until 31 December 2012, the JO had received 150 354 reports on water seepage with 24 133 cases still being processed. The remainder over 120 000 cases were mainly cases which were concluded, and cases which did not involve water seepage and hence were non-actionable. The numbers of reports on water seepage received and cases being processed by the JO since its establishment in 2006 until end 2012, broken down by the 18 DC districts in Hong Kong, are tabulated below. The JO does not keep separate statistics for domestic and non-domestic premises or statistics for enquiries about water seepage.

<i>DC Districts</i>	<i>Number of reports on water seepage received</i>	<i>Number of cases being processed</i>
Central and Western	7 078	1 294
Wan Chai	6 281	995
Eastern	19 304	2 213
Southern	6 000	1 443
Islands	795	225
Yau Tsim Mong	15 125	2 542
Sham Shui Po	11 317	396
Kowloon City	17 594	1 262
Wong Tai Sin	5 294	2 462

<i>DC Districts</i>	<i>Number of reports on water seepage received</i>	<i>Number of cases being processed</i>
Kwun Tong	10 804	1 514
Tsuen Wan	7 171	1 319
Kwai Tsing	8 052	2 810
Tuen Mun	10 163	802
Yuen Long	3 517	428
North	3 450	363
Tai Po	4 108	505
Sha Tin	10 346	3 093
Sai Kung	3 955	467
Total	150 354	24 133

The time required for processing a water seepage case largely depends on the complexity of the case and the extent of co-operation from the parties concerned, in particular the owners and occupants involved. Since the circumstances of individual cases vary, the procedures and time taken for investigation may also differ widely. In relatively straight-forward cases, where the source of water seepage could be identified by the JO staff during initial site inspection, the case can normally be concluded within a short period of the inspection. These cases may be completed as quickly as within four weeks. For more complicated cases and cases involving other occupants, the JO could, with co-operation from all parties, generally be able to complete the investigations in about 130 days (90 working days).

For more complicated cases which may, for instance, involve multiple sources or intermittent water seepage/leakage, JO staff will have to conduct different or repeated tests or ongoing investigations and monitoring in order to ascertain the cause. As these tests take time and require full co-operation from the owners/occupants concerned, from experience such cases would on average take about 170 days (120 working days). Where vacant units or unco-operative owners/occupants are involved, the JO would have to apply to the Court for warrants of entry in order to carry out

investigations. These cases would take even more time. The JO does not keep statistics on the time taken for investigation of individual cases.

Since its establishment, the JO has from time to time reviewed its *modus operandi* and strengthened its manpower with a view to enhancing the efficiency and quality of the service. Having regard to the performance after strengthening of manpower, the JO will assess its performance against the milestones and carefully examine the feasibility of developing the same into practicable performance pledges.

- (b) As at 31 December 2012, other than those non-actionable cases which did not involve water seepage, the JO, after the completion of investigation and testing, successfully identified the source of water seepage/leakage in 27 405 cases and 9 151 cases were categorized as "the source of water seepage/leakage cannot not be identified" and the investigation for which was terminated. For another 27 234 cases, seepage ceased during the investigation.

The JO conducts different tests to investigate the cause and origin of water seepage. However, because there are many different reasons causing water seepage in buildings, there may still be cases where the cause or source of water seepage cannot be established despite extensive tests conducted, especially where the seepage is not obvious or only intermittent. In the absence of sufficient evidence which proves that the seepage constitutes a contravention of the law, the departments concerned cannot take further enforcement or follow-up action in the case. Nonetheless, the JO will keep the details of the investigation for future reference. In case the informant reports any changes in the seepage condition, such as a change in the extent or recurrence of seepage, the informant may request the JO for a review of the case.

- (c) In investigating seepage cases, the JO will refer suspected cases of water wastage to the WSD for follow-up. During the six odd years since its establishment in 2006 until 31 December 2012, the JO had referred 1 312 suspected cases of water wastage to the WSD for

follow-up. As these cases only amounted to a very small proportion of the cases handled by the JO, the Administration has no plan to include the WSD into the JO at this stage. Nevertheless, as a more efficient and cost-effective approach, the WSD has designated a dedicated senior engineer to be responsible for liaison and handling of seepage cases referred by the JO as well as discussion with the JO on the relevant policies.

- (d) In 2008, The Ombudsman released an investigation report on the handling of water seepage complaints by the JO and made a series of recommendations. The Administration accepted The Ombudsman's recommendations and has accordingly implemented a number of improvement measures progressively with a view to enhancing the efficiency and effectiveness of handling water seepage cases. The improvement measures include enhanced monitoring of the consultants' work, formulating milestones for enhanced progress monitoring of cases, and drawing up various operational guidelines for reference of staff. Moreover, the Administration is conducting a review on the organization and *modus operandi* of the JO with a view to enhancing the effectiveness of handling seepage problems in buildings.
- (e) At present, the FEHD has deployed 219 staff to the JO, including 15 senior health inspectors, 98 health inspectors and 106 investigators, whereas the BD has posted 64 professional and technical staff to the JO, including two senior professional officers, 10 professional officers, 50 building safety officers, one survey officer and one technical officer. In 2012, the Administration appointed 13 consultants to assist in conducting professional investigation on water seepage cases.

As mentioned above, the Administration is now conducting a review on the organization, *modus operandi* and staffing of the JO with a view to enhancing the effectiveness of handling seepage problems in buildings. The FEHD and BD management staff deployed in various JO districts will arrange regular meetings to discuss the cases being processed and strengthen mutual co-ordination and co-operation.

- (f) At present, there are a number of testing methods available at the market for identifying seepage, such as infra-red test and microwave moisture test, which can detect the variation in the moisture content of the seepage surface layers. Professionals may infer the situation or source of water seepage based on the results of such tests and their professional judgments.

These are indirect testing methods which may be subject to bias because of site circumstances, such as different materials of and impurities in floor slabs. Moreover, the accuracy of these apparatus may also vary with site circumstances, such that other tests or data are required to effectively confirm the sources of water seepage.

The moisture meter and colour water test adopted by the JO are widely used and effective means for ascertaining the source of seepage. The moisture meter is user-friendly and can provide accurate and direct measurement of moisture content for reference. As regards the collection of evidence for enforcement, colour water test is the most direct way for proving the source of water seepage.

To enhance the effectiveness of the JO's investigation of the source of seepage, the JO, with the assistance of the Hong Kong Applied Science and Technology Research Institute, is working to explore more effective methods for seepage investigations.

Measures to Enhance Safety of Lifts

9. **IR DR LO WAI-KWOK** (in Chinese): *President, in an accident earlier this month in which a lift dropped suddenly, all four suspension cables of the lift involved had snapped, and its safety protection system had not functioned as designed to stop the lift from dropping. The authorities subsequently inspected the other lifts which were maintained by the contractor concerned, and found that quite a number of them had problems and had to suspend service immediately. It has been learnt that the ranking of the contractor in the "Registered Lift Contractors' Performance Rating" of the Electrical and Mechanical Services Department (EMSD) has all along been low. Some members of the public have pointed out that such incidents reflect that the regulatory system for the repair*

and maintenance of lifts is plagued with problems, and it fails to ensure proper repair and maintenance of lifts by contractors. In this connection, will the Government inform this Council:

- (a) whether, apart from issuing warning letters to the registered lift contractors with low ranking in performance rating for a long period of time and repeatedly involved in safety problems, the authorities have taken other follow-up measures targeting at such contractors; if they have, of the details; if not, the reasons for that;*
- (b) whether the EMSD will, in the light of the aforesaid lift accident, conduct a comprehensive review of the regulatory system for the repair and maintenance of lifts, and correspondingly increase the resources needed and employ additional professional staff so as to step up its monitoring work; if it will, of the details; if not, the reasons for that;*
- (c) whether the authorities have considered stepping up publicity and promotion work, so as to provide guidance for property owners and property management companies on the factors (including the contractor's manpower arrangements, past performance and performance scores, and so on) to be considered when selecting contractors for the repair and maintenance of their lifts; if they have, of the details; if not, the reasons for that;*
- (d) whether the authorities have conducted a comprehensive review to ascertain the number of lifts in Hong Kong which are so dilapidated that their replacement is required; whether the authorities have considered providing subsidies for property owners with financial hardship to pay the costs for such lift replacement works, to obviate the continued use of those lifts compellably; if they have, of the details; if not, the reasons for that; and*
- (e) apart from enacting the Lifts and Escalators Ordinance (the Ordinance) (Cap. 618), which came into full operation on 17 December 2012, to enhance the safety standards for the repair and maintenance of lifts and to strengthen regulatory control, whether the authorities have any complementary measures to assist*

the trade in tackling its major business difficulties (for example, vicious price competition, and so on), and to sort out the structural problems of the trade; if so, of the details; if not, the reasons for that?

SECRETARY FOR DEVELOPMENT (in Chinese): President, the Ordinance, enacted in April 2012, came into full operation in December 2012. The Ordinance has introduced a series of enhanced regulatory measures against registered contractors. It clearly stipulates that registered contractors must ensure that their lift maintenance works are carried out properly and safely; increases the maximum fine from HK\$10,000 to HK\$200,000 with the maximum imprisonment period maintained at 12 months; introduces a registration renewal system under which registered contractors are required to renew their registration every five years; and empowers the Registrar to cancel or suspend the registration of registered contractors pursuant to the provisions of the Ordinance. On enforcement, the EMSD conducts sample inspections on all lifts in Hong Kong on a risk-assessment basis to monitor the work of registered contractors. Furthermore, the EMSD implemented in June 2009 a Registered Lift Contractors Performance Rating Scheme (the Performance Rating Scheme) under which performance monitoring (PM) points of registered contractors are deducted according to an established mechanism for irregularities found by the EMSD during inspections. The performance ratings of registered contractors are published quarterly to help lift owners or their property management companies select suitable contractors to carry out maintenance and repair works for their lifts.

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

- (a) Under the Performance Rating Scheme, the EMSD will issue warning letters to the registered contractors in the following cases:
 - (i) where a total of 12 or more PM points are deducted for non-compliant items found in a single lift during inspection; or
 - (ii) over four PM points are deducted on average within a 12-month period.

Registered contractors who have received a total of three warning letters may be subject to disciplinary hearings. Disciplinary action can include cancellation of registration. Besides, the EMSD will take appropriate enforcement actions against registered contractors for non-compliances or disciplinary offences found in the course of inspections, including initiating prosecutions or requesting for setting up disciplinary boards to conduct disciplinary hearings.

In the past three years, the EMSD has issued 23 warning letters as mentioned. Besides, the EMSD convicted four registered contractors on 11 charges in the past three years. At the request of the Director of Electrical and Mechanical Services, the Secretary for Development has set up two disciplinary boards to conduct disciplinary hearings on the performance of registered contractors.

- (b) The EMSD is reviewing the monitoring mechanism for maintenance and repair works for lifts in the wake of an incident occurred at North Point in early March. One of the measures under consideration is factoring in flexibility and specific targets to the spot check ratio. For instance, lifts maintained by contractors with poor performance ratings, has long years of service and are of models with record of frequent breakdowns would be subject to more frequent spot checks. The Administration will set up a Lift and Escalator Safety Advisory Committee shortly. The Committee will comprise members drawing from both inside and outside the trade, including property management companies and consumers, in order to take in the views of various sectors on ways to ensure the safe operation of lifts and escalators.

With respect to manpower resources, the EMSD has obtained approval in 2010 for creating eight new posts (including the ranks of engineers and inspectors) to strengthen regulation for the safety of lifts and escalators. After the Ordinance has come into full operation, the EMSD continued to conduct audit inspections according to a risk-based approach and strictly enforce the provisions of the Ordinance. The Administration will review from time to time manpower situation to ensure that appropriate resources are allocated for law enforcement and public education work.

- (c) Through issuing Guidebook for Responsible Persons for Lifts and conducting talks, the EMSD publicizes and promotes the following message to property owners and management companies. When selecting contractors for maintaining their lifts in safe working order, they are encouraged to also consider other factors in addition to price. These factors include manpower resources, technical support and past performance (including records of incidents and warning letters as well as performance ratings) of the contractors. Since 2012, the EMSD has held over 30 talks for over 3 000 property owners, management companies' representatives and trade practitioners. The Administration will conduct a comprehensive review on the publicity and promotion work, with a view to raising the public's awareness of lift safety and drawing their attention to the factors that should be considered when selecting contractors.
- (d) The Ordinance provides that every lift, irrespective of their years of service, must undergo maintenance works by a registered contractor at least once a month and examination by a registered engineer at least once a year. For ensuring public safety, the EMSD will not issue Use Permits to lifts that fail to meet the safety standards under examination, irrespective of their years of service. To help property owners maintain and repair their lifts, the EMSD issued the Guidelines on Modernizing Existing Lifts in December 2011. It also launched a series of publicity activities. In addition to technical support, the Administration also offers the following three kinds of financial assistance to help lift owners in need to carry out lift maintenance works:
- (i) subsidies are available to owners of old and dilapidated buildings for carrying out repair and maintenance works, including lift maintenance works, under the Integrated Building Maintenance Assistance Scheme which is administered jointly by the Urban Renewal Authority and the Hong Kong Housing Society;
 - (ii) interest free loans are available to eligible property owners for repair works, including lift works, under the Building Safety Loan Scheme of the Buildings Department; and

- (iii) assistance are available to owner-occupiers for maintenance and repair works to their properties and common areas, including lifts, under the Building Maintenance Grant Scheme for Elderly Owners administered by the Hong Kong Housing Society.
- (e) Some trade practitioners reflected that the trade faced problems of price competition and shortage of new entrants.

On price competition, besides stepping up regulation against registered contractors to protect public safety, we will also enhance publicity and promotion work mentioned in part (c) above to urge people to be mindful of factors other than price in selecting contractors to ensure safety. The EMSD will continue to publish the performance ratings of registered contractors regularly to help property owners and property management companies make informed choices in selecting appropriate registered contractors. These measures will enable registered contractors to bid for contracts at reasonable prices and improve their operating environment. The trade will also be better placed to make investments in manpower.

Various measures have been put in place to enhance the professional status of engineers, strengthen training and improve the working environment in order to attract more entrants to the trade. Details are as follows:

(i) *Enhancing the professional status of the workers*

The registration regime for workers introduced under the Ordinance to replace the employer-tied arrangement, provides workers with more flexibility in choosing jobs and bargaining power in negotiating remuneration packages.

(ii) *Strengthening training*

Currently, the Construction Industry Council is deliberating with the Hong Kong Federation of Electrical and Mechanical Contractors, the Lift and Escalator Contractors' Association

and the Vocational Training Council (VTC) on ways to provide more training for electrical and mechanical trade in construction industry. To increase the manpower for the trade, they have agreed in principle to introduce the Contractor Cooperative Training Scheme for the electrical and mechanical trade of the construction industry and provide assistance to those trainees who intend to join the ranks of electrical and mechanical apprentices after completing the VTC's basic craft courses in electrical and mechanical engineering.

(iii) *Improving working conditions*

The EMSD has been working from time to time with the trade and in the light of the latest developments in the industry to review and update the Code of Practice for Lift Works and Escalator Works (CoP) with a view to raising the requirements on working conditions. For instance, the CoP has recently introduced a new provision that required contractors to assess and confirm that the environmental factors, such as temperature, ventilation, lightings, and so on, inside the lift shaft are suitable before commencing works.

Ancillary Transport Facilities for Future Development at Anderson Road Quarry

10. **MR WONG KWOK-KIN** (in Chinese): *President, according to the Final Recommended Outline Development Plan for the Planning Study on Future Land Use at Anderson Road Quarry submitted to this Council by the authorities in February this year, the Quarry site will provide 9 410 residential units housing 25 000 people. The Development at Anderson Road, a neighbouring project which is underway, will provide about 18 000 public rental housing units housing 48 300 people. Upon the completion of these two development projects, the population of Sau Mau Ping District will increase by about 73 000. Regarding the ancillary transport facilities concerned, will the Government inform this Council:*

- (a) *of the traffic volume of the roads in the vicinity of the Quarry site in the past two years, and the projected traffic volume of these roads from this year to 2016 (set out in the table below);*

Traffic volume		Junction at Lin Tak Road/ Tseung Kwan O Road	Lin Tak Road leading to Sau Mau Ping Road	Sau Mau Ping Road (near Po Lam Road)	New Clear Water Bay Road (near Sienna Garden)	Junction at Anderson Road/ Clear Water Bay Road	Junction at Anderson Road/ Po Lam Road
2011	Peak hours						
	Non-peak hours						
2012	Peak hours						
	Non-peak hours						
2013*							
2014*							
2015*							
2016*							

Note:

* Projected traffic volume

- (b) *how the authorities will enhance the public transport services (including franchised buses and public light buses, and so on) in the area around the Quarry site to tie in with the two development projects, and of the relevant details (set out in table form); if no details are currently available, when the Government will draw up the details;*
- (c) *whether it has assessed if Hip Wo Street and Hong Ning Road can cope with the additional traffic volume arising from vehicles travelling from the Quarry site to Kwun Tong Road as well as the Kwun Tong redevelopment project; if the assessment results are in the negative, whether the Government will widen the two roads; if it will, of the work schedule; if not, the reasons for that;*

- (d) *given that the authorities plan to build footbridges with lift towers and/or escalators to link the Quarry site with the surrounding areas, of the detailed plan and work schedule of such projects; and*
- (e) *given that the Quarry site is far away from the existing railway network, whether the authorities will consider including that area in the service coverage of the envisaged "environmentally friendly linkage system for Kowloon East" (which is envisaged to adopt an elevated monorail system linking the Kai Tak Development area, Kwun Tong and Kowloon Bay with the existing MTR Kwun Tong Line and the future Shatin to Central Link), to enhance the external transport facilities for that area; if they will, of the details; if not, the reasons for that and whether the authorities will examine afresh the feasibility of building the MTR Kwun Tong Line Extension, so as to cover that area by the railway network; if they will examine, of the timetable?*

SECRETARY FOR DEVELOPMENT (in Chinese): President, the Planning Department has already conducted traffic assessments on the planned population during the Planning Study on Future Land Use at Anderson Road Quarry. The assessments have already taken into account the possible cumulative traffic impact that may arise from the adjacent Development at Anderson Road. According to the assessment findings, with the implementation of appropriate improvement measures (including road/junction improvement measures and pedestrian linkage facilities), the proposed development at the quarry site will not cause unacceptable impact on the traffic situation of the area.

The consolidated reply of the Development Bureau and Transport and Housing Bureau to various parts of the question is as follows:

- (a) According to the consultancy report of "Planning Study on Future Land Use at Anderson Road Quarry", the traffic volume of the roads in the vicinity of the Quarry site in the past two years, and the projected traffic volume of these roads from this year to 2016 are listed in the table below:

<i>Traffic flow volume in peak hours[#]</i>	<i>Lin Tak Road (near Hong Wah Court)</i>	<i>Lin Tak Road (section across Tseung Kwan O Tunnel Road)</i>	<i>Sau Mau Ping Road (near Tat Cheung House)</i>	<i>New Clear Water Bay Road (near Sienna Garden)</i>	<i>Anderson Road (near Clear Water Bay Road)</i>	<i>Anderson Road (near Po Lam Road)</i>
2011	1 190	2 396	1 156	990	153	181
2012	1 215	2 447	1 180	992	153	181
2013*	1 241	2 499	1 205	993	153	181
2014*	1 267	2 552	1 231	994	153	181
2015*	1 294	2 606	1 257	996	153	181
2016*	1 322	2 661	1 283	997	153	181

(Passenger car units)

Notes:

As the computer transport model is used to simulate the peak hour traffic flow, the above table only shows the peak hour traffic flow volume figures.

* Projected traffic flow volume figure

- (b) As population intake for the proposed development at the Anderson Road Quarry is estimated not to commence until 2022-2023, the Administration could only finalize the detailed plan on the relevant public transport arrangements at a time nearer the intake stage. Nevertheless, based on the Final Recommended Outline Development Plan and the recommendations of the traffic assessments, the Administration has already reserved sufficient land within the quarry site for a public transport terminus and pick-up/drop-off points. Future residents will also be encouraged to use other nearby MTR stations to share the demand on the Kwun Tong MTR Station during peak hours. The Civil Engineering and Development Department (CEDD) will formulate a public transport plan in the engineering study that has already commenced.
- (c) For the short term, the CEDD has completed road improvement works at the junction of Hip Wo Street and Hong Ning Road in November 2012, preliminarily alleviating traffic congestions in the vicinity. For the long term, according to the traffic assessment proposal of the "Planning Study on Future Land Use at Anderson Road Quarry", the Government will further improve traffic conditions in the nearby areas through appropriate planning of vehicle ingress/egress locations for the sites to be developed at

Anderson Road Quarry and implementation of proposed road/junction improvement measures and pedestrian link facilities. According to the traffic assessment, after the implementation of proposed road/junction improvement measures, there would not be significant impact on the traffic conditions of the roads in the town centre of Kwun Tong, including Hip Wo Street and Hong Ning Road.

- (d) The CEDD is conducting an engineering study on the proposed development at the Anderson Road Quarry, during which further assessments will be made on the proposed pedestrian linkage facilities connecting the quarry site and the Kwun Tong town centre, so as to establish the priorities of the proposed routes. This will facilitate the Administration to formulate the proposal for phased implementation of the facilities concerned. Upon establishing the proposed construction priorities of the routes and completion of the relevant technical assessments, the Administration will consult the District Councils again.

We plan to include the relevant works items into the Public Works Programme towards the end of this year and commission consultants to carry out detailed engineering design in mid-2014, so as to enable the project to go through the statutory gazettal and approval procedures. If the items concerned do not involve any land resumption or statutory environmental impact assessment, we expect that the works can commence in 2016 at the earliest and complete in 2018-2019. In the course of the engineering study, the CEDD will also examine the possibility of expediting the implementation of the road/junction improvement measures and the pedestrian linkage facilities.

- (e) The "Environmentally Friendly Linkage System (EFLS)", in the form of elevated monorail, has limited climbing ability that makes the system difficult to overcome steep uphill gradient. To extend the monorail alignment to the Anderson Road Quarry site, which is situated at the hillside area, technical limitation is a major concern. Besides, the headroom under the MTR Kwun Tong Line is insufficient to accommodate the monorail. An extension of the

EFLS uphill towards the Anderson Road Quarry site will involve an alignment that crosses the existing elevated MTR Kwun Tong Line by climbing above it and bring about serious visual impact. Given the above, extending the EFLS to the Anderson Road Quarry site is not recommended.

As for the idea of constructing a heavy railway system or medium capacity railway system, the Government commissioned consultants in March 2011 to conduct a study for the Review and Update of the Railway Development Strategy 2000 with a view to updating the long-term railway development blueprint of Hong Kong in the light of the latest developments of the society. During the study, the consultants have explored the possibility of connecting the Kwun Tong Line to areas such as Anderson Road and Sau Mau Ping. As urban Kowloon is densely built, and areas such as Anderson Road and Sau Mau Ping are located on high grounds, the relevant railway alignment will need to run very deep underground in order to connect with the Kwun Tong Line. This would involve enormous technical difficulties and impose significant fire and safety risks to the railway stations, as well as resulting in difficulties in finding suitable land for the construction of depot and ventilation shafts, and so on. Upon analysis, the consultants considered that the relevant railway proposal is not technically feasible.

Traffic Diversion Measures for Road Harbour Crossings

11. **MR POON SIU-PING** (in Chinese): *President, in order to ease the traffic congestion at the Cross Harbour Tunnel (CHT) in Hung Hom, the Government has proposed to implement traffic diversion measures, that is, to increase the tolls at CHT and at the same time reduce the tolls at the Eastern Harbour Crossing (EHC) through reimbursing the tunnel users, while maintaining the tolls at the Western Harbour Crossing (WHC). In this connection, will the Government inform this Council of the names of the connecting roads to the three tunnels, as well as the current capacity and average daily throughput, morning rush hours (that is, 7 am to 9 am) throughput and afternoon rush hours (that is, 5 pm to 7 pm) throughput of each of these roads on weekdays which are not public holidays?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, the major connecting roads of the three road harbour crossings (RHCs), namely CHT, EHC and WHC are as follows:

CHT	Connecting roads on Hong Kong side: Gloucester Road, Canal Road Flyover and Victoria Park Road Connecting roads on Kowloon side: Chatham Road North, Princess Margaret Road and Gascoigne Road Flyover
EHC	Connecting road on Hong Kong side: Island Eastern Corridor Connecting road on Kowloon side: Lei Yue Mun Road
WHC	Connecting road on Hong Kong side: Connaught Road West Flyover Connecting road on Kowloon side: West Kowloon Highway

Daily traffic flow on the connecting roads of CHT, EHC and WHC on weekdays is tabulated below:

<i>RHC</i>	<i>Road</i>	<i>Maximum capacity[#]</i>	<i>Traffic flow in morning rush hours[#]</i>	<i>Traffic flow in evening rush hours[#]</i>	<i>Daily traffic flow</i>
CHT	Gloucester Road (eastbound) [@]	7 900	4 900	4 300	79 900
	Canal Road Flyover (northbound) [@]	4 700	2 900	3 100	54 000
	Victoria Park Road (westbound) [@]	7 900	5 300	4 500	80 300
	Chatham Road North (southbound) [@]	5 600	2 600	2 400	47 300
	Princess Margaret Road (southbound) [@]	4 700	2 100	2 500	37 200
	Gascoigne Road Flyover (eastbound) [@]	2 800	2 300	3 000	52 900

<i>RHC</i>	<i>Road</i>	<i>Maximum capacity[#]</i>	<i>Traffic flow in morning rush hours[#]</i>	<i>Traffic flow in evening rush hours[#]</i>	<i>Daily traffic flow</i>
EHC	Island Eastern Corridor (eastbound)	7 900	3 600	3 200	55 000
	Lei Yue Mun Road (eastbound)	5 600	3 300	3 300	46 400
WHC	Connaught Road West Flyover (eastbound) [@]	4 200	3 100	2 100	37 300
	Connaught Road West Flyover (westbound) [@]	4 200	2 600	3 100	42 400
	West Kowloon Highway (southbound)	4 700	3 800	3 000	46 300

Notes:

Unit in vehicles per hour.

- As seen from the above table, the traffic volume on the connecting roads marked with "@" during rush hours may decrease due to congestion thereat or at nearby roads, thereby causing the vehicular flow in peak periods to fall below the maximum capacity of the roads concerned. As regards the congestion at the connecting roads, for example, for Kowloon bound at CHT, the queue at Gloucester Road ends near Revenue Tower, while for Hong Kong bound, the queue at Princess Margaret Road ends near Oi Man Estate; for Central bound at the Hong Kong exit of WHC, the queue at Connaught Road West flyover (eastbound) ends near Sun Yat Sen Memorial Park.
- As the 2012 traffic statistics are still being compiled, the above figures were extracted from the 2011 Traffic Statistics Report.

Measures to Improve Environmental Hygiene

12. **MR STEVEN HO** (in Chinese): *President, after weathering the outbreak of Severe Acute Respiratory Syndrome in 2003, the Government has organized a*

number of large-scale clean-up activities and conducted publicity campaigns with a view to improving the hygiene conditions at the community level. Yet, it has been reported earlier in the press that an organization has located 100-odd hygiene black spots when inspecting various communities, reflecting that with the passage of time, the hygiene awareness of both the Government and the public has been gradually weakening, hygiene efforts at the community level have slackened, and hygiene problems are still severe. In this connection, will the Government inform this Council:

- (a) of the numbers of Fixed Penalty Notices issued separately by the various government departments to persons committing public cleanliness offences in the past five years; whether the Government has conducted any review of the enforcement of the relevant legislation and the level of the fine; if it has, of the details; if not, the reasons for that;*
- (b) of the work carried out by the Government to enhance the environmental hygiene awareness of the public in the past five years; whether it has assessed the effectiveness of such work; of the new planning or development direction that the Government is going to formulate in respect of the relevant work;*
- (c) whether the authorities have regularly assessed the hygiene conditions of the 18 District Council districts (18 districts) and carried out clean-up work targeting at the hygiene black spots in the various districts; if they have, of the details; if not, the reasons for that;*
- (d) whether the authorities have conducted studies on holding the "Team Clean" campaign again to mobilize the 18 districts to collaborate with one another in enhancing the overall hygiene level of Hong Kong and carrying out thorough cleaning and disinfecting work targeting at public places, public housing estates and back alleys, and so on, so as to reduce the risk of spreading diseases; if they have, of the relevant plans; if not, the reasons for that; and*
- (e) whether the authorities have conducted studies on holding a "territory-wide hygiene black spot reporting campaign" to require*

the Food and Environmental Hygiene Department (FEHD) to formulate a performance pledge stipulating that the FEHD must handle the reported cases properly within a specified period of time upon receipt of hygiene black spot reports made by the public; if they have, of the relevant plans; if not, the reasons for that?

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, providing a clean and hygienic living environment for the people of Hong Kong is one of the primary tasks of the FEHD. The work in this respect includes regular scavenging, refuse collection and pest control operations. Depending on the circumstances prevailing at individual locations (with particular regard to say locations where the conglomeration of shops leads to substandard environmental hygiene conditions), the FEHD adjusts the frequency of street washing and/or pest control operations and steps up enforcement action as appropriate, including issuing fixed penalty notices to persons contravening the relevant legislation.

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

- (a) In May 2002, the Government introduced a Fixed Penalty System against common public cleanliness offences, namely littering, spitting, fouling of street by dog faeces and unauthorized display of bills or posters. Offenders were subject to a fixed penalty of \$600. In 2003, in light of the outbreak of Severe Acute Respiratory Syndrome, the level of fixed penalty was raised to \$1,500 from June that year to achieve the desired deterrent effect. At present, the Fixed Penalty (Public Cleanliness Offences) Ordinance is enforced by seven government departments, including the FEHD, the Hong Kong Police Force, the Leisure and Cultural Services Department, the Housing Department, the Environmental Protection Department, the Marine Department and the Agriculture, Fisheries and Conservation Department. The total numbers of fixed penalty notices issued by these enforcement agencies against offenders are set out below:

	2008	2009	2010	2011	2012
Littering	30 384	32 006	30 881	31 713	32 158
Spitting	3 523	3 656	3 440	3 108	2 683

	2008	2009	2010	2011	2012
Fouling of street by dog faeces	32	41	29	31	34
Unauthorized display of bills or posters	331	452	387	1 716	1 563
Total	34 270	36 155	34 737	36 568	36 438

The Government reviews the actual situation on the ground and the level of penalty from time to time to ensure the effectiveness of our enforcement actions in combating public cleanliness offences. As could be seen from the above table, the numbers of fixed penalty notices issued by the enforcement agencies in respect of cleanliness offences are more or less the same in the past five years. The current level of penalty is considered to carry a good measure of deterrence.

- (b) In May 2009, in light of the global and local outbreak of human swine influenza, the Government published 2.5 million copies of a booklet entitled "Keep Clean, Be Healthy", a guide to personal, home and environmental hygiene, for distribution (by mail and through other channels) to all households and members of the public in Hong Kong.

The Finance Committee of the Legislative Council approved on 14 July 2009 additional funding for the relevant departments to launch a series of environmental hygiene improvement initiatives for a period of 12 months. In order to raise public awareness, the Government launched a "Clean Hong Kong Day" on 10 May 2009, and rolled out a series of campaigns and activities organized by the FEHD to combat human swine influenza, with a view to disseminating messages promoting personal, domestic and environmental hygiene in the community including foreign domestic helpers.

The District Councils (DCs) together with the Home Affairs Department and the FEHD organize hygiene related community

involvement events, including display of promotional materials such as banners and posters across the territory. Relevant departments will continue to promote personal, domestic and environmental hygiene through public education and promotional activities conducted at different levels, with different stakeholders as the target group. The Government will continue to take the lead and work closely with the DCs and various sectors providing support for sustaining public involvement with a view to upholding public awareness about the value of and fostering good personal habits in environmental and hygiene matters.

- (c) In light of the special circumstances surrounding the global and local outbreaks of human swine influenza prevailing at that time, the FEHD, after taking into account the hygiene conditions of various districts and in consultation with the DCs, identified 105 hygiene black spots in the territory in May 2009 and conducted large-scale cleansing operations. Those operations were completed in February 2010. After inspection, the DCs agreed that the condition of the black spots in their respective districts had significantly improved and all the black spots had been removed from the list. The FEHD will continue to maintain close contact with various DCs and local personalities to monitor the hygiene condition of the locations concerned as well as across the territory. Additional cleansing services will be provided where necessary to maintain environmental cleanliness and hygiene.

With respect to the 107 hygiene black spots identified in various districts by an organization in February this year, the FEHD has, upon investigation, enhanced the clean-up operation at 97 hygiene black spots in public areas. The remaining 10 black spots which fall outside the purview of the FEHD have been referred to the relevant departments/organizations (including the Lands Department, the Water Supplies Department, the Highways Department, the Housing Department and The Link Management Limited) for follow up action. As at 7 March, the FEHD has finished the cleansing operations at 33 hygiene black spots and will continue to follow up on the remaining 64.

- (d) As stated above, providing a clean and hygienic environment for the people of Hong Kong is an important task of the FEHD. The FEHD will continue to closely monitor the hygiene conditions across the territory, provide environmental hygiene services and carry out pest control and law-enforcement action in the light of the actual circumstances in the respective districts.

As and when appropriate, the Government will step forward and encourage public participation in concerted efforts to enhance environmental hygiene.

- (e) The FEHD receives, through multiple channels, complaints from members of the public about environmental hygiene problems, including reports pinpointing locations with unsatisfactory hygiene conditions. According to the performance pledges of the FEHD, staff will conduct investigation within six working days of receiving the complaint on environmental nuisance and pest infestation, and take measures to abate the nuisance immediately if possible. If the nuisance could not be abated right away, the FEHD will give an interim reply to the complainant within 10 calendar days from receipt of the complaint. In those cases where a substantive reply cannot be made within 30 calendar days from receipt of the complaint, the FEHD staff will keep the complainant informed about the progress of the case.

Supply of Safe Drinking Water

13. **MR WONG KWOK-HING** (in Chinese): *President, it has been reported that on the Mainland in recent years, various types of hazardous chemical substances have been found in some rivers, lakes, coastal waters and even in the bodies of wild animals and human beings, and the drinking water in many places has been contaminated. It has also been reported that the Ministry of Environmental Protection has recently acknowledged for the first time the existence of hundreds of cancer villages on the Mainland. There are 25 such villages in Guangdong Province, and two of them are even in Huizhou, which is situated along the riverbank of Dongjiang — the main source of water supply for Hong Kong. In this connection, will the Government inform this Council:*

- (a) *as Hong Kong has adopted the Guidelines for Drinking-water Quality (the Guidelines) published by the World Health Organization (WHO) as the water-quality standard for treated drinking water, whether the Guidelines have been updated in recent years in response to the environmental pollution problems which have emerged worldwide one after another; and whether the authorities have devised any new and corresponding strategies for monitoring water quality;*
- (b) *of the items which failed to meet the relevant water quality standards in the outcome of tests of the quality of Dongjiang raw water supplied to Hong Kong in each of the past three years; and whether drinking such substandard water is harmful to health; if it is, of the details;*
- (c) *given the worsening environmental pollution problems on the Mainland in recent years, whether the authorities have discussed with the relevant Guangdong Provincial authorities the implementation of measures to further improve the quality of Dongjiang raw water, including reducing the pollution to the source of Dongjiang water, with a view to reducing the use of chemicals for purifying drinking water; if they have, of the details; if not, the reasons for that; and*
- (d) *given the frequent droughts and revelation of pollution problems on the Mainland in recent years, whether the authorities have formulated any contingency measures to deal with the situations in which Dongjiang water cannot be supplied to Hong Kong or is unsafe to drink due to unexpected incidents, so as to ensure a steady supply of safe drinking water to Hong Kong; if they have, of the details; if not, the reasons for that, and whether the authorities will consider seriously formulating such contingency measures?*

SECRETARY FOR DEVELOPMENT (in Chinese): President, since the 1960s, Hong Kong has begun to import raw water from Guangdong Province to meet the growing demand. At present, rainwater collected locally can only meet 20% to 30% of the water consumption in Hong Kong. The remaining 70% to

80% has to be imported from the Dongjiang of Guangdong Province. The Water Supplies Department (WSD) and the Guangdong authorities have kept a close surveillance over the Dongjiang water quality. Under the current water supply agreement, the Guangdong authorities would maintain that the quality of Dongjiang water supplied to Hong Kong complies with the latest national standard, that is, the standard for Type II waters (applicable for the abstraction for human consumption in first class protection area) in the Environmental Quality Standards for Surface Water (GB3838-2002). It would also strive to step up its efforts in protecting the water resources. At present, the quality of Dongjiang water supplied to Hong Kong is steady and in compliance with the relevant standards. Raw water, both imported from Dongjiang and collected locally, undergoes suitable treatment and stringent disinfection process at WSD's water treatment works before being distributed for public consumption. The quality of treated water is in full compliance with the requirements stipulated in the Guidelines published by the WHO and is safe for consumption.

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

- (a) The WSD has kept abreast with the latest developments and revisions of the Guidelines published by the WHO and updated the standards for drinking water in Hong Kong accordingly. Currently, the WSD is monitoring the quality of drinking water in Hong Kong in accordance with the latest WHO's Guidelines published in 2011.

The WSD has formulated and implemented a Water Safety Plan in accordance with the WHO's Guidelines. The Plan is based on preventive risk management principles and a multiple-barrier approach to monitor and control water quality from water sources, through treatment processes at water treatment works, to water supply and distribution systems for assuring that the water quality is in compliance with the relevant standards.

The WSD collects water samples from water gathering grounds, pumping station for receiving Dongjiang water supply, impounding reservoirs, water treatment works, service reservoirs, water distribution system, and consumers' taps to ensure that the water quality is in full compliance with the WHO's Guidelines and is safe for public consumption.

- (b) The WSD closely monitors the quality of Dongjiang water through the online water quality monitoring system set up at Muk Wu Pumping Station around the clock and takes Dongjiang water samples for tests regularly. The routine water quality monitoring results of the WSD in the past three years show that the quality of Dongjiang water supplied to Hong Kong is of consistently good quality. The average values of individual monitoring data⁽¹⁾, including biological oxygen demand, faecal coliforms, various minerals and compounds, are in compliance with the national standards for Type II waters in the "Environmental Quality Standards for Surface Water (GB3838-2002)" (applicable for the abstraction for human consumption in first class protection area). Please refer to the Annex for the monitoring results of the quality of Dongjiang water supplied to Hong Kong over the past three years.

The WSD publishes and updates regularly the information on the quality of Dongjiang water received at Muk Wu Pumping Station and drinking water supply after treatment on its website. The public may access the information at the following link:

<http://www.wsd.gov.hk/en/water_resources/water_quality/water_quality_monitoring_data/index.html>

- (c) Both Guangdong and Hong Kong attached great importance to the quality of Dongjiang water. Both sides have kept in close contact and communication through regular meetings to discuss, follow up and implement various measures to reduce the pollution of Dongjiang water at sources. To safeguard the quality of Dongjiang water supplied to Hong Kong, the Guangdong authorities have implemented a series of prevention and control measures and projects in recent years. These include moving the intake points of Dongjiang water supplied to Hong Kong to a location of better quality water; building a bio-nitrification plant at the Shenzhen Reservoir; and conveying Dongjiang water direct from Tai Yuen Pumping Station to Shenzhen Reservoir through a dedicated aqueduct. Various sewage interception and diversion projects have

(1) According to usual international practices, compliance is determined on the basis of the annual average values.

also been undertaken. Video monitoring points are also set up in the periphery of the Shenzhen Reservoir to monitor its water body, the surrounding ecological environment and the operations of key facilities. These measures help the authorities monitor the surrounding environment of the reservoir and facilitate control over untoward incidents that affect water quality. Furthermore, to improve the monitoring facilities for quantity and quality of Dongjiang, the Guangdong authorities are undertaking the construction of the "Dongjiang Water Quantity and Quality Monitoring and Control system", which includes real-time monitoring of the water quality of Dongjiang. Through implementing the above measures and projects, the quality of the Dongjiang water has been maintained steady and of good quality in recent years. As such, there is no significant increase in the use of chemicals for the potable water treatment.

- (d) In case of any anomaly in the quality of Dongjiang water, the WSD will immediately step up monitoring and liaise with the Guangdong authorities concerned to carry out appropriate measures, including stepping up the monitoring of various water quality parameters at Muk Wu Pumping Station. The WSD will also maintain close liaison with the Guangdong authorities and consider reducing or suspending the supply of Dongjiang water in the light of its actual quality conditions. Where necessary, all the Dongjiang water already received may be discharged at Muk Wu Pumping Station. Local water resources may then be redeployed to supply the treatment works. In general, the storage in the impounding reservoirs of Hong Kong is adequate to meet our needs for four to six months. We will also discuss with the Guangdong authorities concerned to plan for further responsive actions.

There is also an established notification mechanism manned by designated liaison officers of both Hong Kong and Guangdong authorities. In case of major contamination incidents affecting the quality of Dongjiang water supplied to Hong Kong, the Guangdong authorities would immediately notify the WSD over the telephone followed by supplementary detailed information.

Dongjiang Water Quality for the Period of April 2009 to March 2012
as received in Hong Kong at Muk Wu Pumping Station

<i>Parameters</i>	<i>Unit</i>	<i>Monitoring Data (Average value)</i>			<i>GB3838-2002</i>
		(04/2009-03/2010)	(04/2010-03/2011)	(04/2011-03/2012)	<i>Type II Standard Value</i>
pH	pH	7.3	7.4	7.4	6-9
Dissolved Oxygen	mg/L	7.5	7.8	8.0	≥6
Permanganate Index	mg/L	2	2	2	≤4
Chemical Oxygen Demand (COD)	mg/L	<5	6	7	≤15
5-Day Biochemical Oxygen Demand (BOD ₅)	mg/L	<2.0	<2.0	<2.0	≤3
Ammoniacal Nitrogen	mg/L	0.04	0.05	0.05	≤0.5
Total Phosphorus (as P)	mg/L	0.050	0.045	0.046	≤0.1
Copper	mg/L	0.004	0.003	<0.003	≤1.0
Zinc	mg/L	<0.01	<0.01	<0.01	≤1.0
Fluoride (as F ⁻)	mg/L	0.25	0.24	0.27	≤1.0
Selenium	mg/L	<0.003	<0.003	<0.003	≤0.01
Arsenic	mg/L	0.002	0.002	0.002	≤0.05
Mercury	mg/L	<0.00005	<0.00005	<0.00005	≤0.00005
Cadmium	mg/L	<0.001	<0.001	<0.001	≤0.005
Chromium (VI)	mg/L	<0.002	<0.002	<0.001	≤0.05
Lead	mg/L	<0.003	<0.003	<0.001	≤0.01
Cyanide	mg/L	<0.01	<0.01	<0.01	≤0.05
Volatile Phenols	mg/L	<0.001	<0.001	<0.001	≤0.002
Petroleum Hydrocarbons	mg/L	<0.0125	<0.0125	<0.0125	≤0.05
Anionic Surfactants	mg/L	<0.1	<0.1	<0.1	≤0.2
Sulphides	mg/L	<0.05	<0.05	<0.05	≤0.1
Faecal Coliforms	no./L	280	310	270	≤2000
Sulphate (as SO ₄ ²⁻)	mg/L	12	10	12	≤250
Chloride (as Cl ⁻)	mg/L	10	8	9	≤250
Nitrate (as N)	mg/L	1.9	1.8	2.0	≤10
Iron	mg/L	0.09	0.12	0.10	≤0.3
Manganese	mg/L	0.03	0.03	0.03	≤0.1
Benzo[a]pyrene	mg/L	<2.0x10 ⁻⁶	<2.0x10 ⁻⁶	<2.0x10 ⁻⁶	≤2.8x10 ⁻⁶

Eligibility Criteria for "Scheme \$6,000"

14. **MR WONG YUK-MAN** (in Chinese): *President, it is learnt that some people who have settled in Hong Kong are ineligible to register for "Scheme \$6,000" (the Scheme) so as to receive \$6,000 as they have not attained the Hong Kong permanent resident status, and they are also ineligible to apply for an allowance of \$6,000 under the "Allowance for New Arrivals Programme of the Community Care Fund" as they have lived in Hong Kong for seven years. In this connection, will the Government inform this Council:*

- (a) *whether it has compiled statistics on the number of the aforesaid group of residents in Hong Kong at present; if it has, of the number of such residents; if not, the reasons for that;*
- (b) *whether it has made any special arrangement to enable the aforesaid group of residents to receive \$6,000; and*
- (c) *whether the Government has, in setting the eligibility criteria for the aforesaid scheme, considered if such criteria will give rise to a situation being unfair to or discriminating against a certain group of residents, and avoided such a situation?*

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

- (a) Registration for the Scheme started on 28 August 2011 and ended on 31 December 2012. Around 6.12 million people had successfully registered, and about 35 000 cases were rejected due to the ineligibility of the registrants under the Scheme. We have no statistics on the number of people who had lived in Hong Kong for seven years but did not meet the eligibility criteria of the Scheme on 31 March 2012.

The Government launched the Scheme after obtaining the approval of the Finance Committee of the Legislative Council on 8 July 2011. To receive payment under the Scheme, registrants were required to fulfil the age and Hong Kong Permanent Identity Card (HKPIC)

criteria, and duly register before the registration closed. The relevant criteria are as follows:

- (i) As at 31 March 2012, the registrant was aged 18 or above and met the following HKPIC criterion:
 - (1) holding a valid HKPIC, that is, a smart HKPIC issued on or after 23 June 2003; or
 - (2) holding a Certificate of Exemption issued by the Commissioner of Registration under the Registration of Persons Regulations; or
- (ii) As at 31 March 2012, the registrant was aged 18 or above and:
 - (1) was eligible for attaining the Hong Kong permanent resident status; and
 - (2) had submitted application for "Verification of Eligibility for Permanent Identity Card" (VEPIC) to the Immigration Department; and
 - (3) upon verification of the VEPIC application referred to in item (2) above by the Immigration Department, had submitted application for HKPIC and had the HKPIC application approved on or before 31 December 2012.
- (b) Under the Scheme, registrants who are not satisfied with the result of their registration may apply for a review, and those who are not satisfied with the result of the review may lodge an appeal. The Government has no plan to make special arrangement for those who do not meet the eligibility criteria of the Scheme due to various reasons.
- (c) The objective of the Scheme is to give out \$6,000 each to persons who were aged 18 or above and a holder of a valid HKPIC as at the eligibility date of 31 March 2012. Holders of non-HKPIC include different categories of people such as new arrivals, domestic helpers who come to work in Hong Kong, imported workers, and other

people who have not ordinarily resided in Hong Kong for a continuous period of at least seven years. To include all or some of these non-HKPIC holders into the Scheme would not be in line with its purpose.

The Community Care Fund introduced a programme in October 2011 to provide allowance for new arrivals. It seeks to provide a one-off allowance of \$6,000 for new arrivals from low-income families to facilitate their adaptation to and integration into the community, as well as better prepare them for permanent settlement in Hong Kong.

Given the different purposes, target beneficiaries and eligibility criteria of the two regimes, there is no unfair treatment for or discrimination against certain groups of people.

Pilot Project on Outreach Primary Dental Care Services for Elderly

15. **MISS ALICE MAK** (in Chinese): *President, the Government launched a three-year pilot project on outreach primary dental care services for the elderly (the pilot project) in April 2011 to provide free outreach primary dental care and oral healthcare services to the elderly in need in residential care homes (RCHes) or day care centres (DEs) through non-governmental organizations (NGOs). The authorities estimated that services would be provided for 100 000 persons (in terms of head counts) under the pilot project, and they undertook to conduct an interim review two years after its implementation. In this connection, will the Government inform this Council:*

- (a) *of the number of attendances of the elderly receiving the aforesaid services hitherto, with a breakdown by type of service (for example, dental examination, scaling and polishing, pain relief and emergency dental treatment);*
- (b) *of the expenditure incurred by the pilot project hitherto; given that quite a number of elderly people have lost most of their teeth and therefore need to wear dentures, whether the authorities will consider afresh extending the scope of the services provided under*

the pilot project to cover crowning and tooth-filling; if they will, of the details, including the estimated additional expenditure to be incurred annually; if not, the reasons for that;

- (c) whether the authorities will consider expanding the service targets of the pilot project to cover all elderly people in Hong Kong; if they will, of the details; if not, the reasons for that; and*
- (d) when the authorities will announce the results of the interim review of the pilot project; of the criteria based on which the authorities assess the effectiveness of the pilot project, and whether they have set targets for the project; if they have, of the details; if not, the reasons for that?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, the Government's policy on dental care seeks to raise public awareness of oral hygiene and oral health and encourage the proper oral health habits through promotion and education. To enhance the oral health of the public, the Oral Health Education Unit of the Department of Health (DH) has, over the years, implemented oral health promotion programmes targeted at different age groups and disseminated oral health information through different channels. The Government also provides emergency dental services to the public. Free emergency dental treatments are provided by the DH through 11 government dental clinics. In addition, the DH provides specialist oral maxillofacial surgery and dental treatment to the referred hospital in-patients, patients with special oral healthcare needs and dental emergency in the Oral Maxillofacial Surgery and Dental Units at seven public hospitals.

General dental care services, such as scaling and polishing and fillings, are mainly provided by the private sector and NGOs. There are currently over 2 050 registered dentists in Hong Kong. To cater for the needs of elders with financial difficulties, recipients of Comprehensive Social Security Assistance (CSSA) aged 60 or above or medically certified to be disabled or in ill-health are eligible for the dental grants under the CSSA Scheme to cover expenses of dental treatments, including scaling and polishing, fillings, extraction, dentures, crowns, bridges and root canal treatment. In 2011-2012, the Administration approved a total of 11 010 applications for dental grants. Moreover, the Elderly Health Care Vouchers can be used for dental services. Since the introduction of the

Elderly Health Care Voucher Pilot Scheme in 2009, a total of 480 dentists have participated in the Scheme. The annual voucher amount per eligible elder has doubled from \$500 to \$1,000 since 1 January 2013. The Government will convert the Elderly Health Care Voucher Scheme from a pilot project to a recurrent support programme for the elderly in 2014.

As most elders residing in RCHEs or receiving services in DEs are physically weak, their frail conditions have made it difficult for them to receive dental care services at dental clinics. In the light of this, the Government launched the three-year "Pilot Project on Outreach Primary Dental Care Services for the Elderly in RCHEs and DEs" (the Pilot Project) in collaboration with NGOs in April 2011 to provide outreach primary dental care and oral healthcare services to these elders. The Pilot Project is expected to provide services for about 100 000 attendances. As at end February 2013, the Pilot Project had undertaken over 57 200 attendances of elders residing in RCHEs or receiving services in DEs (including dental check-up and the necessary pain relief and emergency dental treatments), of which about 11 400 attendances involved scaling and polishing. The total expenditure for the first two years' operation of the Pilot Project was about \$46 million.

Under the Pilot Project, the participating NGOs will provide the necessary treatments for the elders who are in need of follow-up (for example, dentures and fillings) and, where necessary, assist the elders to apply for dental grants under the CSSA Scheme or to provide financial assistance to them direct.

We are now conducting an interim review on the Pilot Project and will brief the Panel on Health Services of the Legislative Council on the findings later this year.

Co-financing Schemes

16. **MR NG LEUNG-SING** (in Chinese): *President, it has been reported that the Hong Kong Monetary Authority (HKMA) has tightened the maximum loan-to-value ratio for residential mortgage loans for a number of times since 2009, and the amount of loans involving co-financing schemes and the percentage of such loans in the new mortgage loans approved increased from \$1.479 billion and 0.45% in 2010 to \$3.859 billion and 2.01% in 2012 respectively. In this connection, will the Government inform this Council:*

- (a) *of the total amount of loans involving co-financing schemes and the percentage of such loans in the new mortgage loans approved in each year since 2009; and*
- (b) *whether the aforesaid percentages have shown a rising trend since 2009; if so, whether it has assessed what risks such a trend has posed to the stability of Hong Kong's financial system; if it has made such an assessment, of the details; if not, whether it will do so?*

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

- (a) According to the information provided by banks to the HKMA, the annual amount of newly approved first residential mortgage loans involving second mortgages from 2009 to 2012 was between HK\$1.479 billion to HK\$3.882 billion, accounting for 0.5% to 2% of new residential mortgage loans drawn down in the relevant year. Please refer to the table below for details. The HKMA does not have information on the amount of second residential mortgages. However, we estimate that it should not exceed one third of the above amount. Given the small size of second mortgages, its risk to the banking system should not be insurmountable.

Statistics on first mortgages involving second mortgages from 2009 to 2012

<i>Year</i>	<i>Newly approved first residential mortgages for properties involving second mortgages</i>		<i>As percentage of total new residential mortgage loans drawn down</i>	
	<i>Number of cases</i>	<i>Amount (HK\$ billion)</i>	<i>Number of cases (%)</i>	<i>Amount (%)</i>
2012	817	3.859	1.06	2.01
2011	619	3.174	0.65	1.39
2010	576	1.479	0.41	0.46
2009	1 330	3.882	1.38	1.95

The HKMA also notices that mortgage applicants might apply for second mortgages from finance companies without informing the banks concerned. Although these finance companies are not regulated by the HKMA, the HKMA has taken initiatives to conduct a review on some new property developments, and found that such cases, accounting for less than 1% of the total number of units of these developments, were not common

- (b) Banks are required to comply with the supervisory requirements set by the HKMA when considering first mortgage applications for properties involving second mortgages. In particular, banks should take into account all outstanding debt obligations of a mortgage applicant, including the monthly repayment amount under a second mortgage when assessing the debt-servicing ratio and the stressed debt-servicing ratio of the applicant. In addition, banks are not allowed to provide loans to property developers or finance companies to facilitate the provision of second mortgages by these entities. Finance companies related to banks are not allowed to provide second mortgages that exceed the applicable overall loan-to-value ratio cap set by the HKMA.

Income Proofs for Home Mortgage Loan Applications

17. **MR LEUNG YIU-CHUNG** (in Chinese): *President, recently, I have received complaints from Hong Kong permanent residents who are employed to work on the Mainland and receive salaries through Mainland bank accounts. They claimed that some banks in Hong Kong did not accept the account records of Mainland banks as income proofs, and rejected their applications for home mortgage loans, rendering them unable to purchase homes. These members of the public have been forced to rent and reside in private residential flats on a long-term basis, and the high rental expenses have imposed a heavy burden on their livelihood. In this connection, will the Government inform this Council:*

- (a) *whether it knows which banks in Hong Kong currently do not accept account records of non-Hong Kong banks as income proofs when dealing with home mortgage loan applications of Hong Kong permanent residents, the reasons why such banks have adopted such*

a practice, and if such banks accept other income proofs; if they do not, the reasons for that; and

- (b) *whether the Government will assist the aforesaid group of people in resolving the difficulties they encounter in applying for home mortgage loans; if it will, of the details; if not, the reasons for that?*

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

- (a) In order to assess borrowers' repayment ability in a prudent manner, banks must require borrowers to provide reliable and accurate income proofs. Although the Hong Kong Monetary Authority (HKMA) has not specified the kind of income proof documents acceptable to banks, banks will generally ask for a documentary proof of pay advices issued by employers, bank payroll records, or tax demand notes.

As regards whether banks will accept account records of banks outside Hong Kong as income proofs, it will depend on whether such records can reflect the income of the borrowers in an accurate and reliable manner.

- (b) The HKMA has ascertained from banks that they, in general, will accept account records issued by banks outside Hong Kong if those records can clearly show the payroll entries records. Otherwise, banks will require mortgage applicants to provide additional proofs such as documentary proofs of the applicants' employment and pay advices issued by their employers, and consider each case based on its own merits. Some banks may have additional requirements, such as requiring mortgage applicants to provide evidence showing that the salaries they earned on the Mainland will be remitted to Hong Kong monthly, so as to demonstrate that they will have sufficient funds to meet their expenses in Hong Kong as well as to repay their mortgage loans.

If the income proofs do not meet banks' credit approval criteria, banks may reject such proofs provided by borrowers. It is a necessary and prudent risk management measure for banks to review income proofs provided by borrowers. This measure applies to loan applicants working in or outside Hong Kong.

Prevention of Cruelty to Animals

18. **DR HELENA WONG** (in Chinese): *President, the Hong Kong Police Force (HKPF), in collaboration with the Agriculture, Fisheries and Conservation Department (AFCD), the Society for the Prevention of Cruelty to Animals (Hong Kong) (HKSPCA), veterinary associations and animal concern groups, introduced the Animal Watch Scheme (the Scheme) in 2011 to fight against cruelty to animals through a four-pronged approach of education, publicity, intelligence gathering and investigation, including referring such cases to the professional crime investigation teams under the HKPF for investigation. Meanwhile, the HKPF indicated earlier that it had forwarded the requests of animal welfare concern groups and individuals for the establishment of "animal police" to the Food and Health Bureau, which is responsible for overall animal welfare matters. In this connection, will the Government inform this Council:*

- (a) *of the number of reports received by the authorities in each of the past five years on suspected cases of cruelty to animals; the number of animals which were injured or killed and abusers in such cases; a breakdown on the number of reports by the type of harm done to the animals, the number of abusers and District Council district;*
- (b) *of the detection rates of such cases, the number of persons arrested as well as the number of persons convicted and the respective maximum and minimum penalties imposed on them by the Court, in each of the past five years;*
- (c) *of the respective resources deployed by the authorities since 2011 (broken down by month) to fight against cruelty to animals in respect of education, publicity, intelligence gathering and investigation;*

- (d) *whether it has assessed the effectiveness of the Scheme on the whole and in respect of the aforesaid four aspects; if it has, of the assessment criteria, as well as details of publicity and education activities, the amount of intelligence gathered and the number of cases investigated since the introduction of the Scheme; if not, the reasons for that;*
- (e) *of the number of cases of cruelty to animals handled by the crime investigation teams each month since 2011; whether the team members have received professional training relevant to animal rights and welfare; if they have, of the details; if not, the reasons for that, and how it ensures that the team members have adequate professional knowledge in handling cases of cruelty to animals; and*
- (f) *whether the HKPF, the Food and Health Bureau and the Security Bureau had conducted inter-departmental meetings on the establishment of "animal police" in the past five years; if they had, of the details (including the dates, time, venues and conclusions, and so on) of such meetings each year; whether they have considered providing the crime investigation team members in various police districts or individual police districts or other members of the HKPF with relevant professional knowledge and training, and designating such members of the HKPF to handle animal-related cases specifically; if they have, of the details; if not, the reasons for that?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, under the Prevention of Cruelty to Animals Ordinance, cruelty to animals includes the act of cruelly beating, kicking, ill-treating, torturing, infuriating or terrifying animals, or causing unnecessary suffering to them. Other forms of cruelty to animals include carrying animals or holding them in captivity in an improper way. Officers from various government departments, including senior veterinary officers, health officers, health inspectors, police officers and authorized officers from the AFCD, may take enforcement actions under the Ordinance depending on the circumstances. In 2006, with the support of the Legislative Council, we raised the maximum penalty under the Ordinance by a significant margin. From a fine of \$5,000 and imprisonment for six months, the maximum penalty has been

brought up to a fine of \$200,000 and imprisonment for three years, offering a good measure of deterrence.

For the purpose of enhancing co-operation among the departments and organizations concerned, the AFCD, in conjunction with the HKPF, the Food and Environmental Hygiene Department (FEHD) and the HKSPCA, set up in 2011 an inter-departmental special working group (working group) to examine our work on handling animal cruelty cases. The HKPF introduced the Scheme in 2011 to step up co-operation among stakeholders for joint efforts to combat crimes of cruelty to animals. The Scheme aims to strengthen the police's efforts in the investigation of animal cruelty cases. By enhancing co-operation with different organizations and promoting wider public involvement, it enables animal cruelty cases to be prevented and detected more effectively.

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

(a) and (b)

In the past five years, the Administration has received the following number of reports on suspected cruelty to animals: 187 in 2008; 157 in 2009; 153 in 2010; 129 in 2011 and 77 in 2012 (up to September).

The distinctive nature of animal cruelty cases is such that most of the animals involved are stray cats and dogs found in secluded locations (such as rear lanes). That being the case, law-enforcement officers invariably encounter greater difficulties in collecting and adducing evidence. That, however, does not deter them from making their best endeavours to bring to justice those who committed cruelty to animals. As it turned out, the investigations done by the departments concerned showed that most of the reported cases did not involve cruelty to animals. From 2008 to September 2012, there were 68 cases involving cruelty to animals in which there was sufficient evidence for instituting prosecutions. The vast majority of the prosecutions were successful. There were only six cases in which the persons involved had not been convicted. Details are shown in Annex.

(c) and (d)

Further details about the work done by the Administration in combating animal cruelty cases since 2011, the resources spent on education, publicity, intelligence gathering and investigation as well as the overall effectiveness of our efforts are given below.

In pursuing efforts to safeguard and promote animal welfare, we have taken public education as the most important part of our work. In this regard, the AFCD has established a dedicated team to devise, implement and fortify public education and publicity programme for promoting care for animals and pressing home the related messages. Since April 2011, the AFCD has allocated over \$18 million to public education and publicity for promoting animal welfare. The primary tasks include disseminating messages advocating "responsible pet ownership" and protection of animals. The relevant activities include producing announcements in the public interest on TV and radio; placing advertisements on such platforms as cinemas, public transport, bus stops, magazines and websites; organizing promotional events jointly with different animal welfare organizations in shopping arcades and outdoor venues; the conduct of village and community campaigns, as well as holding talks in schools and housing estates. Breakdown of statistics by month is not available.

The Scheme introduced by the HKPF is also supported by two professional veterinary associations (that is, the Hong Kong Veterinary Association and China (Hong Kong) Veterinary Association). They help us disseminate, amongst their members (that is, practising veterinarians), the Government's messages on combating cruelty to animals. With a view to strengthening the intelligence network, they also help encourage their members to report suspected acts of cruelty to animals or the suspected culprits. At the same time, the HKPF and the AFCD welcome wider participation on the part of the public and animal concern groups in combating cruelty to animals. Should any member of the public come across a case of animal cruelty, he/she may call the HKPF or

report to the AFCD via the 1823 Call Centre. Upon receipt of the report, the relevant department will take appropriate and prompt action to follow up.

On the investigation front, in order to help front-line officers better understand the multi-agency approach in handling animal cruelty cases thereby enhancing their professional standards in on-site investigation and management, the HKPF has organized criminal investigation courses for them and invited the AFCD, HKSPCA and officers with relevant expertise to share their experience. They also conduct seminars to help police officers grasp the prevailing trend of animal cruelty cases.

The numbers of stray animals found in response to complaints and animals delivered to the AFCD by the public in the past two years have decreased by 26% and 11% respectively. The number of suspected cases of cruelty to animals has also been declining. This shows that the Scheme has been effective. The Scheme has been in place for less than two years. The HKPF, AFCD and HKSPCA will maintain close liaison to ensure its effective operation.

(e) and (f)

From 2011 to September 2012, a total of 106 suspected cases of cruelty to animals were handled by the crime investigation teams of the HKPF.

At present, all members of the crime investigation teams have received professional crime investigation training and are capable of handling cases of cruelty to animals. In fact, the HKPF has provided the crime investigation teams in various police districts with adequate manpower, exposure and professional investigation skills to follow up such cases. Depending on the distribution of cases and the prevailing trend, the HKPF will consider designating dedicated teams to investigate the cases so that the detection work can be conducted in a more comprehensive and targeted manner.

In handling animal cruelty cases, members of the working group referred to in the preamble of this reply render mutual support to each other. The HKPF and AFCD carry out detection of animal cruelty cases and, in the process, would exchange information with the HKSPCA from time to time. The AFCD provides the expert veterinary advice necessary for taking forward the investigation and judicial proceedings. The FEHD assists in handling environmental hygiene issues and animal carcasses. As for the HKSPCA, it provides medical services to the animals involved and runs a 24-hour hotline for public enquiries about animal cruelty cases. It also assists law-enforcement agents as necessary. In discharging its duties on animal management and welfare, the AFCD is responsible for publicity, education, intelligence gathering, as well as the inspection of the sale outlets for pets.

The efforts made by the working group have brought concrete results, as borne out by successful prosecutions including the following. In April 2011, the AFCD cracked down a case of Internet-based illegal animal trading activities in Kwun Tong. It rescued 43 puppies at the scene. They were in poor health and had to be sent to the HKSPCA for treatment. The defendant was eventually fined and sentenced to 160 hours of community service. In March 2012, the HKPF and HKSPCA uncovered an animal cruelty case in Kowloon City. The defendant was sentenced to four months' imprisonment. In July 2012, they uncovered another case in Hung Hom and the defendant was sentenced to two months' imprisonment. The successful prosecution of the defendants in these cases is due largely to the close communication, collaboration and joint action of all members of the working group.

The Scheme has further strengthened co-operation among stakeholders, laying the ground for concerted efforts to combat crimes of cruelty to animals. By allowing flexible deployment of police resources, the arrangements are effective in combating animal cruelty cases.

Annex

	<i>Figures</i>				
	2008	2009	2010	2011	2012 (As at September)
Number of reports	187	157	153	129	77
Number of cases of prosecution	18	9	11	15	15
Number of cases of conviction	16	9	9	13	15
Penalties imposed on the persons convicted					
(i) Immediate imprisonment	4	2	3	1	3
(ii) Community service order	5	1	3	3	3
(iii) Probation order	0	0	1	1	0
(iv) Bound-over/Conditional discharge	0	1	0	0	0
(v) Fine	7	4	0	7	6
(vi) Suspended sentence	0	1	1	1	3
(vii) Caution/absolute discharge	0	0	0	0	0
(viii) Hospital order	0	0	1	0	0

Note:

The Administration does not keep statistics on the number of animals injured or killed or the number of abusers involved in the reported cases. Nor does the Administration keep any breakdowns by district. Since the penalties handed down involve cases different in nature, it is not possible to draw direct comparison between the penalties imposed. For the same reason, the highest and lowest penalties imposed each year are not shown above.

Supply of Varicella Vaccines

19. **MR ALAN LEONG** (in Chinese): *President, it has been reported that following revelation in August last year that a Mainland hospital had administered fake varicella (commonly known as chickenpox) vaccines to children, and the death of a boy in Hong Kong caused by varicella in November last year, the number of children receiving varicella vaccines in Hong Kong has surged, resulting in stockout of varicella vaccines since the end of last year. All three varicella vaccine suppliers for Hong Kong have indicated that they are not sure when stable supplies can be resumed. In addition, the Government has planned to incorporate varicella vaccines into the Hong Kong Childhood*

Immunization Programme (CIP) in 2014. In this connection, will the Government inform this Council:

- (a) whether the Department of Health (DH) had compiled statistics on the respective numbers of persons receiving varicella vaccines in each of the past three years; if it had not, of the reasons for that; if it had, whether the statistics differentiated among children born to women who are Hong Kong permanent residents (HKPRs), children born in Hong Kong to Mainland women whose spouses are HKPRs, children born in Hong Kong to Mainland women whose spouses are not HKPRs, as well as children from the Mainland;*
- (b) whether the DH has compiled statistics on the number of children receiving varicella vaccines in the first quarter of this year;*
- (c) whether the DH has assessed the current situation of shortage of varicella vaccines; if it has, of the assessment outcome; if not, the reasons for that;*
- (d) according to the information obtained by the DH from its liaison with the varicella vaccine suppliers, of the causes of the current shortage of varicella vaccines and when stable supplies can be resumed;*
- (e) whether the Government will consider introducing other suppliers of varicella vaccines in the near future in order to meet the urgent demand for the vaccines;*
- (f) of the number of children receiving varicella vaccines each year under the CIP as estimated by the DH;*
- (g) whether the DH has assessed if the current suppliers will be able to supply sufficient vaccines after varicella vaccines are incorporated into CIP; and*
- (h) whether, in the light of the incident of shortage of varicella vaccines, the DH has taken the initiative to monitor if there will be a shortage of supply of other types of vaccines?*

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

(a) and (b)

Varicella (chickenpox) vaccine is currently not included in the CIP. As all vaccinations are administered at private clinics, the DH does not have the relevant statistics. In 2009, the DH conducted a sample survey of children aged two to five in kindergartens, child care centres and kindergartens-cum-child care centres of Hong Kong. Survey results indicated that 32.4% of local-born children and 37.0% of Mainland-born children had received varicella vaccine.

(c) and (d)

The DH has all along maintained close communication with the three suppliers of varicella vaccines. It was understood that the main reason for the shortage of vaccines was related to the supply schedule of the manufacturers. According to the latest information provided by some suppliers, more varicella vaccines have arrived in Hong Kong and the shortage situation will be improved. The DH will continue to liaise with the suppliers on the supply of vaccines.

- (e) The purpose of varicella vaccination is for personal protection. Like other pharmaceutical products, varicella vaccines must be registered under the Pharmacy and Poisons Ordinance (Ordinance) before they can be used in Hong Kong. Among the five varicella vaccines currently registered in Hong Kong, two are combination vaccines which also provide protection against measles, mumps and rubella, while the remaining three are preventive vaccines for varicella only. If the suppliers want to introduce other types of varicella vaccines into Hong Kong, they are required to first register the vaccines under the Ordinance. The DH will continue to monitor the actual demand of varicella vaccines in Hong Kong.
- (f) Based on the number of new cases served by the Maternal and Child Health Centres, we estimate that upon the incorporation of varicella vaccine into the CIP, about 60 000 to 70 000 infants and young children will receive vaccination from the DH each year.

- (g) To ensure an adequate supply of varicella vaccine after its incorporation into the CIP, the DH will enter into contracts with vaccine suppliers and impose appropriate provisions and requirements.
- (h) DH has established mechanism to regularly monitor the supply and use of vaccines under the CIP in Hong Kong.

Management and Licensing of Itinerant Hawkers

20. **MR LEUNG CHE-CHEUNG** (in Chinese): *President, some residents in Yuen Long District have relayed to me that the following areas in Yuen Long have been occupied by large stalls of itinerant hawkers for a long period of time: the pavements at Fau Tsoi Street, Yuen Long New Street, Yau Sun Street and Hong King Street; Chung Sing Path; and the areas in the vicinity of the at-grade fire escapes of Kwong Wah Plaza, Tong Yick Building, Citimall and Tin Yiu Estate. Such hawkers have continuously expanded their trading areas, causing obstruction to pedestrians and blocking pedestrians' view when they cross the roads. Also, their hawking activities have caused noise and refuse problems, affecting the daily lives of the residents nearby. A committee under the Yuen Long District Council had requested the authorities at a meeting to step up law enforcement, but the problems have not yet been solved. In this connection, will the Government inform this Council:*

- (a) *of the respective numbers of complaints received and prosecutions instituted by the authorities against hawking activities at the aforesaid locations in the past three years;*
- (b) *of the policy on licensing of itinerant hawkers (including the specified hawking conditions);*
- (c) *of the existing number of itinerant hawker licences (IHLs); given that the Director of Food and Environmental Hygiene may specify in a hawker licence the trading area of the licensee, of the existing number of itinerant hawkers who are allowed to hawk in Yuen Long District; and*

- (d) *of the details of the management of and law-enforcement actions in relation to the hawking activities of itinerant hawkers; what penalties will be imposed on itinerant hawkers who are repeated offenders, and whether the penalties include revocation of licences?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, the Government's policy on hawker control is to regulate the hawking activities of licensed hawkers and take enforcement action against illegal hawking so as to safeguard food safety and environmental hygiene. Generally speaking, if the hawking activity does not involve the selling of cooked food or food items that are prohibited or restricted for sale and provided that such activity is not conducted in major thoroughfares or areas of high pedestrian flow, officers of the Hawker Control Teams (HCTs) of the Food and Environmental Hygiene Department (FEHD) will give verbal warning first before taking enforcement action. Prosecution action will be taken only if the verbal warning is not heeded.

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

- (a) From 2010 to 2012, the FEHD had received, in respect of Yuen Long, 140 complaints related to hawkers. Over the same period, the FEHD initiated 952 prosecutions.
- (b) Licensed itinerant hawkers should comply with the Hawker Regulation (Cap. 132 sub. leg.) as well as the relevant licensing conditions imposed. Among others, they should not engage in selling any commodity or service that is not specified in their licences; they should at all times maintain the equipment that is used by them in connection with their business in a safe, clean, and hygienic condition; and they should ensure that no equipment used by them is placed in such a manner as to obstruct or interfere with the free flow of vehicular traffic or the free movement of pedestrians.

If irregularities are found, HCT officers will normally give verbal warning to offenders first. Prosecution action will be taken if the verbal warning is not heeded. The offenders render themselves liable to a maximum fine of \$5,000 upon conviction.

Itinerant hawkers usually gather at prime locations when in operation. At such locations, their trolleys and goods would invariably impede pedestrian flow. At times, their hawking activity may also bring adverse impact on environmental hygiene. It is our existing policy not to issue any new IHLs. Nor do we allow succession to and transfer of IHLs. As such, the number of itinerant hawkers would gradually diminish through natural wastage.

- (c) As at the end of December 2012, there are a total of 470 licensed itinerant hawkers in Hong Kong. Among them, 236 are in urban areas and 234 in the New Territories. They are allowed to conduct hawking activities in the areas specified in their licences, that is, itinerant hawkers in the urban areas may conduct hawking activities in various districts on Hong Kong Island and in Kowloon, while those in the New Territories may conduct hawking activities in various districts in the New Territories, including the Islands District. There are currently over 30 licensed itinerant hawkers conducting hawking activities in Yuen Long.
- (d) The FEHD is alive to the problem of obstruction to passageways caused by the street hawking activities of itinerant hawkers. Apart from conducting inspections, the FEHD also takes due enforcement actions. If any licensed itinerant hawker is found hawking at hawker black-spots, major thoroughfares or areas of high pedestrian flow, thus causing obstruction, HCT staff will take enforcement actions direct without giving any prior verbal warning. Insofar as repeat offenders are concerned, the FEHD would, in light of the circumstances of individual cases, consider exercising the power conferred by the legislation to suspend or cancel the hawker licences as necessary, for achieving the desired deterrent effect.

BILLS**First Reading of Bills**

PRESIDENT (in Cantonese): Bills: First Reading.

PILOTAGE (AMENDMENT) BILL 2013**AIR POLLUTION CONTROL (AMENDMENT) BILL 2013**

CLERK (in Cantonese): Pilotage (Amendment) Bill 2013
Air Pollution Control (Amendment) Bill 2013.

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

Second Reading of Bills

PRESIDENT (in Cantonese): Bills: Second Reading.

PILOTAGE (AMENDMENT) BILL 2013

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese):
President, I move the Second Reading of the Pilotage (Amendment) Bill 2013 (the Bill).

The Pilotage Ordinance (Cap. 84) establishes the Pilotage Authority to regulate pilotage services in Hong Kong and provides detailed provisions for matters connected therewith. Under the existing Pilotage Ordinance, compulsory pilotage is required for all vessels visiting Hong Kong that are of 3 000 gross tonnage or over and other specified vessels on entering Hong Kong waters in order to ensure safe navigation. I introduce the Bill to amend the requirements of licensing of pilots and pilotage for specified categories of vessels, as well as certain technical provisions under the Pilotage Ordinance. The legislative amendments, proposed in the light of the past operational experience

of the Marine Department and the industry, as well as the latest development of the current port management, aim to meet emerging needs and improve the operation of the Pilotage Ordinance.

(THE PRESIDENT'S DEPUTY, MR ANDREW LEUNG, took the Chair)

The Bill proposes a number of technical amendments. One of the major proposed amendments is to allow pilots at the age of 65 who have satisfactorily passed the examination as to their physical and mental fitness and eyesight to retain the same class of licence they hold to provide pilotage services until the statutory limit of 68 years of age. Under the current statutory requirement, for pilots who have reached the age of 65 and who continue to work for any extended period until they reach 68, the Class I licence they originally held must be downgraded to Class IIC. In other words, they can only pilot a vessel of a shorter length. At present, the pool of experienced pilots is still limited in Hong Kong. We hope the relevant provisions will be amended so as to preserve and effectively use the valuable experience and expertise of Class I pilots who have reached the age of 65 in handling the mega size vessels and in training junior pilots.

Taking into account the busy traffic at and near Kwai Tsing container terminals, the current legislation further requires that compulsory pilotage applies to ships of 1 000 gross tonnage or over proceeding to or from the container terminals. A number of traffic management measures have been implemented at Kwai Tsing container terminal since 1999 to enhance maritime safety, such as the setting up of the Kwai Chung Control Station, which operates round the clock, to control all ships proceeding to or from the container terminals. River trade cargo vessels that use the container terminals have installed the advanced Automatic Identification System, which enhances the effectiveness of ship management by tracking the speed and routing of vessels. As such, the Marine Department considers that compulsory pilotage is no longer necessary in that area of water for vessels of less than 3 000 gross tonnage proceeding to or from the container terminals. We, therefore, propose to remove the relevant requirements under the existing legislation. The requirement of compulsory pilotage for all non-local vessels of 3 000 gross tonnage or over on entering Hong Kong waters stipulated in the Ordinance will remain in force.

In addition, the Bill proposes the addition of a representative from the local shipping agencies to the Pilotage Advisory Committee for better representativeness of the Committee. The Bill also carries several miscellaneous amendments, all of which are technical in nature.

Deputy President, the Bill can update the provisions of the current pilotage legislation to tie in with port and management development. It also ties in with the operational needs of the pilotage and shipping industries. The proposed amendments are supported by the industries. I hope Members will pass the Bill for the early implementation of the proposed amendments.

Thank you, Deputy President.

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Pilotage (Amendment) Bill 2013 be read the Second time.

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

AIR POLLUTION CONTROL (AMENDMENT) BILL 2013

SECRETARY FOR THE ENVIRONMENT (in Cantonese): Deputy President, I move that the Air Pollution Control (Amendment) Bill 2013 (the Bill) be read the Second time. The objective of the Bill is to update the Air Quality Objectives (AQOs) under the Air Pollution Control Ordinance (APCO) (Cap. 311) with effect from 1 January 2014.

The current AQOs of Hong Kong have been in place since 1987. Following the release of new Air Quality Guidelines (AQGs) by the World Health Organization (WHO) in 2006, the Government commissioned a consultancy study in 2007 on updating the AQOs and consulted the public on the recommendations in 2009. Having examined the consultation findings and formulated a range of air quality improvement measures, the Government announced in 2012 the adoption of the new AQOs with effect from 2014. The new AQOs are benchmarked against a combination of both interim and ultimate targets of the AQGs of WHO, and are broadly comparable to the air quality

standards adopted in the European Union and the United States. We briefed the Subcommittee on Improving Air Quality of the Panel on Environmental Affairs on the plan in April 2012.

To attain the new AQOs, we will take forward a comprehensive package of air quality improvement measures targeting at various key emission sources including power plants, vehicles and marine vessels. We also announced in November 2012 a joint emission reduction plan with Guangdong up to 2020. In the 2013 Policy Address, concrete proposals have been put forward for phasing out old diesel commercial vehicles and reducing emissions from marine vessels.

Subject to the passage of the Bill by the Legislative Council, the new AQOs will be used as benchmarks in assessing the air quality impact of relevant projects and processes in accordance with the APCO and the Environmental Impact Assessment Ordinance with effect from January 2014.

Besides, the Bill provides a transitional arrangement for the projects which have already been issued with Environmental Permits (EP) before the commencement of the new AQOs. For these projects, an application for variation of EP lodged within 36 months of the commencement of the new AQOs will be considered on the basis of the old AQOs. This will preserve the integrity of the environmental impact assessment system and allow projects already granted EPs to, within a reasonable time, proceed without being affected by the updating of AQOs.

Moreover, the Bill provides for the review of the AQOs by the Government at least once every five years, with a report to the Advisory Council on the Environment. This is our commitment to protecting public health and improving air quality, and the frequency of review is also in line with the international best practices. In conducting the review, we will examine the effectiveness of air quality improvement measures and the development of emission reduction technologies, and study the feasibility of tightening the AQOs. Our long-term goal is to achieve the ultimate targets set by the AQGs of WHO.

Thank you, Deputy President.

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Air Pollution Control (Amendment) Bill 2013 be read the Second time.

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

MOTIONS

DEPUTY PRESIDENT (in Cantonese): Motions. The Secretary for Transport and Housing will move three proposed resolutions under the Public Bus Services Ordinance.

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

I now call upon the Secretary for Transport and Housing to speak and move the motion.

PROPOSED RESOLUTION UNDER THE PUBLIC BUS SERVICES ORDINANCE

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Deputy President, I move that the first motion under my name, as printed on the Agenda, be passed.

The Chief Executive in Council approved the granting of new 10-year franchises to New World First Bus Services Limited (NWFB), Long Win Bus Company Limited (LW) and Citybus Limited (Franchise for Airport and North Lantau Bus Network) (Citybus) on 24 April 2012. The new franchise of NWFB will commence on 1 July this year while those of LW and Citybus on 1 May this year.

To better safeguard the interest of passengers, all new bus franchises granted since the 1990s are not subject to the Profit Control Scheme (PCS). Neither do the aforementioned new franchises contain any PCS arrangements.

We therefore propose the Legislative Council to make reference to the established practice and pass the three motions on today's Agenda to exclude the application of the PCS to the three new franchises.

In this regard, I would like to thank the Subcommittee formed by the Legislative Council for scrutinizing the resolutions. The Subcommittee had completed its work and had no objection to the resolutions. I will now explain the background and situation regarding the disapplication of the PCS.

Under section 5(3)(b) of the Public Bus Services Ordinance (the Ordinance), a franchise shall be subject to the PCS as stipulated in the Ordinance unless the Legislative Council by resolution excludes the application of the related provisions. Under the PCS, bus fares of the bus companies are to be set at a level which allows cost recovery plus a pre-determined and specific level of profit. This in effect links the bus fares directly with the profit level of the franchisees, so that bus fares have to be adjusted according to the pre-determined and specific level of profit.

In the past, the Legislative Council and the community strongly criticized that the PCS guaranteed a profit level irrespective of performance of the franchised bus companies, thereby reducing the incentive for the bus companies to enhance cost-effectiveness and reduce expenditure. The PCS also in effect encouraged the franchised bus companies to over-expand and inflate their asset value. In view of this, the then Governor in Council decided that the PCS would not be applicable to all new bus franchises granted after 1992. Since then, the policy secretary responsible for the transport portfolio would, after each grant of a new franchise, move a motion at the Legislative Council that a resolution to exclude the application of the PCS to the franchise be passed. The Legislative Council has passed a total of 17 resolutions since the 1990s to exclude the application of the PCS to the new franchises.

After the disapplication of the PCS to the new franchises since 1992, the Government would take into account a basket of factors in assessing franchised bus fare adjustment applications. Such factors include public acceptability and affordability.

At present, the PCS is not applicable to any existing bus franchises. When negotiating with NWFB, LW and Citybus on the new franchises which will

take effect later this year, the Government has already made it clear that there would not be any arrangements on permitted return. Indeed, the new franchises granted by the Chief Executive in Council in April 2012 do not contain any arrangements concerning a permitted return. Moreover, in paragraph 19 of the Legislative Council Brief (File Ref: THB(T)CR2/5591/99) issued in the same month, the Government has set out the plan to seek Legislative Council resolutions for not applying the PCS to the three new franchises before they commence operation.

In view of the foregoing and in keeping with past practice, we have to make the provisions in sections 27, 28, 29 and 31 of the Ordinance on development fund, permitted return and the PCS not applicable to the aforementioned new franchises.

Deputy President, I move the first motion so as to disapply the PCS to the new franchise of NWFB. Thank you, Deputy President.

The Secretary for Transport and Housing moved the following motion:

"RESOLVED that the franchise granted on 24 April 2012 under section 5 of the Public Bus Services Ordinance (Cap. 230) to New World First Bus Services Limited (新世界第一巴士服務有限公司) and published in the Gazette as G.N. 3180 of 2012 is not subject to sections 27, 28, 29 and 31 of that Ordinance for the entire period of the franchise."

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

MR CHAN KAM-LAM (in Cantonese): Deputy President, in my capacity as Chairman of the Subcommittee on Three Proposed Resolutions under section 5(3)(b) of the Public Bus Services Ordinance (Cap. 230) (the Ordinance), I now report on the deliberations of the Subcommittee. The Subcommittee had held one meeting to scrutinize the three resolutions proposed by the Administration under section 5(3)(b) of the Ordinance.

The purpose of these proposed resolutions is to exclude the new 10-year franchises granted by the Chief Executive in Council on 24 April 2012 to the three franchised bus companies from the Profit Control Scheme (PCS). The three franchised bus companies are New World First Bus Services Limited, Long Win Bus Company Limited and Citybus Limited.

Details of the PCS are set out in sections 26 to 31 of Part V of the Ordinance. In gist, the PCS provides for the permitted return that a franchised bus company can earn in an accounting year, calculated by reference to a percentage per annum as specified in its franchise of the average net fixed assets of the bus company in that accounting year.

The Subcommittee agreed that the PCS would reduce the incentive for the bus companies to enhance cost-effectiveness and reduce expenditure, and in effect encourage the franchised bus companies to over-expand and inflate their asset value. The Subcommittee noted that all new bus franchises granted after June 1992 were not subject to the PCS. In fact, the new franchises to the three franchised bus companies were granted by the Government on the clear understanding that there would be no permitted return. To implement this arrangement, the Administration proposes the Legislative Council to make reference to the established practice and pass these three proposed resolutions to exclude the application of the PCS to the three new franchises.

As the proposed resolutions merely specify that the new franchises are not subject to sections 27 to 29 and 31 of the Ordinance, the Subcommittee has examined why sections 26, 26A, 30 and 32 of Part V of the Ordinance are excluded from the proposed resolutions. The Administration has explained that section 27 to 29 and 31 of the Ordinance set out the core elements of the PCS, namely the development fund, permitted return, deductions from permitted returns and review of the PCS; the PCS would cease to apply to the new franchises after the disapplication of sections 27 to 29 and 31, notwithstanding that sections 26, 26A, 30 and 32 would continue to apply. The Administration has also explained that sections 26, 26A, 30 and 32 are required for purpose of the execution of other parts of the Ordinance and/or the franchises. For example, section 32 requires a bus company to produce accounts and other information in relation to the public bus service operation as the Financial Secretary may require.

In the absence of the PCS, the Government would take into account a basket of factors in assessing franchised bus fare adjustment applications. Such factors include public acceptability and affordability, as well as service performance of the bus companies.

The Subcommittee supports the resolutions proposed by the Administration, and will not propose any amendment to the three proposed resolutions. At the same time, the Subcommittee has urged the Administration to consider introducing new competitors in the process of assessing applications to run public bus service in the future. Moreover, the Subcommittee has also urged the Administration to closely monitor the performance of the bus service operators and to impose, if necessary, sanctions for poor performance; and also to implement district-wide bus route rationalization plans to achieve effective use of resources.

Taking note of members' views, the Administration has agreed to consider any views that the Legislative Council may have when other franchises are due to expire in 2016-2017, having regard to the benefits of scale of economy in bus operation and the need for the franchised bus operators to provide proper and efficient bus services for Hong Kong. The Administration would also continue to monitor closely the performance of the bus service providers and to implement bus route rationalization plans with enhanced effort in consultation with the District Councils.

Deputy President, the Democratic Alliance for the Betterment and Progress of Hong Kong in general supports the resolutions proposed by the Government. We consider that franchised bus services, as a very important mode of public transport for Hong Kong people now, should be subject to more reasonable and stringent monitoring. Hence, we very much hope that when granting new franchises in the future, the Government would as usual take into consideration the operation and service performance of operators, as well as public affordability.

Thank you, Deputy President.

MR WU CHI-WAI (in Cantonese): Deputy President, the Democratic Party supports the proposed resolutions today because in accordance with the Public

Bus Services Ordinance, these resolutions could eradicate the shortcomings created by the heavily-criticized Profit Control Scheme (PCS). From now on, when considering their overall operation, franchised bus companies can no longer wilfully increase their assets in order to seek unreasonable profits.

Nonetheless, I would like to point out that the relevant proposal can only deal with part of the problem concerning the quality and efficiency of franchised bus services. Members would also note that in recent years, there is a common phenomenon with franchised bus companies whenever the subject of profits or fare adjustments is raised. While franchised bus companies would apply for substantial fare increases on the pretext of insufficient profits, the Government would reduce the level of fare increases. As people who feel dissatisfied may switch to other modes of public transport and the franchised bus companies cannot increase ridership through service improvement, a vicious cycle is formed. In fact, the crux of the problem is whether franchised bus companies can make profits by increasing ridership. But in the present legislative exercise, we have only dealt with a very narrow stretch of the problem, namely, the PCS, and franchised bus companies have to face even greater competition.

A more real difficulty lies with the present positioning of franchised bus services. Given the Government's railway-based strategy, biased preferential policies have been adopted to promote railway development. As a result, franchised bus service has become a supplementary mode of public transport. Is that the case? According to my observation, franchised buses and railways are natural competitors, and franchised buses should not be regarded as performing a supplementary role. If the role of franchised buses is downgraded, it will only reduce competition in the total public transport market and hence, affect the quality of service provided to society as a whole. When compared to 2000, the total number of passenger journeys of franchised buses in 2011 has decreased by 160 million, reflecting the severity of the situation.

We understand that under the existing policy, it is difficult to make adjustments to franchised bus services in order to enhance the efficiency of public transport services in society as a whole. However, by making reference to overseas experience, we know that the market share of franchised bus companies will continue to shrink if no major change is introduced to their operation. As we can see from the present fare adjustment exercise, the Kowloon Motor Bus

Company (1933) Limited (KMB) has suggested that it would start considering large-scale rationalization of its bus routes, but it is still uncertain as to whether such proposals could be successfully implemented, and whether the franchisee could consolidate its relationship with railways.

The situation of Seoul in South Korea is in fact similar to Hong Kong. In 2004, the Mayor of Seoul embarked on a large-scale public transport system reform. Prior to reform, the provision of bus services in Seoul is just like in Hong Kong where different operators and stakeholders are fiercely competing with each other. Why was that so? It was because individual operators would only consider their own strategies to maximize profits. However, as public transport service connects the whole city, as a government official, the Secretary for Transport and Housing must consider how to maximize the efficiency of the entire public transport service system, so as to bring benefits to society as a whole. Hence, in my view, the co-ordination among the operation of franchised buses, the positioning of green minibuses and the role of railways is in fact a very important task for the Transport and Housing Bureau. Moreover, in the context of KMB's application for franchise in 2016, the Bureau should put forth a concrete and effective proposal for discussion by society as a whole; otherwise, we would miss the opportunity again to consolidate the public transport system of society as a whole, and turn it into an effective system to serve the people.

In fact, the task is by no means easy. It would invariably involve a great deal of concessions and co-ordination in order to balance the interests of various stakeholders and bring benefits to society as a whole. The Government cannot evade from assuming a leading role in this matter. Hence, I hope that when the Government reviews the existing public transport policy, it should, in particular, expeditiously and effectively determine the role of different modes of public transport. At the same time, the example of Seoul clearly reflects to us that the existing fragmentary mode is not necessarily effectual if the efficiency of the public transport system is to be enhanced effectively. While we will pass this motion, I think the priority of the Government is that it should conduct a study on the positioning of franchised bus services pragmatically and expeditiously, and re-examine the reorganization of public transport services in Hong Kong as a whole.

Thank you, Deputy President. I so submit.

MR WONG KWOK-HING (in Cantonese): Deputy President, this motion is actually just a formality. As the "Profit Control Scheme" (PCS) has long been criticized as being a "profit guarantee scheme", it is of course not worth supporting. In granting the new franchises, has the Government performed all its duties by moving this motion today, as it had done so over the years? To me, the Government should be responsible for strengthening the monitoring of franchised bus companies through the grant of new franchises in order to safeguard the interests of passengers and the public. I will now speak on the motion from four aspects as follows. I hope the Secretary will listen carefully and give his response in a responsible manner.

The first aspect is about employees of bus companies. As seen from the many bus accidents recently, employees of bus companies earn a low basic salary and face enormous pressures, while contract employees do not have job security. The situation is getting more and more serious, particularly with the Kowloon Motor Bus Company (1933) Limited (KMB). Of the 8 000-odd bus captains employed by KMB, 5 000-odd are employed on long-term contracts, that is, they are permanent staff. However, many years ago, KMB followed the Government's bad example and started to recruit contract staff to replace the permanent staff. Currently, KMB has already employed 2 000-odd contract bus captains. As this group of contract bus captains is employed on a contract basis, they would invariably face enormous mental pressures when their contracts are about to expire. Under such circumstances, this could be a cause of bus accidents. Therefore, I hope the authorities will seriously review the matter, and urge the bus companies to employ permanent bus captains on a full-scale, so that the number of contract bus captains would be reduced gradually and then phased out completely. This is a practical measure which can help improve road safety and safeguard the safety of bus passengers. I hope the Secretary will give us a serious response later.

The second point is that the public are in fact increasingly dissatisfied with the service standard of public buses as reflected by the lost trip problem. According to statistics, for example, KMB registered a lost trip rate of 7.3% last year, while a total of 750 complaints against KMB have been received in the third quarter of last year, or an increase of 1.8 times than the number in 2001. There is a reason for all these. Apart from traffic congestion, the root cause is recruitment difficulty, resulted from a low basic salary as well as employment on a contract basis.

Alternatively, for instance, the lost trip rate of New World First Bus Services Limited (NWFB) is actually no better. In November last year, its lost trip rate was 4.93%, while a total of 79 complaints against NWFB have been received in the third quarter of last year, or an increase of 1.5 times than the number in the year before last. The situation is also worsening. In terms of the Government's monitoring on services provided by bus companies, what measures will be adopted to check the rising trend of lost bus trips? Will penalties or sanctions be imposed so that the franchised bus companies concerned would allocate the necessary resources to improve the lost trip problem in a serious and resolute manner? I hope that the Secretary will also respond to this question when giving his reply later.

Thirdly, I would like to talk about the profits arising from the operation of franchised bus companies. As we can see, KMB fares have increased by 4.9% since last Sunday. Originally, KMB had applied for a fare increase of 8.5%. Although the Government had rejected such a high rate of fare increase, we can see that KMB has always applied for fare increases on all sorts of reasons. Moreover, KMB has all along been criticized by the public that it has always discounted profits earned by the group from other sources, such as the development of residential and luxurious properties, as well as the substantial advertising revenue from the media business. If the accounts only include the revenue generated from bus operation or bus fare, it will of course be insufficient to cover the costs.

Under the circumstances, has the Government taken any measures to review its monitoring system so that all the accounts would be vetted? In particular, it should guard against the possibility that in similar applications for franchise in the future, the relevant operator would deliberately discount those parts which have recorded profits, as this would in fact affect the public and the passengers. This is my third point, and I also hope the Secretary will respond to that later.

Fourthly, I would like to talk about bus route rationalization which the Government is now taking forward vigorously with the relevant franchised bus companies in order to reduce the capacity on road surface. Some people also point out that such an initiative should be undertaken for the sake of protecting the environment and improving air quality. I agree with all these. Nonetheless, when regulating franchised bus services, has the Government

noticed a very unreasonable phenomenon at present that the fare of all cross-harbour bus routes after crossing the harbour is much higher than that of other similar routes? Deputy President, I think I am the first Member who expresses concern about this problem in the Legislative Council. Therefore, I also hope that the Secretary will respond to that in his reply later.

I have some information in hand. Of course, I cannot quote all of them here, but I will gladly furnish a copy to the Secretary for reference after delivering my speech. According to the information I collected, at present, a total of 139 bus routes are plying along the three road harbour crossings, including 44 day cross-harbour bus routes, 80 special routes and 15 overnight routes. I will exclude the overnight routes in my comparison because it is difficult to identify similar non-cross-harbour bus routes which operate during the overnight hours for comparison.

Let us consider the comparison of fares after crossing the harbour of various cross-harbour bus routes plying along the Cross Harbour Tunnel (CHT), the Eastern Harbour Crossing (EHC) and the Western Harbour Crossing (WHC) respectively. I will talk about CHT first. For example, the fare of bus routes towards Hong Kong Island South after crossing CHT is about \$4.9, while the fares of exactly the same NWFB and Citybus routes are \$4.1 or \$3, that is, there is a difference of \$0.8 to \$1.9; the fare of bus routes towards the Eastern District or the Central and Western District after crossing CHT is \$5.7, while the fares of NWFB and Citybus routes are \$3.6 to \$4.6 and \$3.1 to \$4.4, in other words, the fares of cross-harbour routes after crossing the harbour are \$1.1 to \$2.6 higher than those of NWFB and Citybus.

Let us now turn to EHC. At present, the fare of bus routes towards the Southern District after crossing the harbour is \$8.1, but the fares of same routes towards the Southern District operated by NWFB and Citybus are \$6.9 and \$7 respectively; hence, there is a difference of \$1.1 to \$1.2, that is, the fare is higher; for bus routes towards the Eastern District and the Central and Western District, the fares of NWFB routes are \$4.9 to \$5.2, and that of Citybus routes is \$3.4, that is, the fare is higher by \$0.5 to \$2.3.

For bus routes towards the Southern District plying along WHC, the fares are \$6.1 to \$6.5, while the fares of NWFB and Citybus routes towards the Southern District are \$5.6 or \$5.3 to \$5.8, which are lower by about \$0.3 to \$1.2.

For bus routes towards the Central and Western District, the fare after crossing the harbour is \$5.7, while the lowest fare charged by NWFB and Citybus is \$3.4, and the highest \$5.2, that is, there is a difference of \$0.5 to \$2.1. Insofar as such differences in fare are concerned, that is, if the relevant routes can charge the same fare after crossing the harbour as the comparable routes, it will relieve the burden of the passengers while providing them with a wider choice of bus routes. Then why does the Government not accept this view?

Let us consider some more examples. For cross-harbour routes plying along CHT such as Route No. 118, it charges a fare of \$5.7 after crossing the harbour, while the fares of a comparable route, *viz.* Route No. 8X, are \$3 to \$4.4, and as sectional fares are charged, the fare is lower by \$1.3 to \$2.7; for Route No. 102, the fare is lower by \$1.6; for Route No. 101, the fare is lower by \$0.2; for Route Nos. 101 or 104, the fare is lower by \$1.1 to \$1.9.

Let us also consider some examples with EHC. The fare of KMB's Route No. 603 after crossing the harbour is \$6.1, but the fare of a similar route, *viz.* Route No. 216M which is also operated by KMB, is \$3.1, and there is quite a big difference of \$3; the fare of KMB's Route No. 601 after crossing the harbour is \$5.7, but the fare of a similar route, *viz.* Route No. 13M which is also operated by KMB, is \$4.1, and there is a difference of \$1.6; the fare of Route No. 681 after crossing the harbour is also \$5.7, but the fare of similar routes such as Citybus' Route Nos. 780 and 788 is \$3.4, and there is a difference of \$2.3. We can see from all these examples that the difference in fare is not just \$0.1 or \$0.2, but can be \$2-odd at most.

Deputy President, as a responsible government, why has the Government all along turned a blind eye to these problems, without taking any proactive measures? If the fares of cross-harbour routes after crossing the harbour can be the same as those of comparable routes, it can, on the one hand relieve the burden of the passengers, and on the other hand, effectively optimize the use of these bus routes. In particular, due to the expensive fares, these cross-harbour bus routes are often not well-utilized in the past, with many empty seats. This is effectively a waste of these useful space and road surface, which also aggravates air pollution. If these spaces or bus routes can be utilized properly by enhancing its carrying efficiency, would it not bring about more immediate results when compared with bus route rationalization proposals?

Would the Government consider that my suggestions just now can really achieve effective results? Moreover, these suggestions are from many citizens who have long been dissatisfied with the lack of action from the Government. Hence, taking this opportunity, I sincerely urge the Secretary to give us a reply as to whether, in the opinion of the authorities, the fares of these cross-harbour bus routes after crossing the harbour are reasonable? Is any adjustments necessary, and what is the timetable and roadmap? If the Government even refuses to do this, how can we be convinced that it is indeed determined to rationalize bus services? Hence, I hope the Secretary will directly respond to my questions in these four major aspects later.

Thank you, Deputy President.

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

(No Member indicated a wish to speak)

DEPUTY PRESIDENT (in Cantonese): If not, I now call upon the Secretary for Transport and Housing to reply. The debate will come to a close after the Secretary has replied.

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Deputy President, I am most grateful to the three Honourable Members who have spoken just now, and I must also thank the Subcommittee for scrutinizing the three motions under the chairmanship of Mr CHAN Kam-lam. I note from the Members' speeches that they all support the three proposed resolutions today. They have also made valuable suggestions in various aspects on franchised bus service as a whole. While their views may not necessarily directly related to the three motions today, Deputy President, please allow me to make several points in response.

The first point is about whether competitors could be introduced. In this regard, the Government's policy is basically that bus services can be operated through extending the franchise of existing franchisees, as well as through public tendering when necessary. Of course, if the original operator is providing

excellent service and has invested a lot of capital on service provision, the Government is inclined to extend its franchise if supported by society in the course of public consultation. Nonetheless, the Government is always prepared to grant bus franchise through public tender when necessary. In fact, under the 10-year franchises granted presently, we can, in addition to our regular monitoring of service provision, conduct a mid-term review on the relevant franchises after the fourth year.

The second point is about service performance, and the lost trip problem has been mentioned by Honourable Members. If we consider the relevant statistics, I would also agree that society or the passengers are concerned about the lost trip problem as a whole. As shown by the situation in the past few years, the lost trip problem has indeed worsened for certain routes. However, we have already stepped up monitoring on the franchised bus companies in recent years. The Transport Department will monitor the lost trip problem of each bus route, both as part of the statutory requirements as well as its day-to-day administrative arrangements, and warning letters will be issued when necessary. Of course, our monitoring is not only limited to the issuance of warning letters. Under the Public Bus Services Ordinance (PBSO), if service conditions are poor, the Government can take several levels of actions when necessary, with the lenient punishment being a fine imposed by the Chief Executive in Council on the franchisee concerned that is capped at \$10,000 for the first time, to be increased subsequently; for more serious cases, the right of the franchisee concerned to operate a particular route or even the entire franchise may be revoked. Of course, we must review the service provided by franchised bus companies as a whole, such as whether the lost trip problem is due to road congestion, or due to serious manpower wastage of a particular franchisee, and so on. We must consider all these factors part and parcel. Nonetheless, I can assure Honourable Members that the Government is very stringent with regard to the requirements of bus service, as well as its concern about the lost trip problem.

The issue of bus route rationalization has also been raised by Honourable Members. I thank the Members who have just spoken for supporting this initiative. Of course, when implementing specific bus route rationalization proposals in the districts, we must listen to the local views carefully because bus route rationalization will ultimately serve the dual purposes of reducing duplicating or overlapping bus routes in the hope of maximizing the efficiency of

bus service and operation, and satisfying the demand for public transport in the districts as best as possible through the overall co-ordination of different routes.

Honourable Members also mentioned the issue of fare. As Members all know, when processing fare adjustment applications from the franchisees, the Government would take into account a basket of factors, which include changes in staff costs and price index, public affordability and acceptability, as well as the financial status of the operators. This approach can better balance various factors with regard to public affordability, operational efficiency and financial viability of the operators. All in all, we hope that sustainable bus service can be provided by the franchisees.

Just now, Mr WONG Kwok-hing spoke about the fare of cross-harbour routes which, I believe, is related to the sectional fare arrangements adopted by different bus companies for various routes. I heard Mr WONG's views. In fact, this issue has been raised previously by Mr WONG and other Members at meetings of the Panel on Transport. We will follow up the views expressed by Members on other occasions.

Regarding the positioning of franchised bus companies, as I have already mentioned at the meeting of the Panel on Transport, I would like to reassure Members that notwithstanding the Government's policy of using the railway network as the backbone of Hong Kong's transport or public transport system, it does not mean that the market will be monopolized by railways. We are now building five new railways including the Guangzhou-Shenzhen-Hong Kong Express Rail Link. Upon completion, the railway catchment area of these five new lines will cover 70% of the territory. But even so, railways will only account for about 40% of all public transport passenger trips, and about 30% of such trips will have to be met by franchised buses. Hence, franchised bus service is still a very important element in our public transport policy. In areas served by railway lines, members of the public can of course choose to travel by railway. But in many areas not directly served by the railway network, franchised bus is still a very important means of public transport. Therefore, regarding the positioning of transport modes under our public transport policy, bus service is still playing a very important role. We hope that different choices of public transport can be provided to the travelling public.

Lastly, regarding the staff problem mentioned by Mr WONG Kwok-hing, it is also an issue we are very concerned about. About two months ago, a number of relatively serious bus accidents have happened. At the relevant meeting of the Panel on Transport, we have also heard the many views expressed by the trade unions as well as the management of the bus operators. We are also very concerned about the health of staff, as well as the impact of frequent road congestion on them. Views have also been expressed about their employment conditions. We have heard all of them.

I would like to illustrate with an example. During our negotiation with the relevant operators on the three franchises under discussion now, matters such as how to improve the provision of bus service, the terms and conditions of staff employment, as well as the lost trip problem had in fact been raised. A number of measures have also been taken by New World First Bus Services Limited to resolve the wastage problem of bus captains, which include improving the salary and benefits of bus captains, making more proactive recruitment efforts, and providing in-house training for drivers to become bus captains, in order to ensure an adequate supply of qualified bus captains to meet the operational and development needs of the company.

Lastly, regarding the revenue deriving from advertisements and land, I would like to explain to Members once again the current arrangements. Under PBSO, operating receipts of a franchisee include revenue from advertisements, and when assessing fare adjustment applications from the operators, we will take into account their revenue from advertisements under a basket of factors.

Furthermore, regarding the profits from land, it has been stipulated under the existing bus franchises that the expenditure and revenue of franchised bus companies in relation to the disposal of land are excluded from the franchise account. This arrangement is intended to better protect the interest of passengers so that they would not be affected by possible pressures on bus fares caused by the gain or loss arising from the bus companies' private investment in the disposal of land.

I will follow up other specific comments made by Honourable Members in other occasions. I thank Honourable Members for supporting this proposed resolution. Thank you.

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

(Members raised their hands)

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

(Members raised their hands)

Mr LEUNG Kwok-hung rose to claim a division.

DEPUTY PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung has claimed a division. The division bell will ring for five minutes.

(THE PRESIDENT resumed the Chair)

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

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

(Some Members in the Chamber spoke from their seat)

PRESIDENT (in Cantonese): Will Members please keep quiet.

Mr Albert HO, Mr James TO, Mr CHAN Kam-lam, Dr LAU Wong-fat, Ms Emily LAU, Mr TAM Yiu-chung, Mr Tommy CHEUNG, Mr Frederick FUNG, Mr WONG Kwok-hing, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Ms Cyd HO, Ms Starry LEE, Dr LAM Tai-fai, Mr CHAN Hak-kan,

Mr CHAN Kin-por, Dr Priscilla LEUNG, Mr WONG Kwok-kin, Mrs Regina IP, Mr Alan LEONG, Ms Claudia MO, Mr Michael TIEN, Mr NG Leung-sing, Mr Steven HO, Mr Frankie YICK, Mr WU Chi-wai, Mr YIU Si-wing, Mr Gary FAN, Mr MA Fung-kwok, Mr Charles Peter MOK, Dr Kenneth CHAN, Miss CHAN Yuen-han, Mr Kenneth LEUNG, Miss Alice MAK, Dr KWOK Ka-ki, Mr Christopher CHEUNG, Mr SIN Chung-kai, Dr Helena WONG, Mr IP Kin-yuen, Dr Elizabeth QUAT, Mr Martin LIAO, Mr POON Siu-ping and Ir Dr LO Wai-kwok voted for the motion.

Mr LEUNG Kwok-hung, Mr WONG Yuk-man and Mr CHAN Chi-chuen voted against the motion.

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

THE PRESIDENT announced that there were 48 Members present, 44 were in favour of the motion and three against it. Since the question was agreed by a majority of the Members present, he therefore declared that the motion was passed.

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

I now call upon the Secretary for Transport and Housing to speak and move the motion.

PROPOSED RESOLUTION UNDER THE PUBLIC BUS SERVICES ORDINANCE

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, I move that the second motion under my name, as printed on the Agenda, be passed so as to disapply the Profit Control Scheme to the new franchise of Long Win Bus Company Limited.

The Secretary for Transport and Housing moved the following motion:

"RESOLVED that the franchise granted on 24 April 2012 under section 5 of the Public Bus Services Ordinance (Cap. 230) to Long Win Bus Company Limited (龍運巴士有限公司) and published in the Gazette as G.N. 3181 of 2012 is not subject to sections 27, 28, 29 and 31 of that Ordinance for the entire period of the franchise."

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

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

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

I now call upon the Secretary for Transport and Housing to speak and move the motion.

PROPOSED RESOLUTION UNDER THE PUBLIC BUS SERVICES ORDINANCE

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, I move that the third motion under my name, as printed on the Agenda, be passed so as to disapply the Profit Control Scheme to the new franchise of Citybus Limited (Franchise for Airport and North Lantau Bus Network). Thank you, President.

The Secretary for Transport and Housing moved the following motion:

"RESOLVED that the franchise granted on 24 April 2012 under section 5 of the Public Bus Services Ordinance (Cap. 230) to Citybus Limited (城巴有限公司) and published in the Gazette as G.N. 3182 of 2012 is not subject to sections 27, 28, 29 and 31 of that Ordinance for the entire period of the franchise."

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

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

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

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

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

PROPOSED RESOLUTION UNDER THE PUBLIC FINANCE ORDINANCE

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

The purpose of this motion is to seek funds on account to enable the Government to carry on its services between the start of the financial year on 1 April 2013 and the time when the Appropriation Ordinance 2013 comes into operation. This is a long established and essential procedure. The specific arrangements also follow those of recent years.

According to the Budget timetable this year, the Legislative Council will at its meeting on 24 April 2013 resume the Second Reading Debate and then proceed to the Third Reading of the Appropriation Bill 2013. As such, the Appropriation Ordinance 2013 would not come into operation on or before 31 March 2013. To ensure that when the new financial year starts on 1 April 2013, the Government will not need to halt public services, including services closely related to people's livelihood such as education, social welfare, healthcare, security and so on, due to the lack of funds, we need to propose this motion.

The funds on account sought under each subhead in accordance with the fourth paragraph of the resolution have been determined with reference to the relevant provisions in the 2013-2014 Estimates of Expenditure. The initial

amount of funds on account under each head which has incorporated requirements at subhead level is provided in the form of a footnote to this speech. The aggregate amount of funds on account is \$75,545,010,000 before the Appropriation Ordinance 2013 comes into operation.

Subject to the above aggregate amount not being exceeded, the resolution enables the Financial Secretary to vary the funds on account in respect of any subhead, but these variations must not exceed the provision for that subhead in the 2013-2014 Estimates of Expenditure. To enhance transparency and in line with the established practice, we will report to the Finance Committee of this Council if the Financial Secretary has exercised this authority to meet necessary requirements.

In order to ensure that the Government has the necessary resources to continue providing services to the public, I urge Members to support the motion today.

The vote on account will be subsumed upon the enactment and commencement of the Appropriation Ordinance 2013.

President, I beg to move.

Footnote

<i>Head of Expenditure</i>	<i>Amount shown in the Estimates \$'000</i>	<i>Initial amount of funds on account \$'000</i>
21 Chief Executive's Office	94,481	18,897
22 Agriculture, Fisheries and Conservation Department.....	1,579,239	751,941
25 Architectural Services Department.....	1,733,990	346,798
24 Audit Commission	137,368	27,474
23 Auxiliary Medical Service.....	75,158	15,729
82 Buildings Department.....	1,124,935	224,987
26 Census and Statistics Department.....	590,713	123,601

<i>Head of Expenditure</i>	<i>Amount shown in the Estimates \$'000</i>	<i>Initial amount of funds on account \$'000</i>
27 Civil Aid Service	96,253	19,803
28 Civil Aviation Department	853,813	171,225
33 Civil Engineering and Development Department	2,029,341	408,950
30 Correctional Services Department	3,235,902	680,382
31 Customs and Excise Department	3,107,689	774,876
37 Department of Health	5,580,318	1,485,150
92 Department of Justice	1,401,718	314,340
39 Drainage Services Department	1,996,348	423,866
42 Electrical and Mechanical Services Department	509,032	193,163
44 Environmental Protection Department	3,132,891	934,360
45 Fire Services Department	4,691,796	1,151,624
49 Food and Environmental Hygiene Department	5,200,542	1,070,794
46 General Expenses of the Civil Service	3,044,324	758,979
166 Government Flying Service	515,835	328,886
48 Government Laboratory	411,240	138,447
59 Government Logistics Department	526,171	217,508
51 Government Property Agency	1,889,157	389,820
143 Government Secretariat: Civil Service Bureau	499,173	99,931
152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch)	1,539,475	335,213
55 Government Secretariat: Commerce and Economic Development Bureau (Communications and Technology Branch)	326,031	213,639
144 Government Secretariat: Constitutional and Mainland Affairs Bureau	500,086	102,338

<i>Head of Expenditure</i>	<i>Amount shown in the Estimates \$'000</i>	<i>Initial amount of funds on account \$'000</i>
138 Government Secretariat: Development Bureau (Planning and Lands Branch).....	763,645	632,121
159 Government Secretariat: Development Bureau (Works Branch).....	472,729	187,241
156 Government Secretariat: Education Bureau ...	44,478,419	9,713,041
137 Government Secretariat: Environment Bureau.....	72,755	18,551
148 Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch).....	239,173	70,505
147 Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch).....	1,812,850	1,649,052
139 Government Secretariat: Food and Health Bureau (Food Branch)	80,496	16,100
140 Government Secretariat: Food and Health Bureau (Health Branch).....	45,568,939	9,745,216
53 Government Secretariat: Home Affairs Bureau.....	1,393,644	303,420
155 Government Secretariat: Innovation and Technology Commission.....	559,228	170,800
141 Government Secretariat: Labour and Welfare Bureau.....	717,785	186,262
47 Government Secretariat: Office of the Government Chief Information Officer.....	671,357	163,328
142 Government Secretariat: Offices of the Chief Secretary for Administration and the Financial Secretary	739,840	149,238
96 Government Secretariat: Overseas Economic and Trade Offices	324,678	64,936
151 Government Secretariat: Security Bureau	313,589	62,718
158 Government Secretariat: Transport and Housing Bureau (Transport Branch)	169,179	34,839

<i>Head of Expenditure</i>	<i>Amount shown in the Estimates \$'000</i>	<i>Initial amount of funds on account \$'000</i>
60 Highways Department.....	2,475,061	510,853
63 Home Affairs Department.....	2,022,532	434,580
168 Hong Kong Observatory	247,367	49,474
122 Hong Kong Police Force.....	14,776,454	3,166,729
62 Housing Department	210,178	42,036
70 Immigration Department.....	3,546,855	714,531
72 Independent Commission Against Corruption	927,340	185,468
121 Independent Police Complaints Council.....	49,833	11,452
74 Information Services Department	405,986	81,198
76 Inland Revenue Department.....	1,431,999	286,400
78 Intellectual Property Department	121,505	24,301
79 Invest Hong Kong	116,913	23,383
174 Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service	30,070	6,014
80 Judiciary	1,272,125	258,373
90 Labour Department	2,040,432	845,767
91 Lands Department	2,071,602	415,986
94 Legal Aid Department.....	842,163	168,433
112 Legislative Council Commission	664,384	142,660
95 Leisure and Cultural Services Department ...	6,538,016	1,399,416
100 Marine Department	1,045,050	247,184
106 Miscellaneous Services	57,272,497	2,224,822
180 Office for Film, Newspaper and Article Administration.....	43,627	8,726
114 Office of The Ombudsman.....	99,540	19,968
116 Official Receiver's Office.....	155,159	31,112
120 Pensions.....	25,509,500	5,111,380
118 Planning Department.....	574,397	123,904
136 Public Service Commission Secretariat	20,059	6,018
160 Radio Television Hong Kong.....	754,288	199,022
162 Rating and Valuation Department.....	484,270	96,854

<i>Head of Expenditure</i>	<i>Amount shown in the Estimates \$'000</i>	<i>Initial amount of funds on account \$'000</i>
163 Registration and Electoral Office	94,315	18,863
169 Secretariat, Commissioner on Interception of Communications and Surveillance.....	18,014	3,603
170 Social Welfare Department.....	54,722,835	16,867,631
173 Student Financial Assistance Agency.....	5,016,294	1,223,070
181 Trade and Industry Department	770,088	523,980
186 Transport Department	2,035,872	470,384
188 Treasury	363,460	72,692
190 University Grants Committee	15,015,579	3,227,116
194 Water Supplies Department	6,810,214	1,368,538
	<hr/>	<hr/>
	355,397,198	75,502,010
184 Transfers to Funds	743,000	43,000
	<hr/>	<hr/>
Total.....	356,140,198	75,545,010
	=====	=====

Notes:

- * The initial amount of funds on account under Head 106 includes \$1 billion under Subhead 789 Additional commitments for contingency.
- ** The initial amount of funds on account under Head 170 includes \$6.46 billion under Subhead 180 Social security allowance scheme for the Old Age Living Allowance payments.

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

"RESOLVED that —

1. Authority is hereby given for a sum not exceeding \$75,545,010,000 to be charged on the general revenue for expenditure on the services of the Government in respect of the financial year commencing on 1 April 2013.

2. Subject to this Resolution, the sum so charged may be expended against the heads of expenditure as shown in the Estimates of Expenditure 2013-14 laid before the Legislative Council on 27 February 2013 or, if the Estimates are changed under the provisions of the Public Finance Ordinance (Cap. 2) as applied by section 7(2) of that Ordinance, as shown in the Estimates as so changed.
3. Expenditure in respect of any head of expenditure must not exceed the aggregate of the amounts authorized by paragraph 4 to be expended in respect of the subheads in that head of expenditure.
4. Expenditure in respect of each subhead in a head of expenditure must not exceed —
 - (a) for an Operating Account Recurrent subhead of expenditure, an amount equivalent to —
 - (i) except if the subhead is listed in Schedule 1 to this Resolution, 20% of the provision shown in the Estimates in respect of that subhead;
 - (ii) if the subhead is listed in Schedule 1 to this Resolution, the percentage of the provision shown in the Estimates in respect of that subhead that is specified in that Schedule in relation to that subhead; and
 - (b) for an Operating Account Non-Recurrent subhead of expenditure or a Capital Account subhead of expenditure, an amount equivalent to —
 - (i) except if the subhead is listed in Schedule 2 to this Resolution, 100% of the provision shown in the Estimates in respect of that subhead;

- (ii) if the subhead is listed in Schedule 2 to this Resolution, the amount that is specified in that Schedule in relation to that subhead,

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

		SCHEDULE 1		[para. 4(a)]
	Head of Expenditure		Subhead	Percentage of provision shown in Estimates
46	General Expenses of the Civil Service	013	Personal allowances	40
59	Government Logistics Department	225	Traffic Accident Victims Assistance Scheme — levies	100
90	Labour Department	280	Contribution to the Occupational Safety and Health Council	30
		295	Contribution to the Occupational Deafness Compensation Board	30
92	Department of Justice	234	Court costs	35
106	Miscellaneous Services	284	Compensation	55
120	Pensions	026	Employees' compensation, injury, incapacity and death related payments and expenses	40
136	Public Service Commission Secretariat	000	Operational expenses	30

	Head of Expenditure		Subhead	Percentage of provision shown in Estimates
155	Government Secretariat: Innovation and Technology Commission	000	Operational expenses	25
170	Social Welfare Department	157	Assistance for patients and their families	100
		176	Criminal and law enforcement injuries compensation	25
		177	Emergency relief	100
		179	Comprehensive social security assistance scheme	30
		180	Social security allowance scheme	40

SCHEDULE 2

[para. 4(b)]

	Head of Expenditure		Subhead	Amount \$
106	Miscellaneous Services	689	Additional commitments	0
		789	Additional commitments	1,000,000,000
184	Transfers to Funds	988	Payment to the Loan Fund	0"

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

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

MR CHAN CHI-CHUEN (in Cantonese): President, concerning the resolution proposed under the Public Finance Ordinance today, that means the Vote on Account Resolution, the Government will certainly obtain enough votes to pass the resolution in the end regardless of our voting preferences. The year before last, the Administration lost simply because of inadvertent carelessness. It is foreseeable that today, this resolution will be passed for sure. What is not foreseeable is when the Budget will be passed. This Vote on Account Resolution is an advance application for government expenditures for the next two or three months, which is actually a routine practice.

However, behind such important government expenditures, the faulty financial management mentality and judgment have deceived the general public without their knowledge year after year. Even though the Government is accustomed to accepting what is wrong as right and staying in a rut, being a Member, I cannot remain silent. I used to call the Budget the "mistaken budget" because the Government's mistaken financial estimates had become its usual practice. What is more, such estimates were terribly wrong. In the Budget of 2011, it was estimated that there would be a deficit of some \$20 billion, while in reality, a surplus of more than \$70 billion was recorded. The difference was nearly \$100 billion. In 2012, it was estimated that there would be a deficit of \$3.4 billion, while in reality, a surplus of \$64.9 billion was recorded. The difference was almost \$70 billion. A number of Honourable colleagues in the Legislative Council are big bosses. If the financial controller or person in charge of financial management in a private organization had such performance, I believe he would have been sacked long ago. However, the Secretaries in the Government can make wrong estimates as a matter of course, deceiving the 7 million Hong Kong people again and again.

For this reason, from this year onwards, I will stop calling the Budget the "mistaken budget". Instead, I will call it the "deceptive budget". From financial management principles to the actual implementation, as a Member, I have the duty to expose the Government's deceptive tactics. For those theories put forward by the Government, such as managing public finances with prudence, keeping expenditure within the limits of revenues and "big market, small government", even if such theories have worked before, we still have to

continuously assess and consider whether they are still effective, in line with the actual situation and reasonable. Suppose a country, experiencing famine which happens once in decades, has to adopt an austerity policy to store up grains for rainy days. However, after it has tided over the difficulties followed by decades of prosperity, should it continue to exercise stringent control over expenditure so as to store up grains for rainy days and become indiscriminately divorced from reality with no regard to any criteria? Fortunately, nowadays, what is stored in the treasury is capital. If it were grains as in the ancient times, that would be tantamount to refusing to open the barn to save the poor even though the grains would rot. Irrational retention of money shows no concern for the life and death of people in need. Frugality which overrides kindness represents a lack of conscience.

In the actual situation, the Government holds fiscal reserves of more than \$1,000 billion, and it has recorded a fiscal surplus of nearly \$70 billion for the fourth consecutive year. Yet on the pretext of increasing the estimated expenditures for next year, it deliberately created the appearance of a slight deficit. In reality, it has merely increased the expenditures on social welfare and infrastructure, while the other recurrent expenditures are similar to those in the past. The approach for such "falsification of accounts" is always more or less the same. First, the Administration assumes that there will be a deficit. Then it presents the figures in a way which will divert people's expectations on the Budget, followed by a deliberate underestimation of its revenue. After the estimation turns out to be wrong, it emphasizes that the market is full of changes, and in the absence of financial turmoil and tsunami, the property market has been unexpectedly active every year, generating a substantial increase in revenue from land sale. Finally, the matter fizzles out with an increase in expenditure. However, these are "fake expenditures". This year, \$40 billion will be injected into different funds: \$15 billion will be allocated to the Employees Retraining Board, \$15 billion to the Community Care Fund, \$5 billion to the Environment and Conservation Fund, \$5 billion to the Language Fund, as well as \$480 million to scholarships for 20 students. For these independent organizations whose annual expenditure is only several hundred million dollars on average, the Administration's provision of additional funding to them cannot be deemed as its expenditure. It is merely presented in the name of a fund in order to hide wealth in such funds. Such money, which will eventually be put aside without being used, will be sufficient to maintain the operations of the relevant organizations for around 20 years. This sum of money which amounts to tens of billions of

dollars is not anyone's supporting capital, but the person who manages this sum of money would rather try every means to hide it than return wealth to the people. Let me reiterate, if such money were grains, it would have rotten long ago.

As a matter of fact, economists have expressed support for "direct refund" one after another because they have seen through the Government's deceptive budget, and they know that "direct refund" is the most practical policy. From the perspective of one-off relief, measures such as tax concessions and waiver of rates are actually unable to serve as relief for the so-called upper and middle strata who have a certain basic income and who allegedly have the habits of drinking coffee and watching French movies. These measures can only help relieve the upper but not the lower class. Despite the increase in recurrent expenditure on social welfare, administrative expenses will be deducted at various levels, and after the front-line officers have carried out vetting and allocation work, the amount of money which can truly benefit the public will be much less. Even in terms of pure economic theories, free utilization of intangible capital can meet the financial needs of individuals far better than tangible expenditures made under all sorts of concocted names. Allowing members of the public to freely use such capital is also the fairest approach. Recently, Prof Richard WONG of the University of Hong Kong has published an article entitled "The ABC Guide to Political Economy", commenting in detail that what we call "subsidy-in-kind", with policy items packaged inside, exists in great variety from which service providers can make a profit. Subsidy-in-cash, on the contrary, is the most effective means to benefit the public. The measure of handing out money — which we call "refund" — is subsidy-in-cash. This is not any leftist or rightist theory. In fact, it is the conclusion of a rational analysis.

The Government has been irresponsible in its management of expenditures. Being a fraud, of course it does not want to be exposed and wishes to continue to deceive the public on old pretexts. What is most absurd is that Members who claim to be monitoring the Government seldom respond to these specific deductions one by one. They would rather fight persistently for a so-called long-term policy which the Government will not implement, than join efforts to uncover such a deceptive budget which amounts to tens of billions of dollars. We request the Government to hand out money as atonement, which is in effect a direct return of wealth to the people.

Regarding this deceptive budget, finally I would like to relay the words of the American President Abraham LINCOLN as my advice to the Special Administrative Region (SAR) Government: "You can fool all the people some of the time, and some of the people all the time, but you cannot fool all the people all the time." Will the SAR Government please stop deceiving the Hong Kong people? I so submit.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): If not, I now call upon the Secretary for Financial Services and the Treasury to reply. The debate will come to a close after the Secretary has replied.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, I thank Mr CHAN for the numerous views which he has just put forward on the Budget. Now the Appropriation Bill 2013 has been submitted to the Finance Committee for consideration. The Policy Bureaux will expound on their respective policy purview at the special meetings of the Finance Committee from 8 to 12 April. Members may also express their views at the second Budget meeting to be held on 17 and 18 April.

I hope that Members will support this motion so that the Government can obtain the necessary resources to carry on its services between the start of the financial year on 1 April 2013 and the time when the Appropriation Ordinance 2013 comes into operation.

Thank you, President.

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

(Members raised their hands)

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

(Members raised their hands)

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

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Members' motions. There are a total of five Members' motions for this meeting.

First Member's motion: Proposed resolution under the Interpretation and General Clauses Ordinance to extend the period for amending the Import and Export (General) (Amendment) Regulation 2013, which was laid on the table of this Council on 27 February 2013.

I now call upon Mr WONG Ting-kwong to speak and move the motion.

PROPOSED RESOLUTION UNDER SECTION 34(4) OF THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

MR WONG TING-KWONG (in Cantonese): President, in my capacity as Chairman of the Subcommittee on subsidiary legislation, I move the motion under my name as printed on the Agenda.

At the House Committee meeting on 1 March 2013, Members decided to form a Subcommittee to scrutinize the Import and Export (General) (Amendment) Regulation 2013, which was laid on the table of this Council on 27 February 2013. Members agreed that I should move a motion to extend the scrutiny period of this subsidiary legislation to the meeting of this Council on 17 April 2013, so as to allow sufficient time for scrutiny of the subsidiary legislation by the Subcommittee.

President, I urge Members to support the motion.

Mr WONG Ting-kwong moved the following motion:

"RESOLVED that in relation to the Import and Export (General) (Amendment) Regulation 2013, published in the Gazette as Legal Notice No. 25 of 2013, and laid on the table of the Legislative Council on 27 February 2013, the period for amending subsidiary legislation referred to in section 34(2) of the Interpretation and General Clauses Ordinance (Cap. 1) be extended under section 34(4) of that Ordinance to the meeting of 17 April 2013."

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

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Second Member's motion: Mr Andrew LEUNG will move a motion under Rule 49E(2) of the Rules of Procedure to take note of

the Personal Data (Privacy) (Amendment) Ordinance 2012 (Commencement) Notice, which was included in Report No. 12/12-13 of the House Committee laid on the Table of this Council.

PRESIDENT (in Cantonese): According to the relevant debating procedure, I will first call upon Mr Andrew LEUNG to speak and move the motion, and then call upon the chairman of the subcommittee formed to scrutinize the relevant item of subsidiary legislation to speak, to be followed by other Members. Each Member (including the mover of the motion) may only speak once and may speak for up to 15 minutes. Finally, I will call upon the public officer to speak. The debate will come to a close after the public officer has spoken, and the motion will not be put to vote.

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

I now call upon Mr Andrew LEUNG to speak and move the motion.

MOTION UNDER RULE 49E(2) OF THE RULES OF PROCEDURE

MR ANDREW LEUNG (in Cantonese): President, in my capacity as Chairman of the House Committee, I move the motion, as printed on the Agenda, under Rule 49E(2) of the Rules of Procedure to enable Members to debate the Personal Data (Privacy) (Amendment) Ordinance 2012 (Commencement) Notice in Report No. 12/12-13 of the House Committee on Consideration of Subsidiary Legislation and Other Instruments.

I so submit.

Mr Andrew LEUNG moved the following motion: (Translation)

"That this Council takes note of Report No. 12/12-13 of the House Committee laid on the Table of the Council on 20 March 2013 in relation to the subsidiary legislation and instrument(s) as listed below:

<u>Item Number</u>	<u>Title of Subsidiary Legislation or Instrument</u>
(1)	Personal Data (Privacy) (Amendment) Ordinance 2012 (Commencement) Notice (L.N. 5/2013)."

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

MR CHAN KIN-POR (in Cantonese): President, in my capacity as Chairman of the Subcommittee on Personal Data (Privacy) (Amendment) Ordinance 2012 (Commencement) Notice, I now report to the Council on the deliberations on the Notice. The Notice was made under the Personal Data (Privacy) (Amendment) Ordinance 2012 (the Amendment Ordinance) to appoint 1 April 2013 as the day on which provisions of the Amendment Ordinance relating to direct marketing and legal assistance come into operation.

The Subcommittee was mainly concerned about the preparatory work of the Office of the Privacy Commissioner for Personal Data (PCPD) and the readiness of organizations involved in direct marketing activities for the implementation of the relevant provisions on 1 April this year, such as their preparation of the necessary forms and written confirmation. In response to members' concerns, the PCPD had briefed the Subcommittee on the promotional and public educational activities conducted, as well as the preparatory work done and manpower arrangements made for the implementation of the legal assistance scheme.

Regarding the preparation of the form for data subjects to indicate consent/no objection and the written confirmation of oral consent, the PCPD advised that examples of standard formats had been provided to data users to facilitate their presentation of the written confirmation in a manner that was easily understandable or readable so as to comply with the requirements under the new regulatory regime. The Subcommittee had no objection to the implementation of the relevant provisions on 1 April this year and would not propose any amendment.

Thank you, President.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): If not, Members have already spoken. I now call upon the Secretary for Constitutional and Mainland Affairs to speak. The debate will come to a close after the Secretary has spoken.

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, now let me provide an overall response.

The Personal Data (Privacy) (Amendment) Ordinance 2012 (Commencement) Notice (the Commencement Notice) was made by the Secretary for Constitutional and Mainland Affairs under section 1(3) of the Personal Data (Privacy) (Amendment) Ordinance 2012 (the Amendment Ordinance) to appoint 1 April 2013 as the day on which sections 20, 21, 38(2), 39 and 43 of the Amendment Ordinance — that means provisions of the Amendment Ordinance relating to direct marketing and the legal assistance scheme — come into operation. The Commencement Notice was gazetted on 25 January 2013 and tabled in the Council on 30 January 2013.

At the meeting of the House Committee on 8 February 2013, Members decided to form a subcommittee to scrutinize the Commencement Notice. On 22 February 2013, the Subcommittee held a meeting with representatives of the Office of the Privacy Commissioner for Personal Data (PCPD) and the Constitutional and Mainland Affairs Bureau to conduct in-depth discussions on matters relating to the Commencement Notice. Here I would like to thank the Chairman and members of the Subcommittee for their work.

The Subcommittee was concerned about the PCPD's preparatory work for the implementation of provisions in relation to direct marketing. In this connection, we have worked in collaboration with the PCPD in the past few months. To prepare data users and data subjects for the new regulatory regime governing the use of personal data in direct marketing and provision of personal data for use in direct marketing, the PCPD has launched different publicity and educational work, including the New Guidance on Direct Marketing issued to facilitate data user's compliance with the new requirements, and information leaflets published for data subjects on the exercise of their right of consent to and opt-out from direct marketing activities. Other promotional work includes a media briefing to all media, an introductory seminar for members of the PCPD's Data Protection Officers' Club, a series of training courses and workshops for different industries (including the telecommunication, financial and direct

marketing industries), a seminar for the Hong Kong Retail Management Association, updating the contents of seminars held for the public and organizations to extend their scope so as to cover the new regulatory regime, as well as placing advertisements in professional publications of the major organizations concerned.

We have also produced announcements of public interest (APIs) to inform data subjects about their rights under the new regulatory regime. The APIs will be broadcast on television and radio shortly.

Besides, to prepare for the implementation of the legal assistance scheme, the PCPD has issued an information leaflet on "Legal assistance for civil claims under the Personal Data (Privacy) Ordinance", and a short video about the legal assistance scheme has been uploaded onto its website.

President, the PCPD is well-prepared for the implementation of the new provisions. Upon commencement on 1 April 2013, the new provisions will be able to enhance regulation over the use of personal data in direct marketing and bring greater protection to data subjects. At the same time, the launch of the legal assistance scheme will provide assistance to the aggrieved data subjects in seeking compensation.

I so submit. Thank you, President.

PRESIDENT (in Cantonese): In accordance with Rule 49E(9) of the Rules of Procedure, I shall not put any question on the motion.

PRESIDENT (in Cantonese): Third Member's motion: Proposed resolution under Article 75 of the Basic Law.

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

I now call upon Mr TAM Yiu-chung to speak and move the motion.

PROPOSED RESOLUTION UNDER ARTICLE 75 OF THE BASIC LAW OF THE HONG KONG SPECIAL ADMINISTRATIVE REGION OF THE PEOPLE'S REPUBLIC OF CHINA

MR TAM YIU-CHUNG (in Cantonese): President, in my capacity as Chairman of the Committee on Rules of Procedure (CRoP), I move that the proposed resolution to amend the Rules of Procedure of the Legislative Council of the Hong Kong Special Administrative Region (RoP) be passed. This proposed resolution mainly aims at increasing the number of questions that Members may address to the Government at any one meeting of this Council.

In accordance with Rule 23 of the RoP, at present not more than 20 questions may be asked at any one meeting where questions may be asked. Where there will be a debate on motions not intended to have legislative effect at a meeting, no more than six slots are allowed for questions that require an oral reply.

With the increase of 10 more Members in the new term of the Legislative Council, CRoP in the last term of the Legislative Council suggested that the number of oral question slots be increased from six to seven and the number of written question be increased from 14 to 16 in the new term. At its meeting on 25 May 2012, the House Committee supported the aforesaid proposal and the amendment to the relevant provisions of RoP.

Since the motion to amend RoP had not been dealt with by the Council before the Legislative Council in the last term stood prorogued, CRoP in this term considered this matter again. CRoP had agreed that the number of written questions to be asked at each Council meeting should be increased to 16. As regards whether the number of oral question slots should be increased from six to seven, CRoP had decided to consult all Members. The findings of the consultation indicated that there were slightly more Members who considered that the number of oral question slots should remain at six than those who considered that the number should increase to seven.

After considering the consultation findings, CRoP proposes that at each Council meeting where oral and written questions may be asked, the number of oral question slots should remain at six while the number of written question

should increase to 16. At Council meetings where only written questions are allowed, the number of written questions should increase from 20 to 22.

Moreover, CROp proposes to amend Rule 23(1) of the RoP to reflect the long standing practice of the Legislative Council since its first term, which is Members may ask questions at any meeting of the Council except the first meeting of a term or a meeting at which the President is elected or the Chief Executive delivers a Policy Address to the Council.

At the meeting on 8 February 2013, the House Committee endorsed the proposed resolution that I move today, that is, to amend Rules 23(1) and (2) of RoP according to the proposal above.

I so submit. Thank you, President.

Mr TAM Yiu-chung moved the following motion:

"RESOLVED that the Rules of Procedure of the Legislative Council of the Hong Kong Special Administrative Region be amended as set out in the Schedule.

Schedule

Amendments to Rules of Procedure of the Legislative Council of the Hong Kong Special Administrative Region

1. **Rule 23 amended (question time)**

(1) Rule 23(1) —

Repeal

"addresses the Council on the policies of the Government"

Substitute

"delivers a Policy Address to the Council".

(2) Rule 23(2) —

Repeal

"20"

Substitute

"22".

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

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

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

PRESIDENT (in Cantonese): Fourth Member's motion: Promoting Hong Kong's economic restructuring.

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

I now call upon Mr Martin LIAO to speak and move the motion.

PROMOTING HONG KONG'S ECONOMIC RESTRUCTURING

MR MARTIN LIAO (in Cantonese): President, I move that the motion as printed on the Agenda be passed.

Today, I move this motion "Promoting Hong Kong's economic restructuring" because I think sustainable development is a crucial factor for maintaining the lifeblood of Hong Kong's economy and society. To enhance the sustainable and healthy development of our economy, we must plan for the diversification of industries and attempts should be made on all fronts. Or else, Hong Kong's development will become unsustainable. At present, the deep-rooted deficiencies in the economy were the result of our failure to upgrade and restructure, as well as the unitary economic structure and undiversified industries. Regrettably, although the SAR Government has vowed to promote economic restructuring year after year, no action has been taken so far. Nor is there any comprehensive macro policy to promote the overall development. Take the recently released Budget as an example. I fail to see any long-term policy to either allocate resources or support diversified development of industries. Many initiatives are piecemeal in nature and lead to nowhere. Nonetheless, let bygones be bygones. We should now look forward to the future. Given that the Mainland is looking for changes in its mode of economic development and the world economy is still in the doldrums, they offer another opportunity for economic restructuring in Hong Kong. Compared with neighbouring countries which have planned for diversified development long ago, I think it is now time for the Government to spend some money to promote economic restructuring in Hong Kong. Since this topic has an extensive coverage, I will only focus on two major areas, namely scientific research and creative industries.

On scientific research, Hong Kong's development has remained stagnant in the past years. Our expenditure on scientific research only accounts for about 0.7% of the Gross Domestic Product (GDP) and has not made any progress in the recent five years. On the contrary, Mainland's expenditure on scientific research has been increasing in recent years at an impressive rate of 20% a year and accounts for about 1.8% of its GDP. For neighbouring countries with advanced technologies such as Japan and Korea, the percentages of expenditure on scientific research in their GDP are 3.78% and 3.47% respectively; whereas for Singapore, which has always been used for comparison, the relevant expenditure accounts for 2.14% of its GDP, about three times that of Hong Kong. While the number of research academics in the eight major institutions adds up to about 4 000, the University of California at Los Angeles, the United States, alone has more than 4 000 academics. Obviously, Hong Kong has lagged far behind. Thus, the Government should make up its mind and squarely promote the relevant development. In fact, the development of scientific research requires relatively little land and is therefore very suitable for this tiny place which lacks natural resources. This can be proved by the success of Finland's Nokia and South Korea's Samsung for these world renowned brands were created by countries with a low population. In fact, Hong Kong does have outstanding research talents and our tertiary institutions have shown remarkable improvement in their capability of scientific research in recent years. With the availability of the necessary conditions, what Hong Kong needs is determination and incentives on the part of the Government.

Among Asia's "Four Little Dragons", Korea, Taiwan and Singapore have actively promoted the integration of industry, academic and research. This includes the direct provision of financial support or the formulation of policies to enhance collaboration among industries, universities and research institutions, so as to effectively promote the application and transfer of knowledge and technologies. Although the Government has earmarked additional resources for scientific research, no dedicated government institution has been tasked to co-ordinate the relevant work in a focused manner. Thus, results of scientific research were not commercialized without the direct promotion of policies or extensively applied in the community or industrial and commercial sectors. Nor were they developed into Hong Kong brands through effective marketing. In this connection, the Government should make reference to the experience of the United Kingdom, the first country in the world to advocate the concept of creative

industry and promote development through policies. The Creative Industries Task Force was set up in as early as 1997 to sustainably effect inter-departmental co-ordination to satisfy the need for industry development. The Chief Executive had once contemplated to establish the Information and Technology Bureau, but has not realized due to various political reasons. I therefore suggest the Government to establish a similar inter-departmental interface working group to specifically handle and formulate scientific research policies, and integrate local technological research capabilities so as to help Hong Kong look further and move faster.

Furthermore, the Government should enhance its co-operation with universities and subsidize more research and development (R&D) projects through the provision of research grant and the Innovation and Technology Fund, as well as additional research subsidies and scholarships for training research talents and stepping up promotion. In the recently released Budget, it is proposed that each local university will be provided with a subvention of \$12 million for a period of three years to support the work of technology transfers and the realization of R&D results. While the subvention is certainly useful, it is just a drop in the bucket for the institutions and does not do much help. It has been reported that The Hong Kong University of Science and Technology has spent as much as \$5 million a year on patent applications for their research results. What is more, the relevant measures are fragmented and no focused and comprehensive support policy has been formulated to tie in with and consolidate the synergies of scientific research. Thus, the Government should formulate comprehensive policies on operation and financial support. Singapore, for example, has provided support for local small and medium enterprises (SMEs) in respect of patent application. India, on the other hand, has also encouraged local enterprises to inject more R&D resources in the form of tax deduction. I suggest that the Government should offer enterprises at least double tax deduction for the injection of research capital, and introduce measures to attract international enterprises and talents to set up research centres in Hong Kong. In my opinion, apart from strengthening co-operation with different sectors as well as promoting R&D activities and technology transfers, the Government should also encourage the industry to actively participate in the development of scientific research in Hong Kong. For example, expenditure by the United States Government on scientific research accounts for less than 50% of the total amount, which is mostly contributed by members of the trade.

President, apart from scientific research, creative industries have long been neglected as well. At present, there are about 200 000 practitioners working in the creative industries, representing about 4.5% of the GDP. This is far lower than that of Beijing, Shanghai and Guangzhou, which ranges from 8% to 12%. No progress has been made in such development at all. In fact, creation is a crucial element of all economies and creative industries cover different areas, including culture, arts, music, performance, design, software, advertising, architecture and multi-media. The remarkable performance of the creative industries in the United Kingdom, the United States, France, Korea and Japan is mainly attributable to the great importance their governments attached to the cultivation of cultural creativity. They are well aware of the importance of cultural creativity to the development of emerging industries and the enhancement of value of industries. These countries have formulated long-term strategies on the development of creative industries long ago. For example, the Creative Industries Task Force of the United Kingdom mentioned by me earlier has helped enterprises create wealth and employment opportunities. Korea was also able to rebound quickly from the trough of the Asian financial turmoil as a result of the introduction of the strategic "Design Korea" in 1998 to boost creative industries. Singapore also introduced a visionary policy document on "Renaissance City 2.0" in 2000 and proposed concrete policies and directions for nurturing creative talents.

On the contrary, Hong Kong's creative industries have not made any progress over the years. At present, our creative industries mainly focused on businesses, such as software and computer games development as well as interactive media. Results in the development of other creative industries were not promising. The CreateSmart Initiative, Film Development Fund, Hong Kong Design Centre and InnoCentre set up by the Government have failed to develop projects which bring great impact. This is probably attributable to the apathetic attitude of Hong Kong to innovation culture. As a result, unique cultural brands of Hong Kong have not been properly promoted. For example, a dedicated library for the master of kung-fu novel Mr JIN Yong is found in a pawnshop with ancient architectural features in Macao but not in Hong Kong. I believe not many Hong Kong people have read the four Chinese classical novels, but sarcastically, numerous online games, animation, film adaptation and drama series originated from these classical novels emerged in the market. This proves

that many things which we consider as leisure may create unlimited business opportunities.

Therefore, the Government should go back to square one by cultivating people's cultural creativity, with a view to training creative talents. I suggest that the Government should subsidize the co-operation between primary and secondary schools and the industry to develop diversified extra-curricular creative curriculum. Professional experts may be recruited as teachers to lead overseas exchange activities. All these would enable students to learn the innovation culture from different perspectives and thus cultivate their creativity, and give them a better understanding of the cultural differences among the countries. Furthermore, the Government may also encourage universities to join hands with overseas creative cultural institutions to organize diversified accredited certification courses, and attract more young overseas talents to come to Hong Kong for cross learning and sharing or work, thereby providing more opportunities for creative expression, cultural exchanges and inclusion. On the other hand, the Government may also provide employment and training opportunities by organizing internship or providing training for teachers and students, and take the initiative to organize creative competitions of various kinds such that the winning entries can be used as publication or promotional materials.

President, it is not enough to merely sow the quality seed for creation. A good environment is also important for the creative industries to bear fruit. And yet, current town planning has often neglected the synergy effect brought by different activity space. While creative talents of public space produced creative stages, regrettably, service space available for creative talents in the community is negligible. The Government should integrate historic buildings with their surrounding compounds to form "cultural lots with distinctive communal features", so as to attract art galleries as well as personalized and trendy shops to move in. Also, cultural tours can be arranged to create a cultural atmosphere in the city, thereby boosting the development of cultural creative activities. Furthermore, the Government may consider designating some community space as venues for cultural activities, for example, the Statute Square in Central, the Tamar Park in Admiralty and the Kowloon Park in Tsim Sha Tsui. This may deepen the impact of cultural creativity and encourage the development of creativity in various districts.

Apart from the lack of talents, the community also faced other problems such as the cost of business start-up and promotion. I suggest that the Government should provide support in respect of venues and consider modeling on the Cattle Depot Artist Village or the arts studios in Fo Tan and Kwun Tong by dividing some low-rent flats into sub-divided units, or converting old industrial buildings into platforms for the creative industries, thereby providing a work base for local creators.

President, in order to effectively promote creative industries, I suggest that the Government should set up a Creativity Development Committee to formulate long-term and comprehensive strategies and support policies for the creative industries on all fronts. For example, the Government may promote co-operation between business organizations and young people to create and develop innovative products by supporting business start-up through the provision of tax concessions and financial guarantee. It may also provide training for business start-up, which covers the protection of intellectual property, drafting¹ of investment proposals, the promotion of industries and sourcing of capital. Besides, the Government may provide incentives, such as tax concessions, to encourage property development projects to include creative cultural elements to arouse people's awareness to creative culture.

If the creative culture industry can bring along the development of creative products and brand image, our reliance on the four pillar industries can be reduced. Just like the "Concentric circle of the cultural sector" in a cultural economy proposed by the Australian economist David THROSBY, the production and consumption of cultural commodities should be an integration of both cultural and commercial elements.

President, as economic restructuring has an extensive coverage, today, I may not be able to give an in-depth analysis or explore emerging industries suitable for development in Hong Kong given the time constraint. This motion can only serve as a stimulus by providing a discussion platform for colleagues to express their views.

President, I beg to move.

¹ Mr Martin LIAO pronounced the term "撰寫" (zaan6 se2) (which means drafting) as "選寫" (syun2 se2).

Mr Martin LIAO moved the following motion: (Translation)

"That in the light of the general direction of the transformation of the Mainland's economic development mode, and recent changes in the international economic situation, this Council urges the Government to seize the opportunity by utilizing financial resources and policy measures appropriately to promote Hong Kong's economic restructuring."

PRESIDENT (in Cantonese): The expression used by the Member should be "撰寫", pronounced as "zaan6 se2" but not "syun2 se2" ("選寫").

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

PRESIDENT (in Cantonese): Mr Kenneth LEUNG, Mr TANG Ka-piu, Mrs Regina IP, Mr SIN Chung-kai, Mr IP Kin-yuen, Mr Charles Peter MOK and Mr NG Leung-sing wish to move amendments to this motion, while Mr Christopher CHEUNG wishes to move an amendment to Mr Kenneth LEUNG's amendment. This Council will now proceed to a joint debate on the motion and the amendments.

I will call upon the above Members to speak in the above order, but they may not move amendments at this stage.

MR KENNETH LEUNG (in Cantonese): President, regarding the motion proposed by Mr Martin LIAO today, I believe most Members present at the meeting acknowledge the importance of economic restructuring in Hong Kong. In fact, since the reunification of Hong Kong, previous governments have implemented a number of policies to promote economic development, and different sectors have also put forward a number of proposals for industry development. To our great regret, over the past decade or so, the general economic structure of Hong Kong has not changed much. Although we had encountered two major financial crises after the reunification, our economic

growth continues to rely on the so-called four major industries, namely finance, logistics and trade, tourism and professional services.

In the long run, we must develop a so-called high value-added and knowledge-based economy. But does any or all of those four major industries fulfil our long-term goal to achieve a high value-added and knowledge-based economy?

There is no doubt that Hong Kong's current business environment does have certain edges, for example, an advantageous geographical location; a simple and transparent tax regime; good basic infrastructure; free flow of capital and information; good and clean rule of law, as well as the huge Mainland market. Yet, these are the objective conditions built up over the years.

According to the latest Global Competitiveness Report published by the World Economic Forum, although Hong Kong is still among the highest in the world and is only after Singapore in Asia, it lags far behind neighbouring countries and regions in the following aspects. For example, Hong Kong ranked 26th in innovation, 55th in the effectiveness of anti-monopoly policy; 31st in the quality of scientific research institutions and 36th in the availability of scientists and engineers.

Although we should not necessarily blindly believe in the ranking released by the so-called international ranking agencies, we must recognize our deficiencies in order to create more long-term edges.

To promote Hong Kong's economic restructuring and diversification, I consider that we must attach importance to the following aspects.

Firstly, regardless of whether we are to promote high-value added, high-end knowledge-based or high technology industry, it is important to first rationalize two production factors which the most basic economic theories have referred to. They are land and talents. The role of the government is to make available the necessary land and talents at the right time and at reasonable prices. Of course, the amount of land and the type of talents to be made available depend on the industries to be promoted. This is the first point.

Secondly, when the Government promoted the development of industries in the past, it often failed to formulate specific action targets. This is one of the major reasons why previous governments have failed to promote industry policies.

What is meant by action target? When promoting the relevant policies, I think the Government should formulate specific, achievable and measurable targets so as to ensure that the policies will not become empty talks. The targets can be: First, a percentage in the Gross Domestic Product (GDP), which represents the proposed industry's contribution to the overall economic performance; second, the industry's contribution to the local employment condition; third, the industry's contribution in improving the local employment structure and social mobility, the contribution of the industry's tax payment to the revenue of the Treasury, or any other ways to measure the internal rate of return of the subsidized industries.

Another basic question is: Why were certain industries selected by the Government for promotion? What kind of economic restructuring is being promoted? In my opinion, the Government should play an active complementary role whereas local enterprises or the industrial and commercial sectors would decide on the industries to be selected for promotion. As we can see, in the past decade or so, the SAR Government often identified the so-called leading industries on the basis of subjective personal knowledge or the recommendations of a small group of people who have close relations with the responsible officials.

Let us look at some examples. Where have the Cyberport and fashion port gone? How about the Chinese Medicine Port? As we can see, even the six major industries proposed in the Donald TSANG era were the subjective wishes of government officials. To what extent were these industries supported by local industries, enterprises, the industrial and commercial sectors, academia and the general public?

An important reason for proposing an amendment to Mr Martin LIAO's motion is to highlight the need for Hong Kong to identify its uniqueness and role, and make changes on its own initiative rather than in response to changes in the Mainland or the rest of the world. Very simply, business opportunities and chances often require direct, decisive and forward-looking decisions and allow no

time for consideration, bearing in mind that a lead time of at least three to four years is required for the formation of land and the nurturing of talents. If we blindly follow other's examples and do whatever others do, the world would have changed after four or five years.

As Mr Martin LIAO has just said, South Korea promoted its cultural industry in 1998 which includes our familiar television dramas, films and pop music. At that time, the cultural industry of South Korea was pretty backward and not many of us liked watching Korean productions. But then the subjective and direct thinking of the South Koreans made them think that something had to be done, and decisive decisions were made disregarding the objective influences in the vicinity. After a decade's effort, South Korea's popular cultural industries are now considered the best in Asia and have significant global implications.

Given the diversified historical and social background of different countries, Hong Kong must be bold and innovative in the promotion of industries. People often forget why many economies rapidly took off all of a sudden in the 1980s and 1990s, and that the United States did not have budget deficit in the CLINTON era. In economics, there is the so-called supply-side economics — "supply creates its own demand". Hong Kong needs some forward-looking and bold proposals to create demand.

Today in 2013, we can certainly go back to the Keynesian period when demand created supply. How should we choose between these two theories and apply them? I think this is worthy of our consideration.

Let me quote some more examples. In the past decade, we have relied heavily on the Individual Visit Scheme (IVS) to stimulate our economy. A simple formula is the establishment of more shopping malls to attract more IVS tourists. This is nonetheless a short-lived stimulating measure like stimulants, and overdose of stimulants will create problems and bring negative effects to society.

Undeniably, the IVS does bear economic fruits, but it also causes problems. For example, our heavy reliance on the unitary mode of selling goods has brought some negative effects, such as hollowing out of the local industries, unitary jobs, as well as loss of economic vitality and lack of opportunities for upward social mobility.

To promote the development of industries and economic diversification, the Government must have forward-looking and bold ideas. Of course, it should maintain a free market to ensure that all industries can compete on equal footings on the one hand, and maintain a fair and transparent business environment on the other. And yet, while maintaining a free market, the Government must provide the two essential factors for production, and they are land and talents, as mentioned above.

President, I so submit.

MR TANG KA-PIU (in Cantonese): President, the motion proposed by Mr Martin LIAO today is so concise as to enable Members to express their own views. Of course, one reason for proposing this motion is the implications of the changes in Mainland's economic development on Hong Kong.

Since my parents came from the Mainland, I often visited my homeland, Dongguan, when I was a boy. I noticed that many factories, which did not exist in the past, have been set up in Dongguan. After I graduated from university, my cousins found it easier to get a job and they have pretty good prospects. However, the factories had disappeared in my recent visit to Dongguan. It can therefore be said that changes in the Mainland is much more drastic than those of Hong Kong in the course of economic development. I therefore agree with Mr Kenneth LEUNG that the two major production factors are worthy of our discussion.

But first of all, I would like to talk about one concept. After I entered the university in 1998, expressions like "economic restructuring" or "changes in economic structure" always came to my ears. Then, in the following decade or so, I witnessed how hard young people of my generation, as well as the previous and next generation had worked to catch up with the state-of-the-art. They had chosen to study what the market wanted, but the market no longer existed after they graduated three years later. I think the most typical example is information technology (IT). Recently, I met with an IT trade union and they told me that there was sincere demand for IT talents. Some even planned to help people with disabilities to set up social enterprises, which would employ people with disabilities to design websites at home. I asked why the IT personnel did not do the work themselves, and the reply was local IT personnel were good at looking

for business opportunities and not many of them engaged in website design. They therefore preferred to pass the job to other people. This is the characteristics of Hong Kong society where people enjoy doing sales and marketing. Is this led by the Government or the market? I do not know. However, I do want to highlight one point in my speech or in my proposed amendment. If we let the market or the so-called capital flow affect Hong Kong's diversified economy or social development, we will remain unitary; social discontent will further intensify and labour shortage will exist in various industries, thereby causing confusion to the younger generation.

Why are they confused? Just ask ourselves: Is the personality of all young people or all employees (including the middle-aged man) suitable to engage in the sales or servicing industry? No. As I have pointed out in part (2) of my amendment, the Government should review which industries cannot be moved out of Hong Kong. This is because no matter where the capital or capitalists go, there must be something that cannot be moved out of Hong Kong. Instead of providing assistance out of a sense of duty, as if it is a kind of relief or alms, the Government should examine if further development is possible.

Recently, I had a meeting with the seafarers' association and the Marine Department as we have been very concerned about the development of Hong Kong's maritime industry, and particularly because this year's Policy Address and Budget have vowed to strengthen support of the maritime industry. I have therefore read a lot of relevant documents and discovered that Hong Kong's status in the international maritime arena is not bad at all. What do we mean by that? Our ranking is very high with a total of 2 200 registered vessels of 7 800 gross tonnage, and we are listed as one of the top 10 cities or countries, together with Japan and the United States. While we rank the seventh in terms of the number of vessels, higher than Denmark and Taiwan, more than 60% of our vessels are owned by local vessel operators, which is much higher than the rest of the world.

I have looked up the revenue generated by operators of ocean going vessels last year, it was as high as \$91.3 billion and 4 737 posts had been created. But how many of them are taken up by local residents? Firstly, there is no local seafarer. How many of the professional posts, such as Master or Chief Engineer, are filled by local residents, just like our colleague Mr WONG Kwok-kin? There are some 160 of them. How come no Hong Kong people have joined this industry which yields such high returns? Perhaps the zero

participation of Hong Kong people is attributable to the need to compete with the world. But how come the Government had not noticed this at all, but decided to develop this industry which Hong Kong people do not have a part to play?

I am aware that the Government will earmark \$100 million for this purpose. Actually, throughout the years, we have requested time and again to increase the number of trainees. At present, 40 sea-going officers will begin their career as cadets to progress to senior officers each year. Nonetheless, after talking to them, I learned that they are not guaranteed to receive on-board training upon completion of the training course. Worse still, they only receive US\$500 to US\$1,000 per month during the two-year cadetship training because a cadet is considered as an extra and a ship may operate without one. Has the Government done anything in this regard? I am aware that the Government has provided each cadet a monthly subsidy of \$5,000 to enable them to receive on-board training, but is there any measure to encourage or even mandatorily require vessel companies to allow local cadets to receive on-board training? The Government has never thought about it. As a result, the industry generates revenue without creating any high-quality job opportunities. What does this give rise to? The Marine Department intended to recruit some qualified Vessel Masters to take up certain technical posts, but regrettably found that no sufficient talent is available in Hong Kong and had to recruit abroad. This is not a low-value added or dying industry. Rather, it is a high-value added industry and the development is promising. It is only that Hong Kong people do not have a part to play. Given the various types of industries in Hong Kong, we hope that the Government will review which of them (from shipping to ship repairs) cannot be moved out of Hong Kong. We are aware that Hong Kong's ship repairs industry, and the shipyard in Tsing Yi in particular, has long faced a shortage of labour, just like the aircraft engineering industry. Young people find it hard to survive with the meagre wage of \$6,000. We all understand that the problem lies in the meagre wage of \$6,000 and the high commodity prices. Even a promoter of electrical appliances working in Mong Kok earns a salary of \$11,000 a month plus commission. It is time for the Government to seriously think about the situation. This is a result of the market force. If market force continues to stifle the development of local industries with potentials, the Government must do something about it.

I firmly believe that not all young people want to be salesmen. Is it possible that some may wish to develop in crafts? We think that one may

distinguish himself in any trade. Take the construction industry as an example. It is facing a serious problem that more than 40% of its registered masters have reached the age of 50, showing that the industry is ageing. I am aware that the Development Bureau is exerting its best efforts in this regard. However, after digging into the matter, I learn that though a daily wage of \$1,100 or even \$1,300 in Hong Kong sounds pretty good, it is as high as \$1,600 in Macao. Wages which appear attractive to us are actually lower than our neighbouring places. The question thus lies in how much the community treasures local talents in crafts.

Here, I wish to share with Members some overseas examples which people engaging in academic research or having strong think tank back-up will be very familiar with. Germany, for example, is a strong economy and various industries, such as manufacturing, servicing and finance, are all doing very well. One special feature of its education system is the double-barrelled approach, which consumed a good deal of resources. As we can see, after the unification of East and West Germany, it remains to be the leader of Europe both in terms of the rate of unemployment and the development of various industries. And yet, the percentage of university graduates is lower than that of Western Europe. In fact, it has been nurturing young people. But instead of encouraging them to obtain any certificates, the German Government allows them to directly join certain industry as trainees. From this, we can see why industries in Germany are so diversified. This is outcome of attaching importance to vocational education.

Of course, there is no way we can compare with such a traditional industrial country. Let us turn to Singapore then. We all know that Singapore has held fast to the promise that the manufacturing or second industry should accounts for nearly 20% of its GDP. And yet, Hong Kong has not noticed that and no relevant policy has been introduced so far. Therefore, my speech and my amendment actually share the same objective, and that is, hoping that the SAR Government will comprehensively review which industries cannot be moved out of Hong Kong, with a view to exerting greater effort to develop them. Recently, I read a piece of news about a foreign-owned company withdrawing from Shenzhen and moving back to the United Kingdom. As this company produces cup noodles of a United Kingdom brand, I come to realize that even the United Kingdom is now producing its own cup noodles. Hong Kong should better take

the initiative to develop industries with potentials and provide high-quality job opportunities instead of merely pursuing economic development.

I believe Miss CHAN Yuen-han will speak more on part (3) about the use of public spaces and the nurture of emerging or arts industries in Hong Kong. We support the other amendments. Thank you.

MRS REGINA IP (in Cantonese): First of all, I would like to thank Mr Martin LIAO for moving this motion today, which is really timely. It is because it is really necessary for us to urge the Government to strongly promote economic restructuring. Let us look at some basic data concerning our economic structure. May I ask my partner, Mr Michael TIEN, to show Honourable colleagues some data? In 1990, the primary industry (the agriculture and fisheries industry) took up 8% of our industry, while the secondary industry (the manufacturing industry) took up 18%. Nowadays, the primary sector (the agriculture and fisheries sector) takes up 0% or a negligible percentage, even though there are 60 members in the Election Committee and one Legislative Council Member representing the agriculture and fisheries industry. The manufacturing industry including the construction industry takes up 7% while the services industry takes up 93%. Similarly, our labour force is restrictive. In 1990, 9% of our labour force were engaged in the primary industry (the agriculture and fisheries industry), 25% were engaged in the manufacturing industry and the remaining force engaged in the services industry. Nowadays, a negligible number of people engage in the agriculture and fisheries industry, 11% in the manufacturing industry including the construction industry and 90% in the services industry. A very obvious point is that our industries have become increasingly unitary. Thank you, Mr TIEN.

There are many adverse effects when our industries have become increasingly unitary. There are fewer job opportunities in a narrow economic structure. For example, many middle-aged women having lower skills and education levels have lost their former jobs in the manufacturing industry. Only those engaged in the real estate industry or other related industries can easily make quick money, and the chance for people who have recently become the middle class or young people to move upward is smaller. So, the community has become more and more discontented in spite of economic growth.

As we all know, the former Chief Executive, Donald TSANG, launched the development of the six industries where Hong Kong enjoyed clear advantages upon his return to Hong Kong in 2009 after being apparently urged by Premier WEN. As I told him many times, the so-called six industries only included five major industries because innovation and technology did not constitute an independent industry but they stimulated industries. In any case, he chose five major industries but he did not tell us why. In fact, the industries he had chosen were inappropriate in consideration of the advantages enjoyed by Hong Kong. Therefore, I suggest that the Government should consider certain criteria in promoting economic restructuring.

First, in choosing the industries where Hong Kong enjoys clear advantages, the Government must identify industries which are consistent with Hong Kong's comparative advantages. I believe at least one Member in this Chamber, Mr Kenneth LEUNG, who studied economics in LSE understands, or some other Members also understand what is meant by a comparative advantage. This is a theory introduced by David RICARDO, an economist in the 19th century. If we are able to produce an item, either a finished or service product, with the lowest marginal cost or opportunity cost, we will have a comparative advantage. In the 1970s and 1980s of the last century, the father of two Members from the TIEN family became the "king of trousers" in the United States because Hong Kong enjoyed comparative advantages in the manufacturing of jeans and suit pants at that time.

Second, the Government must identify industries which are consistent with Hong Kong's competitive advantages. For instance, Hong Kong is a free port and there is no customs duty; thus we have competitive advantages as a consumer city. Nevertheless, both comparative advantages and competitive advantages will be transferred. As Hong Kong is a shopping paradise, although we have promised the World Trade Organization that we will not impose customs duty on most commodities, if our neighbouring places reduce customs duties or our great Motherland adopts special measures for Taiwanese compatriots or encourages Mainland compatriots to spend more in foreign countries, this shopping paradise will no longer have advantages in respect of Mainland visitors on individual visit scheme. We may not have comparative advantages or competitive advantages in making Hong Kong as a cruise terminal. I will elaborate on this point when we discuss the next motion if I have an opportunity to do so.

Third, we think that the Government should choose some industries or sectors that can promote and stimulate economic upgrading and restructuring, instead of those that would make us go downstream. Based on this criterion, we should not consider developing a "formula milk powder city" or a "diaper city" at the boundary or turning Hong Kong into a shopping city for Mainland compatriots. In doing so, it would make us go downstream and our added values would be decreasing rather than increasing.

Fourth, the Government must identify industries which are consistent with the global economic development. I very much agree with the proposal made by Mr Martin LIAO. Concerning the global economic development, apart from the prosperous development of some high-technology industries, the developed economies nowadays, including Hong Kong, have also become post-industrial information economies. With the rise of the Internet and the breakthrough in computer hardware and software technologies, some new industries have been generated. The information industry includes the storage, processing and dissemination of information or outsourcing industries such as data mining. We should make efforts to follow these trends.

Furthermore, we have to keep up with the development trends of other regions and countries. As mentioned by Mr Martin LIAO and some Members just now, our country certainly understands the world trends very well, and has put in efforts for upgrading and restructuring, so as to enhance the added values of the economy.

The industries we choose for development should be forward looking and innovative. We should not merely follow the footsteps of others and lag behind other regions in terms of global and national development.

Seventh, the industries we choose should be able to create high value-added job opportunities rather than low value-added job opportunities, such as parallel traders. Some people commuting between Hong Kong and the Mainland for 26 times each day to make money; I think such job opportunities are not what we want.

Eighth, the industries we choose should be able to promote economic restructuring. On the basis of these criteria, the most suitable industry to be developed in Hong Kong is not the healthcare industry, though I fully agree that

we must adjust the imbalance of public and private healthcare services. Why is the healthcare industry not suitable for development in Hong Kong? It is because the land prices and wages of health professionals are high and the capacity is limited. That is why when the Government recently invited tenders for hospital development at allocated sites, there was only one successful bid for a site in Wong Chuk Hang, as the site was close to the specialist doctors on Hong Kong Island, while no tender has yet been received on the more remote sites.

Hence, it is most suitable for scientific research to be developed in Hong Kong as Mr LIAO has just said. But pure scientific research is not enough. The eight universities in Hong Kong have been carrying out ongoing research, why cannot the research results be industrialized? What kind of research results can most easily be industrialized and what kind of technology is most suitable for development in Hong Kong? The answer is information technology.

Information technology had been very successfully applied in Hong Kong in the past. In my view, the Government should make greater efforts to study the new application of information technology. I think new applications can be developed in Hong Kong in a few areas: first, food safety, using information technology for labelling and monitoring food safety; second, elderly services including home service. Everyone knows that an ageing population is a general trend in Hong Kong; we should make use of information technology more frequently to measure the quality of elderly services. Next, monitoring environmental services, as well as water and energy services. In developing these areas, we do not need large areas of land. In the initial stage, people may just need to learn to write software, and some new industries can slowly be developed. We need efforts more than land in this connection. In the long run, it is possible to find a new way out for Hong Kong and create new high value-added jobs. We can also change the culture of our society so that our work ethic is not just making quick money.

MR SIN CHUNG-KAI (in Cantonese): President, I am going to move an amendment to this motion today, but before I introduce my amendment, I would like to take this opportunity to respond to the remarks made by some Members just now.

Mr TANG Ka-piu mentioned that practitioners in the information technology industry fail to find a job, and Mr Charles Peter MOK will move an amendment related to the information technology industry later. I would like to point out that such situation will in fact arise. As the skills required by the information technology industry change rapidly, some people cannot find a job while some employers cannot recruit suitable talents. There is obviously a job mismatch situation in the industry, which is also a feature of the industry itself. However, the industry has promising prospects. Mr TANG Ka-piu might have been busy, but we visited the Cyberport a few days ago and we had the opportunity to visit many companies. Mr KWOK Wai-keung of your party also attended the event, and I hope that Mr TANG can also have a better understanding of the development of the information technology industry.

I basically support all amendments today except the amendment proposed by Mrs Regina IP who has just left the Chamber. I support most of the amendments because many proposals are appropriate. I have reservation about Mrs Regina IP's amendment because she has deleted one sentence in Mr Martin LIAO's original motion, that is "in the light of the general direction of the transformation of the Mainland's economic development mode, and recent changes in the international economic situation". There is no problem with this deletion as Mr Kenneth LEUNG has also deleted this sentence in his amendment. The problem is that she has substituted the deleted sentence with "as the Central Government and provincial and municipal governments on the Mainland dovetail with the global economic development trend by vigorously promoting economic upgrading and restructuring to increase economic value added and create quality employment opportunities".

Hong Kong should capitalize on economic opportunities and make good use of resources. We should make efforts regardless of whether the provincial and municipal governments on the Mainland have done so. We should not follow suit just because the provincial and municipal governments on the Mainland promote economic upgrading and restructuring. We should reach out to the international community and blaze a new trail in the face of global economic restructuring, in pursuit of economic development or balanced development for Hong Kong and our next generation. Therefore, we have reservation about Mrs Regina IP's amendment because its contents seemed to be completely tilted towards the Mainland.

I will now explain the contents of my amendment. I emphasize a few points in my amendment: I promote diversification of industries. In the last part of her speech, Mrs Regina IP has touched upon development in a few areas. I have also suggested some directions of development. In the past, the development of Hong Kong was focused on a few industries, including finance, real estate and tourism. When Donald TSANG was the Chief Executive, he introduced the six industries where Hong Kong enjoyed clear advantages. As in the case of TUNG Chee-hwa when he was the Chief Executive, things no longer existed if they were not mentioned. It seems that the Government has disregarded the education and healthcare industries, I wonder whether the Government has disregarded all the six priority industries, or just the education and healthcare industries. I hope the Secretary would give us an explanation later. Nevertheless, we think that the authorities should at least pursue active development in a few areas, including the cultural and creative, innovation and technology, environmental protection and certification services industries.

We all have a clear idea about the cultural and creative industry. With the development of the West Kowloon Cultural District (WKCD), the industry has become increasingly important. The Government should make comprehensive planning since the WKCD will definitely play an important leading role. After the Easter holiday break, we will have debates on the Budget and some government funding will be granted. I support the allocation of resources in this area. In the past few years, while the working force has no great changes, the proportion of the cultural and creative industry in our GDP increased from 4% in 2008 to 4.6% in 2010, and there was apparently a slight increase. The activities in this area such as auctions or other activities have also increased in recent years.

Regarding innovation and technology, we rely on the Government's input and certainly it cannot be unrestrained. Hong Kong apparently has a very favourable objective environment for developing the innovation and technology industry, but there are some internal deficiencies. Take the research on innovation and technology as an example, it is true that there are quite a number of graduate students in major tertiary institutions in Hong Kong; however, as pointed out by Dr Kenneth CHAN, most of these students come from the Mainland, and they account for an overwhelming 70% to 80%. What can we do when local students are not engaged in scientific research? The taxpayers' money is used to nurture Mainland students who engage in scientific research in Hong Kong. Hence, we need to review how we can make the best use of local

resources to nurture the local young generation. We are now nurturing the young generation from China rather than our local residents. We have invested lots of resources in the provision of research master and doctoral programmes; yet, 70% to 80% of these students come from the Mainland. Indeed, it is a big challenge for us to encourage local students to engage in scientific research and promote the local scientific research culture.

Next, I will talk about the environmental protection industry. Very often, we cannot solely rely on the market force to promote the economic and financial benefits of the environmental protection industry. Forces other than the market forces are needed to develop the industry. To put it simply, the development of the environmental protection industry may be directed by government policy and rely on the Government's direct investment of resources or support. I think there is a wide scope for development of the environmental protection industry in Hong Kong because Hong Kong is a small place. For example, there is no industry in Hong Kong which engages in the recycling of old computer and electrical products, in which electrical products will be dismantled and useful materials recycled. In fact, the Government should give comprehensive consideration to this proposal. The Secretary for the Environment should promote the work in this area and should not merely consider from the perspective of a market economy. Although I earnestly support a market economy, I think we cannot promote the development of the environmental protection industry purely from an economic perspective.

Similarly, we support the development of the certification industry. The laboratory facilities in Hong Kong have reached world advanced level and enjoyed good reputation. On the contrary, the safety standards of Mainland products have been questioned in the international community, and the Mainland testing and certification system has relatively low international recognition. If we can make up for the deficiencies of the Mainland in this area, we can precisely stand out in areas where the performance or the condition on the Mainland is unsatisfactory. Therefore, we should support the development of the certification industry.

To assist the development of the environmental protection industry mentioned just now, we also propose a review of the tax regime. We believe that additional concessions should be introduced under the current tax regime, and we hope that the Secretary for Financial Services and the Treasury would

consider the provision of increased tax deductions to some companies for environmental facilities, machines and devices, so as to encourage industrial development in this connection.

Our third proposal seeks to promote the development of culture and arts. The Democratic Party has once proposed that the Government may consider using a certain percentage of funding for construction works to finance the development of cultural and creative industries. The United States and Taiwan have taken similar actions and the Government can draw reference from their practices. Such practices have not been adopted nation wise. For instance, in the United States, Pennsylvania is the pioneer state to enforce this practice. The Philadelphia Redevelopment Authority enacted the Percent for Art Act in 1959, under which public art was regarded as artistic creation in public space. As such, more job opportunities had been created for artists, enabling them to contribute to society with their expertise. These measures have been conducive to the promotion of the cultural and creative industry. The Democratic Party considers that the Government should, in respect of policies, financial or taxation, tilt towards the cultural and creative, innovation and technology, environmental protection and certification services industries. This is also consistent with the policies currently implemented by the Government.

Finally, I would like to reiterate that the Government should issue free television licences as soon as possible, which is also an important measure for promoting the development of the cultural and creative industry. There are only two free-to-air broadcasters and two subscription television companies, if there are a few more free-to-air broadcasters to promote competition and increase job opportunities, the competitiveness of the local television industry in the international arena can be enhanced.

MR IP KIN-YUEN (in Cantonese): President, I move that Mr Martin LIAO's motion be amended. The focal point of my amendment is to urge the Government to "restructure public finances and properly use budget surplus to increase recurrent expenditure to promote Hong Kong's economic restructuring, so as to alleviate social conflicts".

There was a question in my mind before I became a Legislative Council Member: Is our Government rich or poor? Whenever we ask the Government if

more resources can be invested in education, scientific research and other areas, I have an impression that the Government is so poor that it cannot allocate more resources. However, whenever I learn about the contents of the Budget and learn that the Government has a huge fiscal surplus and reserve, I cannot help but admit that the Government is very rich. In the past when the Government handed out candies, I also found that the Government was not only rich but also generous. I wonder why my impressions are so contradictory.

This mystery has slowly been unraveled after I have become a Legislative Council Member. The reason is that the finance officials always repeat the argument that Hong Kong is a highly open small economy that is vulnerable to external economic impacts. As the current external economic environment is crisis-ridden, it is most important for the Government to save money for a rainy day and make good preparation. Even though it has huge fiscal reserve and surplus, it cannot invest resources to deal with the pressing social problems, and as a result, social conflicts have arisen.

In my view, the over-cautious mentality of public finance management and the philosophy of prudent financial management adopted by the then colonial government officials, who strived to ensure that Hong Kong would be self-financing, have become the creeds of the SAR government officials today. Thus, our public finance policies have become more conservative, seeking for a balanced budget and avoiding deficits.

How can there be a balanced budget and how can deficits be avoided? One method is to underestimate the Government's revenues. I notice that the Government always indicates that there will be huge deficits when it prepares the budget every year. The Government underestimates its revenues with a view to reducing public expenditures. At the end of a financial year, we will find that the Government has tens of billions of fiscal surplus. For instance, in the year 2012-2013, the Government estimated that the deficits would reach \$3.4 billion, but it eventually had a fiscal surplus of \$64.9 billion, which differed greatly from the estimated amount. I reckoned that the Government underestimated its revenues by \$330 billion in the past six years.

Similarly, based on the philosophy of prudent financial management, the Government is unwilling to put resources in recurrent expenditures. My amendment focuses on recurrent expenditures, which is conducive to handling

our structural social problems or making long-term social investments or development plans. According to Mr Martin LIAO, it is important to utilize and adopt policy measures to promote economic restructuring. However, the Government prefers taking temporary measures such as handing out candies, holding firework displays or making one-off capital provision, so as to cope with the demand for returning wealth to people in light of overflowing coffers, and to alleviate the community's grievances.

It is estimated that the Government will spend \$32.6 billion on one-off measures such as salaries tax and rates reduction. The private think tank, SynergyNet, estimated that, a total of \$200 billion were spent on handouts within the past six years under five Budgets. Hong Kong has accumulated a lot of wealth, but the wealth has almost been left idle. What is the use of this wealth if there are no plans for its use?

The underestimated revenues of the Government in the past six years amounted to \$330 billion and it spent \$200 billion on handouts. Though the Treasury is "flooded by cash", it seems that the Government lacks the strength to promote economic restructuring and improve people's livelihood, and this is really contradictory. I believe Members in this Chamber also have the impression that whenever we ask the Government to allocate funds for addressing more pressing issues, the Government evidently lacks the will power to do so. I believe Members would feel the same in the Budget debate to be held later.

What efforts should the Government make in respect of public financial management? At present, the Government should seek to help our society move forward by means of taxation, social investment and redistribution of resources. The Government's philosophy of public financial management is stingy in nature, and it refuses to solve social problems by means of taxation. It has no ideology and acts irresponsibly. Besides, the one-off "handout measure" violates the principle of fairness and is not cost-effective. This eventually created the populist atmosphere of asking for handouts year after year, which will ultimately do harm to Hong Kong.

For example, property owners have accumulated a lot of wealth this year because of high property prices and low interest rates. Hence, the Government's reduction of rates for 75% of owners is definitely not fair to those tenants of sub-divided units and private flats who are paying high rents.

There are numerous examples of irrational non-recurrent provisions. Though the employees retraining fund of the Employees Retraining Board (ERB) has a balance of \$2 billion, the Government still allocates \$15 billion to the fund. As the annual operating expenses of the ERB are only \$800 million, when the ERB will use up all the money? On the education front, the Government is very generous this time and it has allocated \$5 billion to the Language Fund. However we do not know how the provision of \$5 billion will be used.

Furthermore, the Government proposes to inject \$480 million to set up scholarships for 20 outstanding local students to take degree courses in prestigious overseas universities each year. This amount is actually sufficient for the employment of 1 600 primary and secondary school teachers, extending for six years the allowances for Liberal Studies teachers, the continuous employment of teaching assistants by secondary schools, and the provision of financial support to 10 000 kindergarten teachers for professional upgrading. All this depends on how the Government uses the money. The Government is unwilling to make long-term commitments; on the contrary, it arbitrarily injects money into some funds, failing to ensure that money is well spent, thereby affecting the overall efficiency of public finance.

While the injection of public funds can provide stable recurrent funding for public policies, the fragmentary provisions are made at the expense of freezing considerable public funds. We are all aware that we are facing many social problems and contradictions, which include an increasing number of people living in poverty, the disparity between the rich and the poor, the problem of "home-bound bachelors" and "home-bound spinsters" which have recently aroused concern in the community, the bleak prospect of young people, as well as the emerging problem of an ageing population. These problems have to be solved by the Government through the deployment of resources. The existing resources should be properly used to promote economic restructuring.

The Government has a lot of work to do. In respect of an ageing population, for example, the Financial Secretary has mentioned that the number of elderly people will increase to 2.56 million by 2041. By that time, two persons of working age will have to support one dependent elderly person. In that case, the overall economic power may diminish while public expenditures may increase. How can we provide for a rainy day now? The Government can actually make great efforts such as making good use of wealth. It can also

stabilize additional revenues from land sales, investments or stamp duty. For instance, it can learn from the practice of overseas countries and set up a "rainy day fund" or "budget stabilization fund", accumulating additional revenues for use at difficult times.

Hence, the Government can certainly increase recurrent expenditures. My earlier proposal on public expenditures has been widely adopted by South American countries, and Hong Kong can also make good use of our fiscal surpluses and increase recurrent expenditures by means of the same practice. I hope that the finance officials can have an open mind and consider changing (*The buzzer sounded*)

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

MR IP KIN-YUEN (in Cantonese): their way of thinking. Thank you.

MR CHARLES PETER MOK (in Cantonese): President, the Policy Address and Budget published in the last two months have united this Council on one issue, helping it to reach a consensus that the Government lacks new direction and strategy in respect of economic development. Therefore, Mr Martin LIAO's motion is a very timely one. There are a few very important points in the original motion. As the background, he mentions about "the general direction of the transformation of the Mainland's economic development mode, and recent changes in the international economic situation".

The economy in China has evolved from the primarily labour-intensive industries with low production costs, such as manufacturing and original equipment manufacturing, to innovation and technology, as well as services industries. The Chinese industrialists are striving for autonomy and innovation, possessing their own intellectual properties and creating more competitive edge by capitalizing on the advantages of the local market. However, these changes are faced with many restrictions and limitations, especially the legal systems of the Mainland and freedom of information.

In the international community, Europe and North America are still plagued by financial crises with little economic growth. When investors look for new opportunities for development, they will be attracted to the Chinese market but the operating environment in China still lacks transparency and dangers lurk everywhere. All these, however, have given Hong Kong great opportunities.

The original motion requests the Government to seize the opportunity, which is correct in every whit. Hong Kong is endowed with abundant financial resources, but the Government is too conservative in its finance management philosophy and wrongly interprets the idea of "keeping expenditure within the limits of revenues" as "receiving revenue but not spending any". Therefore, I very much agree with Mr IP Kin-yuen that the Government needs to "restructure public finances" as proposed in his amendment because that will help in alleviating social conflicts and making essential investment for our future and the next generation.

In the *Bible*, Jesus told a parable about a servant who buried his master's money in the ground and returned the money to his master when he returned. The master said that he was a wicked and slothful servant.

President, I mention in my amendment about capitalizing on Hong Kong's advantages in freedom of information, intellectual property rights protection, the rule of law, and so on, which are all the core values of Hong Kong. I highlight these core values in the hope of reminding ourselves and stressing that we must uphold and safeguard these core values and core advantages. I put forward the strategy and measures for supporting the innovation and information technology industry because in the present economic development of the international community, the most important and most suitable locomotive for Hong Kong's development is obviously the innovation and information technology industry.

I have proposed three measures in my amendment, including first, in respect of scientific research, the industry has all along hoped that the Government will increase the resources allocated to research and development (R&D) as Hong Kong's input in R&D takes up less than 1% of our GDP. In other advanced countries or cities, including those in Mainland China, the levels of investment in R&D are two or three times or even higher than that of Hong Kong. LEUNG Chun-ying has not honoured his election pledge to increase the

Government's investment in local R&D, nor has he responded positively to the industry's request for the provision of tax deduction for their expenditure on R&D.

Although the research standard of the University of Hong Kong is widely recognized as being "world class" in the academic world, it has always been a problem for Hong Kong regarding how to transfer the research results into commercial products or services. I have discussed with many university academics, researchers and industrialists recently. The most interesting point is that they all said that the Government's proposal in the Budget to provide a subvention of up to \$12 million to various universities for a period of three years to support the work of their technology transfer offices will not work, neither does it suit the remedy to the case. Money can be the solution to many problems but this problem cannot be solved merely by spending money because the crux of the problem is that our research capacity cannot dovetail with local industries.

Although there is insufficient support from the Government, I know that the universities and R&D organizations have not given up. Recently, some local universities have formed a league with some top research universities overseas to attract overseas and Mainland enterprises to come to Hong Kong to engage in applied researches. They even aspire to establish in Hong Kong research centres for big overseas enterprises to take advantage of the strength of local universities and research staff in the hope of creating quality R&D posts. From this we can see that Hong Kong's capacity in scientific research is a hidden treasure. It is only that many local people do not know about that and the Government has shown no concern.

Moreover, let us think, in recent years what industries have attracted international and Mainland leading enterprises to flock to Hong Kong to make long-term investments worth billions of dollars even without the support of government policies. It is not the real estates or brand name industries. Rather, it is data centres. Why would they do so? That is because of the core advantages of Hong Kong that I just mentioned, especially the freedom of information. The biggest problem faced by these enterprises that come to establish data centres is a steady supply of land, energy and talents. If the authorities do not improve their complementary support to them but continue to "live off one's past gains", our competitors will catch up with us sooner or later.

A few colleagues in this Council and I visited the Cyberport yesterday, which has been mentioned by Mr SIN Chung-kai. Although I frequent Cyberport, it was my first time to see some new and young entrepreneurs there. I even saw some secondary students make use of the cloud computing device to create animation. I was deeply impressed by their creativity. I have heard many say that young people in Hong Kong are outstanding in their creativity among their counterparts in Asia because unlike young people of other places, they are willing to break through the limits and integrate the local features in their works.

However, the problem faced by those engaged in creative work is how to continue to the next stage after making the first stride forward. In particular, despite the abundant investment funds in Hong Kong, few of them are injected into the local innovation and technology industry, which is another deep-rooted problem. I have discussed with many people from the investment sector and they are actually committed and interested to help the local entrepreneurs. The only problem is the lack of support from government policies. For example, they have proposed to urge large organizations to take money from their retirement funds and inject it into the venture capital funds and expand the scope of the Permissible Investment Asset Classes of the Capital Investment Entrant Scheme to include the investments in the venture capital funds in Hong Kong.

Besides, I also want to talk about the Applied Research Fund which ceased operation in 2005. We still receive the report about the Fund every year. Some friends from the media asked me whether the remaining items should be sold. I told them that entrepreneurs and friends from the venture capital funds sector had told me they hoped that the Government would inject capital into the relevant items to re-activate investment items similar to those under the Fund in the past. The Government and the Economic Development Commission have recently said that they would consider increasing direct investments. If this policy is to be implemented, I hope that the Government will not only invest in large-scale projects or even overseas projects, but also focus its investments in the local creative and innovation industry and assist local entrepreneurs to start their business.

Therefore, I hope that Members will support my amendment. In the following I will respond to the amendments of other Members. Basically I support the amendments of other Members.

Mr SIN Chung-kai urges the Government to issue additional free television licences. I think that the cultural and creative industry as well as the innovation and technology industry can surely create a favourable environment for development while opening up the market is the best approach. The most successful aspect of our economy is its openness. Because of the open tax system, Hong Kong becomes a trading and import and export centre. The more recent example is the liberalization of telecommunications. After the telecommunications industry was fully opened up, it has created the most favourable operating environment for the Internet, international communication and data centre. We usually focus on the benefits brought to consumers by market competition but in fact, the long-term benefits resulted from the opening up of the market and economy will benefit the overall economic development of Hong Kong even more.

Oddly, even with the consent of the general public and the advantages in the networks and culture and creativity, the Government has repeatedly stalled in the issuance of additional free television licences, giving people the impression that it is tying its own hands, which is extremely baffling. I hope that the Government will officially issue additional free television licences this month (March), according to the motion passed by this Council to assist the transformation of the Hong Kong economy and its diversified development.

I strongly support Mr Kenneth LEUNG's proposal about fostering economic diversification. Even regarding the idea of "the diversification of development within the various industries" as proposed by Mr Christopher CHEUNG in his amendment to amendments, I do not see any problems. However, I do not quite understand why some Members, including Mr Kenneth LEUNG of the Professional Commons, consider it necessary to delete the wording "the general direction of the transformation of the Mainland's economic development mode, and recent changes in the international economic situation". Nevertheless, as I think that the salient points of the original motion and the amendments will not be affected by the deletion of the phrase, I will also give it my support.

Mr NG Leung-sing's request for "enhancing human capital and increasing scientific and technological research inputs" in his amendment can also prove the points that I have brought up earlier. The proposal to increase the technological research and support the innovation and technology industries not only has the support of the industries concerned but is also agreed by the financial and

investment sectors. From this we can see that there is an urgent need for economic diversification.

I very much agree to Mr TANG Ka-piu's proposal in his amendment that the Government needs to "review the existing development potential of various industries in Hong Kong and set down clear development ladders for talents in these industries". Other than the industries mentioned by Mr TANG, the technology, works and information technology industries are also faced with a severe problem of manpower shortfall.

President, I so submit.

MR NG LEUNG-SING (in Cantonese): President, the economy of Hong Kong has experienced two structural transformations since its inception. The first was to transform from re-export industry to manufacturing industry and the second was from manufacturing industry to service industry. According to the records, the output of the manufacturing industry was at a record high of 31% of the local Gross Domestic Product (GDP) in 1970. In the early 1980s of the last century, thanks to China's reform and opening up, the labour intensive manufacturing industries in Hong Kong had the chance of northward relocation, taking advantage of the strengths of both place, that is, the products were manufactured in factories in China while the sales and other transactions were done in Hong Kong. This provided Hong Kong with the chance of developing the service industries. With the vacation of factory lands and the release of labour force, the status of Hong Kong as an international financial, trading and transportation centre continued to rise and Hong Kong gradually shifted to a service-based economy, which was the second transformation. At present, the output of the service industries represent over 90% of our GDP, with the trading, logistics and financial service industries as important pillars.

With the worldwide rise of the knowledge-based economy in the past two decades, various sectors in Hong Kong are concerned whether the economic structure of Hong Kong is overly monotonous. Soon after the reunification, the first Chief Executive, Mr TUNG Chee-hwa, invited the American scholar, Prof TIEN Chang-lin to chair the Commission on Innovation and Technology. The first report of the Commission published in September 1998 set forth a vision of making Hong Kong an innovation centre for the Asia Pacific Region. Let me

quote from the report, "Hong Kong [will] be an innovation-led, technology-intensive economy in the 21st century, serving the region not only as a business and financial centre, but also as a leading city in the world for the development and use of information technology; a world-class design and fashion centre; a regional centre for multimedia-based information and entertainment services; a world centre for the development of health food and pharmaceuticals based on Chinese medicine; a leading supplier in the world of high value-added components and products where Hong Kong already excels today; a regional centre for supplying professional and technological talents and services; and the marketplace for technology transfer between the Mainland and the rest of the world." (end of quote)

The above vision set forth an ambitious blueprint. It is a shame that despite the many efforts made by various sectors over the past decade, Hong Kong has not achieved the goals envisaged, in particular, there has been little progress regarding the development of the innovation and technology industries. What are the factors that impede the economic transformation in Hong Kong? We should examine and consider this issue in great depth. In Prof TIEN's report, it was recommended that to achieve the above goals, the SAR Government should strengthen technological infrastructure and promote technological entrepreneurship as well as build up human capital to meet the needs of a knowledge-based economy. As such, I personally think that there are indeed much room for improvement in respect of enhancing human capital and increasing the input in technological research.

In his book titled 《幫香港算算帳》(Reckoning Hong Kong), Prof Frances LUI has pointed out that for Hong Kong to transform into a knowledge-based economy, the key lies in whether there are sufficient talents. According to the findings of the 2011 Population Census, there were a total of 6.25 million adults, that is, people over the age of 15, in Hong Kong; among them, 856 000 had no schooling or had pre-primary education; 983 000 had finished primary education, 1 147 000 had finished Lower Secondary education; meaning that there were a total of 2 986 000 people who had attained the Secondary Three education level or lower, who represented 47.8% of the total adult population. Compared to the population of 2.97 million and 50% in 2006, there had been little improvement in those five years. Even if only those aged 64 or below were counted, there were 2 135 000 people who did not have high education attainment, who represented 34.2% of the total adult population.

Since the economy of Hong Kong has to transform, we cannot only focus on the nurturing of elites and doctors of philosophy, we also have to endeavour to raise the standards of the working population who have lower education attainments or with lower skills because these people make up an important and major part of our labour force. Hence it is necessary to adopt a long-term plan and allocate resources to provide them with on-the-job training. Besides, it is also necessary to review Hong Kong's funding of technological research which has all along been on the low side. Statistics showed that the funding for technological research represented 0.44% of the GDP in 1998, which rose to 0.81% in 2006 but dropped to 0.79% in 2009. The resources allocated to this cause are far from adequate to promote Hong Kong's transformation to a knowledge-based economy. On the other hand, our neighbour, Singapore, had invested 2.3% of its GDP in technological research in 2011, which far exceeded that of Hong Kong, and its goal for 2015 is 3.5%. Moreover, according to the statistics published by the Organisation for Economic Co-operation and Development, the ratios of input of Korea, Japan and China are 3.7%, 3.3% and 1.8% respectively. When compared to them, there is much room for improvement for Hong Kong. Therefore, I think that these issues warrant the concern of the Government, this Council and the general public and they need to promote these causes together, and only then will our economy be further improved.

President, I so submit.

MR CHRISTOPHER CHEUNG (in Cantonese): President, Hong Kong is well-known for its status as an international financial centre. The report published by the World Federation of Exchanges early this year pointed out that the total market value of companies listed in the Hong Kong Exchanges and Clearing Limited surpassed that of the Shanghai Stock Exchange and the two ranked the sixth and seventh among the members of the Federation. Although the Hong Kong IPO market did not succeed in becoming again the one single stock market raising the highest amount of capital last year, it still stood at the fourth place worldwide.

As Mr John TSANG, the Financial Secretary, pointed out in his Budget speech in February this year, the financial services industry underpins our economy, which is a high value-added industry that contributes 16% to our GDP.

To maintain the industry's competitive edge, we must focus on the diversification of its business and products.

I agree that the financial industry should continue to develop but I do not wish to see one single industry dominate in Hong Kong. On the contrary, I very much agree to Mr Martin LIAO's motion concerning the promotion of a diversified development of our economy. Mr Kenneth LEUNG proposed in his amendment to add the land policy and to foster economic diversification and the development of industries, other than the four pillar industries, with competitive edge. I think the concept of diversification is not only applicable to the development of the industries, but also the development within the financial sector. However, any new financial policies should never be a replica of the practices in foreign countries. Rather, we should adopt a model which suits the local needs and it should be balanced and not lopsided. That is why I move my amendment today.

President, as the Chinese saying goes "inequality is worse than insufficiency". The market capitalization of the Hong Kong stock market has risen from over \$3,000 billion in 1997 to about \$23,000 billion today but the market share of Group C brokers has fallen from about 30% at that time to about 10% now. The market share of the 65 medium to big financial corporation has risen to close to 90%. From this we can see that the policy on the financial services industry is seriously tilted towards the big firms.

The survival space of small and medium securities brokers continues to shrink and that has a lot to do with the government policies. The Government often blindly believes that being big is good and secure but it ignores the importance of maintaining a healthy and balanced market development and imposes various restrictions on the small firms. Take the financial crisis set off by the bankruptcy of the Lehman Brothers, one of the four major investment banks in the United States of America then, as an example. The world has not yet fully recovered from its aftermath, an indication of how dangerous it is to overly rely on big firms.

After the abolition of the minimum brokerage system in 2003, the Government allowed the well-capitalized banking sector to reduce the commissions in a predatory manner and some of them even enticed customers by offering zero commissions in order to snatch the market share. That has led to unfair competition. If the Government continues to ignore this situation and

allows the big firms to dominate the market, the small firms will have difficulty even to scratch a bite. As a result, there will only be "big fish" in the "fish pond" without any "small fish" and small local investors will be deprived of the choice. The development of the whole market will become increasingly unhealthy. I hope that the Government will formulate fairer policies to allow the various members in the industry the room for competition in a fair and reasonable manner.

Therefore, the industry has a certain expectation toward the newly established Financial Services Development Council and hope that it can truly pool the wisdom of the masses and look fore and aft, so that all members of the financial sector in Hong Kong, be they foreign or local, big or small firms, can all share the fruit of a better business environment; otherwise big firms all have the pie while small firms do not even have the crumbs.

As the new President of the People's Republic of China, Mr XI Jinping, has said, with all people gathering the firewood together it can make a big fire. Without the small fire made by local small and medium securities brokers, how can there be a big fire burning as an international financial centre now? Only when everyone is with one heart and one mind can we consolidate our status as an international financial centre.

President, other Members of the Business and Professionals Alliance for Hong Kong will speak on other aspects of the motion. With these remarks, I propose the amendment. Thank you.

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, I thank Mr LIAO for proposing this motion.

Benefiting from the opportunities brought by China's economic reform and liberalization, as well as globalization, Hong Kong has been steadily developing toward a high value-added knowledge-based economy over the past 30 years. With the industrial structure rapidly shifting from manufacturing based to service based, Hong Kong's GDP per capita has exceeded US\$36,000, which is on a par with or even surpasses many European countries. In the past decade, the annual average growth of the real GDP reaches 4.5%, which is far higher than the 1.6% overall growth of the advanced economies.

Hong Kong is a highly externally oriented economy. Given the uncertainties of the international economy and financial environment in recent years, we must have new ideas in order to alleviate the impact of the external environment on the local economy and also the livelihood of the people. We must take full advantage of the present competitive edge and explore new points of growth, and ensure a steady development of the economy through upgrading and restructuring the industries, so as to maintain our competitiveness.

As the Chief Executive has said in the Policy Address, Hong Kong is well placed to diversify its industries to meet the needs of its people for start-up initiatives, investment, business operation and employment. To deepen and expand the industries, the Government needs to formulate a holistic industrial policy. The Financial Secretary has also pointed out in the 2013-2014 Budget that to promote future economic development, we must work on two areas. First we must foster our economic integration with the Mainland to take advantage of its market development. Second, we must expand and strengthen our pillar industries to maintain our competitiveness. We must also support the development of new industries and build a more diversified economic base.

Industrial development involves many areas which need to be considered and complemented holistically in order to formulate a comprehensive and sustainable strategy and policy. As such, the Chief Executive has established the Economic Development Commission (EDC) under his own leadership. From a high-level, cross-departmental and cross-sectoral perspective, the EDC will explore ways to make use of our long-standing advantages and the opportunities offered by our country. It will focus on efforts to broaden our economic base, work on the overall strategy and policy to enhance our long-term development, and identify industries which present opportunities for Hong Kong's further economic growth.

The Government's long-standing policy is to provide a favourable business environment and appropriate support for the industrial and commercial sectors. From a macroscopic perspective, the simple tax and low tax regime, sound infrastructure in Hong Kong are all conducive to business development and maintain Hong Kong's competitiveness in the international community. We will also continue to provide support for small and medium enterprises on various fronts and assist Hong Kong enterprises to capitalize on the tremendous

opportunities arising from the Outline of the 12th Five-Year Plan of China to explore and develop the Mainland market.

President, I wish to continue to listen to Members' views on the motion and then respond in detail later. Thank you, President.

IR DR LO WAI-KWOK (in Cantonese): President, Hong Kong has developed from a fishing village more than a century ago into an international metropolitan today, its great economic achievements are recognized by all. However, Hong Kong seems to have lost the direction in its future economic development. As regards the internal factors, Hong Kong's long-standing over reliance on the financial, real estate and sales services industries has resulted in the lack of a diversified development in its economic structure and the shortcomings are increasingly prominent. Besides, because of the lack of new impetus for economic growth, it is hard to create more quality employment opportunities. As young people lack the chance of upward mobility, many social and livelihood problems have thus arisen.

From the perspective of the external environment, there are two major trends in the international economic development. The first is globalization. With increased transnational movement of goods and capital, various economies have become more inter-dependent. As a result, any small disturbance in a tiny part will affect the overall global economy. The second is the emergence of the knowledge-based economy. The Organisation for Economic Co-operation and Development has defined a knowledge-based economy as an economy which is directly based on the production, distribution and use of knowledge and information. The major economies in the world have laid great emphasis on the development of knowledge, information and high level skills as the major driving forces for the development of various trades and industries.

President, regarding the development of a knowledge-based economy, Hong Kong should have had some favourable conditions, including a sound legal system, information technology talents and free flow of capital, world-class information technology and information infrastructure, as well as the protection of intellectual property. The Globalization Index 2011 released by Ernst & Young showed that Hong Kong had the highest level of globalization among 60 largest economies in the world for two consecutive years. Hong Kong also has

another unique advantage, that is, it can leverage on and participate in the development of China. Paragraph 57 of the Outline of the 12th Five-Year Plan clearly indicates that the Chinese Government on the one hand supports Hong Kong's development of the finance, shipping, logistics, tourism, professional services, information and other high value-added service industries, and on the other hand supports Hong Kong in the development of industries with competitive edge, such as those involving environmental protection, medical services, education services, testing and certification services, innovation and technology, as well as culture and creativity. From this we can see that the social consensus and the country's policy both confirm that Hong Kong has to promote economic restructuring, foster economic diversification, and continue to develop the pillar industries and explore industries with competitive edge.

To promote the economic restructure in Hong Kong, one needs to consider at two major levels. First, it is the policy level. The SAR Government should change its deep-rooted idea of "big market, small government". It should formulate a long-term industry policy and appropriately make use of various financial resources to support the development of industries. After the financial tsunami, the governments of different places in the world have actively taken financial and monetary measures to promote economic recovery and regard that as the foremost policy. The SAR Government should not hold onto this obsolete philosophy of governance and tie its own hands.

The enhancement of the capacity in innovation and technology is the key to success in the development of a knowledge-based economy. According to The Ernst & Young's 2011 Globalization Index, Hong Kong ranked the ninth in the exchange of technology and ideas. The SAR Government must suit the remedy to its illness and promote the development of innovation and technology industry from two fronts. The first is to provide tax concessions to encourage enterprises to invest in scientific research. Even though the Government has implemented the Research and Development Cash Rebate Scheme, its application criteria are highly restrictive and enterprises have to join with local public scientific research institutes in order to apply. To encourage enterprises to actively allocate resources to research and develop, and design high value-added products and create their own brands, including the purchase or register of the intellectual property, the Government should provide two to three times of tax deduction for enterprises' investments in these areas. The second is to provide land to support the development of high added-value industries, such as the development of data

centres which will be conducive to the consolidation of Hong Kong's status as an international financial, trading and logistic centre, and also help it to develop as a of hub cloud computing and wireless applications. The HKSAR Government should enhance the land planning scheme and provide land for special purposes and relevant complementary facilities to attract more overseas and Mainland enterprises to Hong Kong to set up regional data centres here.

President, the second level that needs to be considered is the improvement to the human capital and enhancement of the skill level of the people. Concerning the training of local talents, the SAR Government should conduct a comprehensive review and planning on the future supply of manpower resources in Hong Kong and provide diversified choices and appropriate training for various age groups. It should also review again the articulation of the new senior secondary education system with university education and other vocational training and establish a clear development ladder for talents of various industries. The authorities must inject more resources to encourage young people to join the industries that must be stationed in Hong Kong, such as construction, aircraft engineering, installation of lifts and escalations, and maintenance and repair works. Besides, if there is a lack of local talents to meet the development needs of some trades and industries, the Government should negotiate with the relevant industries to appropriately promote the movement of labour through a more flexible immigration policy.

President, to promote Hong Kong's economic restructure, we must seek change while maintaining stability. The policies must suit the real situation of the Hong Kong society and at the same time they must be forward-looking and flexible. We have to strengthen the pillar industries, promote the development of industries with competitive edge, and also rejuvenate the traditional industries. Moreover, we must also foster the diversification of the industries and encourage a diversified development within the industries. Only through these can Hong Kong develop steadily into a knowledge-based economy, promote social mobility and improve the livelihood of people in various strata.

President, I so submit.

MR JEFFREY LAM (in Cantonese): President, the monotonous industrial structure in Hong Kong has always been the subject of criticism. To ensure the

sustainable development of the economy, we have to continue to give full play to our competitive edge, support the traditional pillar industries and help them to upgrade and transform; on the other hand, we must also explore new industries and identify new points of economic development.

Looking at the experience of various places in the world, we see that in order to promote economic transformation and diversification of industries, the Government has to play a very positive role. After the international financial tsunami in 2003, the governments of various places in the world, including the advanced economies in Europe and North America, had taken various measures to stimulate their economic development. At the meetings of the National People's Congress and the Chinese People's Political Consultative Conference recently concluded in Beijing, the new Premier, Mr LI Keqiang, also pointed out that to improve the people's livelihood, the key was to promote economic transformation because only with new impetus would a place be able to foster the upgrading of its economy. This is very close to the philosophy advocated by the Business and Professionals Alliance for Hong Kong, which is "to promote the economic development through the industries and business".

In my view, in the face of the current global setting, we have to maintain the stability of government policies and at the same time, introduce new policies that are favourable to the business environment so as to enhance the competitiveness of Hong Kong.

With the Mainland's economy undergoing transformation and upgrading, it provides Hong Kong with a golden opportunity. In fact, the domestic consumption market in China has entered the "takeoff period". Recently many studies have pointed out that around 2015, which is the latter period of the 12th Five-Year Plan, China may take the place of the United States to become the world's biggest consumer market.

The State has also mentioned in the 12th Five-Year Plan that it would support Hong Kong's development as a regional distribution centre. I believe that this position provides Hong Kong with a great opportunity to become the commercial distribution centre of the Chinese domestic sales market. The SAR Government should promote this new industry of "domestic sales" with a new way of thinking and develop the "domestic sales" as a new pillar and impetus of the Hong Kong economy.

At present, the Pearl River Delta Region in Guangdong is the largest regional domestic sales market in China. I opine that the SAR Government should take advantage of our proximity to the Pearl River Delta to assist Hong Kong enterprises in the development of China's domestic sales market.

At the same time, the Government should assist enterprises in developing their own brands, upgrade and restructure. It has been mentioned in the Budget that the Government will continue to make use of the \$1 billion BUD Fund to assist Hong Kong enterprises to upgrade and restructure. In my view, the Government is moving in the general direction but the amount of fund should be increased, and the application procedure should be simplified as much as possible, so as to increase the flexibility of the vetting and approval procedure of the Fund. The Government should also step up its support for enterprises in conducting scientific research, including triple the tax rebate for scientific research. As most Hong Kong enterprises are only at the infancy stage in the development of China's domestic sales market, I think the Hong Kong Export Credit Insurance Corporation should provide more support for these enterprises, including expanding the coverage for domestic sales, so as to alleviate their difficulties in doing business in the Mainland.

President, I wish to talk about the difficulties that small and medium enterprises (SME) face in the Mainland. The traditional SMEs have been plagued by the impact of the fluctuating global economy and are under the pressures of decreasing orders and increasing costs of raw materials and wages. They are already badly beaten. As the development of brands and building up connections in the domestic sales market require a long time and large quantities of resources, I believe most SMEs lack the manpower, financial capacity and experience required. Therefore, I hope that the Government will lend a hand to these enterprises by stepping up the communication with the Mainland authorities and formulating policies that will assist SMEs in Hong Kong in developing business in the domestic sales market in the Mainland.

Moreover, to promote economic restructure, Hong Kong must attract outstanding talents to Hong Kong. However, the statistics of the Immigration Department show that since the implementation of the Quality Migrant Admission Scheme in 2006, among the talents that have been admitted, most of them have a background in the finance or accounting sectors, followed by those with a background in information technology, but few in the field of scientific

research who are keenly sought after in the whole world. However, our neighbouring cities are sparing no efforts to take in talents with all different backgrounds, making their people more competitive.

President, this is high time that the SAR Government reviewed the current immigration policy. Other than streamlining the application procedure, it should also adopt measures that attract talents of all different backgrounds to Hong Kong. If we hold onto our old policies, we will lag far behind our neighbouring cities who are taking in the most quality talents from the whole world or all over Asia to assist them in their development. We have seen a great change in the demographic structures in our neighbouring cities in recent years. Their populations are increasing faster and in a greater scale than ours and their qualities are also way above ours. Although this is not Secretary Gregory SO's ambit, in order to meet the needs of our future development in scientific research and technology, I hope that the Government will attract more such talents to Hong Kong. Of course, we also hope that the education institutes in Hong Kong will nurture more talents in this area to help the relevant enterprises in Hong Kong to develop in diverse areas.

President, I so submit.

MS CLAUDIA MO (in Cantonese): President, the topic of our discussion today is "Promoting Hong Kong's economic restructuring". First of all, I would like to respond to Mr SIN Chung-kai's amendment, which proposes to enhance the development of a cultural and creative television industry through issuing additional free television licences. This proposal is one of the salient points that I put forward in the motion titled "Domestic free television programme service licence applications" moved by me last year and I certainly support it. The motion was passed after being amended by the pro-establishment camp through very careful deliberation, and it ended up requesting the Government to issue additional free television licences before the end of March this year. I believe they thought that the Government had sufficient time and was committed to solving the problem by then. The amended motion was passed by the majority of Members with 41 votes in favour, requesting the Government to issue additional free television licences before the end of March. In January this year, the Government submitted a progress report and as usual, the official in charge was just like a human recorder, stating repeatedly that the Government would

continue to process the free television licence applications in strict compliance with the relevant procedures. Now that two months have passed, no progress has been made, and I have not heard any news.

It is now approaching the end of March and the Government is still acting casually. The Court will hear the case concerning TVB's application for judicial review next Wednesday to decide whether or not to grant it leave, and hence the Government has the excuse to stall. Let us see whether the Government still has other excuses to stall after Wednesday. As a matter of fact, if the Government issues additional free television licences, it will boost our economy, promote the innovative creative media and provide more employment opportunities for young people to develop in this area. I find the Government's dereliction of duties in this respect deeply regrettable. If the Government truly and expeditiously fulfils its duty, it will not only help to nurture more talents in the media in Hong Kong but will also enable a better development of the television industry so that people have more choice in watching television programmes, which may at least help lift the public morale a little, given the prevailing serious public grievances. It can also take this chance to eliminate some uncreative and even unproductive television licence holders.

Talking about Hong Kong's economic restructuring, we have relied too much on the tourism industry. Of course, everyone knows about the history of implementing the Individual Visits Scheme (IVS). The SARS epidemic in 2003 had dealt a heavy blow to Hong Kong, causing a great trauma to the public, and the IVS was thus implemented to allow Mainland tourists to come to Hong Kong on an individual basis. Of course, apart from the traditional industries such as finance, real estate and logistics, the large influx of tourists has also boosted the retail industry. The statistics of the Hong Kong Tourism Board was revealing. Let me repeat it once again: about 35 million Mainland tourists visited Hong Kong last year — whether they stayed overnight or not is another issue — an increase of 25% as compared with the year before last and they are truly a pillar of support to Hong Kong's economy.

However, Hong Kong is beginning to have difficulty in coping with the tourists. If we talk a walk on the streets President, I wonder if you have been to places such as Causeway Bay or Tsim Sha Tsui which are jam-packed with tourists. In the past decade, our livelihood has depended heavily on the booming tourism industry brought by the IVS. Thanks to the Mainland tourists,

their visits to Hong Kong have given us the much needed support when our economy was barely surviving, but there is a limit for everything and we are beginning to have great difficulty in coping with the situation. We asked the public at our street booths whether the issuance of multiple-entry permits should be stopped. Whenever young mothers carrying or holding the hands of infants pass by, we would ask them if they would take their young children to the Ocean Park and they would give us a bitter smile and say that they dare not. The Ocean Park is Hong Kong people's Ocean Park but now mothers in Hong Kong are afraid to take their children there. The problem does not lie in the Park itself, just that swarms of people are indeed driving people away.

In respect of the economy, Radio Television Hong Kong reported that at a meeting of the Economic Development Commission a few days ago, the Chief Executive said that we needed to work for a better economy, including improving the Ocean Park and Disneyland. I was quite alarmed to hear it. These two theme parks are certainly worth visiting and people in Hong Kong are also very fond of them. It is a very good idea and it is right to enhance their quality but then the local people are afraid to go there. What have gone wrong that lead to such situations? In the tourist districts such as Mong Kok, Tsim Sha Tsui and Causeway Bay, we can see that the traditional shops have turned into shops that sell electric appliance and cosmetic. More importantly, our streets are packed with jewelry shops and drug stores.

President, the city of Hong Kong is the Hong Kong Special Administrative Region of the People's Republic of China but if we do not take any action in this respect, we will soon become "the Hong Kong Special Shopping Region of the Renminbi Republic of China". By then Hong Kong will lose everything and it can only wait for the hordes of Mainland tourists to come here to shop and to snatch baby formula milk powder. We cannot allow this to happen to Hong Kong and to the Hong Kong market. The tourism, retail, finance and real estate industries are all highly susceptible to the external (*The buzzer sounded*)

PRESIDENT (in Cantonese): Ms MO, your speaking time is up.

MS CLAUDIA MO (in Cantonese): the external environment. Thank you everyone.

MR YIU SI-WING (in Cantonese): President, the Economic Development Commission newly established by the Government held its first meeting last week, with the conclusion that the Government should appropriately and proactively promote economic development by taking the initiative to actively invest in the development of industries. I concur that this is the right direction. While Hong Kong's economic structure has long been criticized as unitary, it is easier said than done when it comes to rectifying the situation. From the development of a "Chinese medicine port" or a "flower port" during the time of TUNG Chee-hwa, to the six industries with competitive edge advocated during the time of Donald TSANG, economic restructuring has still remained stagnant.

Economic restructuring can only succeed on the basis of Hong Kong's real economy through integration with the latest trends in the Mainland and global economic situation, so that we may seek new opportunities through changes. Through the diversification of industries, different industries in Hong Kong can go on the track of development. Hence, we must learn from our past failures in order to avoid repeating the same mistakes.

President, in his Policy Address, the Chief Executive proposed that we must deepen and expand our industries. To deepen our economy, we must venture into new frontiers such as cultural and creative, innovative technology and environmental protection industries; to expand economic development, we must, while actively pursuing economic restructuring, diversify the products and services of the existing pillar industries in order to strengthen our competitiveness. Hence, there is no conflict between restructuring and expansion; instead, they have an interactive relationship.

I agree with the amendment proposed by Mr SIN Chung-kai, *viz.* "to further promote the tourism industry to enhance the diversified development of Hong Kong's economy". This amendment also touches on Hong Kong's capacity to receive visitors, which is a controversial subject in society recently. In this connection, the Government has also stated that an assessment would be conducted on the development of the tourism industry. There is no denying that Hong Kong's tourism industry has now run into a bottle-neck. The crux is the lack of planning by the Government over the years, which has led to the over-concentration of visitors in several major core business districts and scenic spots. As a result, rents have increased rapidly affecting people's livelihood.

Given the lack of new tourism products and inadequate supply of hotels, the ratio of overseas visitors has dropped. If the authorities impose a limit on in-bound visitors on this account, or even try to indiscriminately resolve the problems arising from the increasing number of visitors through restructuring, it would be like throwing the baby out with the bath water. To address the issue fundamentally, we must seek development through increasing the carrying capacity of Hong Kong's tourism industry and diversifying our tourism products.

President, in order to break the visitors' normal pattern of only sightseeing at traditional tourism spots such as the Peak or the two major theme parks, the Hong Kong Tourism Board had established a \$4-million fund at the end of last year for developing new tourism products and encouraging local inbound travel agents to create innovative itineraries. Such initiatives are worth supporting because they can help attract visitors of different profiles to visit Hong Kong. As far as I know, seven applications for grant under the fund have been approved so far. One of the selected innovative itineraries is a bicycle tour with two stops.

In fact, bicycle tour has become increasingly popular in recent years, with Hangzhou, Taiwan and Japan becoming hot destinations of bicycle tour. Apart from the appeal of beautiful landscape, these places would provide various supporting facilities enroute such as bicycle parking spaces, repair and service stations, and so on. Although a decision was made in 2008 to build a cycle track network in Hong Kong comprising a backbone with a total length of 82 km, the project has been delayed time and again as many government departments are involved and there is opposition from residents in the neighbourhood. Although the first stage of works is expected to be completed by the end of this year, the whole project will not be completed until 2019. As such, it is indeed necessary for the authorities to consider compressing the construction timetable of 10 years.

Separately, many overseas countries have been actively developing eco-tourism in recent years. According to the findings of a public opinion survey conducted by the media at the end of last year, 85% of the respondents would be willing to make extra spending on eco-tours. However, the number of eco-tourists in Hong Kong had only increased from 70 000 in 2004 to about 140 000 in 2011 because the Government had all along stressed that eco-tourism should be developed on the industry's own initiative, and no subsidy scheme had been provided systematically. Take the example of Sai Kung. Its volcanic rock scenic area has been designated as a global geopark, while its seafood

delicacies are renowned around the world. Yet supporting tourism facilities are highly inadequate with many scenic spots having neither any signage nor introduction, and the area is not conveniently accessible by public transport. Apart from funding provided by the Government for the purpose of general publicity, no concrete support has been provided. As a result, the tourism industry is not willing to promote or organize sightseeing tours to the area. I suggest that the Government should change its previous free market economy approach and adjust its support strategy proactively by trying to provide direct subsidies for the development of green tourism products.

Outlying island tour is another specialty tourism product worth developing in Hong Kong. Take the example of Lantau Island. Although Lantau has no lack of tourism supporting facilities and the Hong Kong-Zhuhai-Macao Bridge will be completed in 2016, the Government has, so far, yet to provide a clear position of tourism development there. As a result, there is a lack of co-ordination among the relevant departments, and it has directly stalled the progress of tourism development in the whole area. The Government must confront and resolve the related problems.

President, according to the research findings of the Chinese Academy of Social Sciences, the scale of Hong Kong's economy was about two times that of Shanghai, 2.5 times of Beijing and three times of Shenzhen in 2001. After a decade of development, Hong Kong's aggregate economy has been overtaken by Shanghai and Beijing, and perhaps by cities like Suzhou and Tianjin in a few years' time as well. As tourism is one of Hong Kong's four major economic pillars, the strengthening of Hong Kong's tourism industry should brook no delay. I hope the Economic Development Commission will expeditiously formulate proposals that can guide the development of the tourism industry as well as other related industries towards a more realistic direction.

President, with these remarks, I support the original motion.

DR KENNETH CHAN (in Cantonese): President, when the Government briefed us on the North East New Territories New Development Areas Planning and Engineering Study, it pointed out that 36 hectares of land in the northern part of the Ping Che/Ta Kwu Ling New Development Area (PC/TKL NDA) will primarily be used for developing special industries, while another 14 hectares of

land is earmarked for "Commercial, Research and Development". A total of 50 hectares of land are involved.

At the relevant meeting of the Panel on Development, I asked the Secretary for Development the following questions: what was the definition of special industries, what was the related planning and preparation work, how could the relevant talents be trained, how many employment opportunities would be provided, and what types of industries were involved. However, some three or four months have passed, and I am still waiting for the Secretary's reply.

President, while the Government said that efforts have been made, Members claimed that the Government has not dealt with the matter or has not done enough, how should we understand and resolve this "Rashomon affair"? I do not have an answer. I have studied the Government's data meticulously in an attempt to answer the questions asked by me, and when I referred to the Manpower Requirement Projection to 2018 by Economic Sector published by the Census and Statistics Department (C&SD) in April 2012, I found that nothing had been mentioned about the manpower requirement for special industries. Isn't that very strange?

However, regarding the industries where Hong Kong enjoyed clear advantages, the Government does have some data. Overall speaking, as shown by the same report of the C&SD, the six industries where Hong Kong enjoyed clear advantages accounted for 11% of the total employment in 2009, and the percentage is projected to increase by 1% to 12% in 2015.

Due to time constraint, I will focus my speech on environmental industries. There is a need to develop green industries and environmental industries in Hong Kong. We consider that these industries have very good potentials. A few years ago, the Civic Party had already advocated the notion of a Green New Deal with emphasis on industries relating to environmental protection, recycling, energy conservation, emission reduction, green buildings, and so on. According to the Government, it has already maintained communication with the industries, as well as strengthened the relevant manpower training.

However, operators in the timber recovery industry had relayed to me that although the industry had good prospects, its development was prevented by the lack of policy support. When I relayed such views to the Government, it

responded as if this was something totally unheard of. I cannot help but have the feeling that although the Government always talks about environmental industries, it actually does not have an in-depth understanding of the industries, and the relevant studies are neither specific nor comprehensive enough.

Is it the same with other Policy Bureaux? How many opportunities have we missed in promoting Hong Kong's economic restructuring and the diversification of industries? That is a question we should look into.

I believe that all Honourable Members have received the publication *Green Country* published by Green Power recently. I find one article particularly valid for our discussion today. This article, entitled "Only Collection, No Recycling", discusses the dilemma of Hong Kong's recycling industry. I would like to share some of the specific viewpoints with Members. In Hong Kong, the annual recovery rate of municipal solid waste is 48%, or some 3.02 million tonnes. While most of the collected wastes are exported to other places, only 1% is left for local recycling treatment to become useful products and materials. As exporting is the major business of the local recycling industry, the industry has long been kept at the lowest level of operation. Moreover, it is vulnerable to external economic factors. If export price falls, the recycling cost could be even higher than the export price. How then can the industry maintain viable operation?

As we all know, the recycling industry is not any ordinary economic undertaking because it also serves an important function in society. Hence, the limited facilities in the Ecopark in Tuen Mun are inadequate. The Government should formulate a holistic policy which includes the provision of supporting facilities for each step of the recycling process. Of course, this policy would cover matters such as producer responsibility schemes, investment into recycling facilities, levy on producers, statutory framework, green procurement policies, viability of eco-products, and so on. Lastly, the authorities should formulate local legislation on environmental labelling, and establish a database of green products. These are all strong demands made by many businessmen who are concerned about climatic changes, as well as stakeholders who are concerned about environmental protection. They consider that a Green New Deal is the right direction for Hong Kong's restructuring, and the authorities should strive towards a new green policy.

President, the Civic Party does not only ask Secretary Gregory SO who is present today to consider this question because it is not a matter for any single Policy Bureau, the entire Government across different departments should be involved. Instead of engaging in empty talk, the authorities should formulate a Green New Deal blueprint for Hong Kong and the Pearl River Delta Region so as to promote economic restructuring.

President, I so submit.

MISS ALICE MAK (in Cantonese): President, the question of economic restructuring has been discussed in the Legislative Council for years. But it seems that whenever the development of new industries is proposed by the Chief Executive in the policy address, the pre-conditions are invariably the allocation of land, the building of bridges, the construction of roads, and so on. However, we have all along pointed out that manpower is Hong Kong's most important resources. In developing a new industry, what has been done by the Government in terms of manpower training for that particular industry? Since the financial turmoil in 1997, high employment rates prevail in society, and the Government has tried to implement many policies to resolve the structural unemployment problem. Although the unemployment rate has now dropped to a relatively low figure, the problem is still unresolved, and society is still plagued by problems in manpower development which call for our proper attention.

Members may have noticed the two recent family tragedies which involve teenagers who murdered their parents. Of course, the problem of teenagers now is very complicated. As mentioned by many newspaper editorials as well as commentaries in society, there is indeed a group of youngsters in society who cannot see any future prospects for themselves, resulting in their obsession in the virtual world of online games as well as alienation from society. In the end, some have committed these immoral acts. In the past, we used to say, "One can distinguish himself in any trade"; in other words, academic excellence is not the only way out for young people, and they can distinguish themselves by learning the skills of other trades. This has given young people some hope. But nowadays, whenever an industry is to be developed, the Government will only consider the provision of hardware supporting facilities without making any special effort in software support of manpower training.

Let me use the example of Tsing Yi Island which I am more familiar with. The year before last, the Government had earmarked two sites on Tsing Yi Island for the purpose of developing high value-added logistics industry. Subsequently, plans have also been made to build bridges and construct new roads. However, where can we find the manpower for the high value-added logistics industry? Have training courses been designed by vocational training institutions in Hong Kong, such as the Institute of Vocational Education (IVE), to dovetail with the development of these industries? I was once a part-time teacher with IVE for just a few months, and all my students were studying full-time. I noticed that in IVE, the most popular courses are those related to management, and there are all kinds of management courses, such as event management, bank management, and so on. But after completing their studies, will they be able to contribute to the development of the industry concerned? After completing their studies, have they acquired any skill which facilitates their career development amidst Hong Kong's economic restructuring? I know that many students who completed these management courses can only work as salespersons in major chain stores. Of course, I do not mean to demean the job of a salesperson, but can they really put their knowledge into good use and develop a career amidst Hong Kong's economic restructuring, and gain upward mobility as well?

Hence, when considering Hong Kong's need for a policy change to tie in with the development of a knowledge-based economy as well as new industries, we should not blindly take the view that developing a knowledge-based economy means having students studying different management courses. As just mentioned by Mr TANG Ka-piu, there are actually some developments in Hong Kong which we must not overlook, for example, ship repairs in wharves. A number of wharves, including one of the biggest in Asia, can be found in Tsing Yi Island, and there is actually a large demand for manpower. So long as young people can have the opportunity to undergo the relevant vocational training, they would learn about the prospects of these jobs. In this way, Hong Kong will have the manpower to develop these industries. However, as far as we know, no such training opportunity has been provided by various vocational training institutions. This is the situation with the high value-added logistics industry which I just mentioned; in fact, they have no idea what the industry is about, except the broad title of high value-added logistics industry. Another example is the ship-building and ships repair industries originally found in Hong Kong. Notwithstanding our competitive edge in these industries, no training opportunity

has been provided to young people. As a result, there is no way they can join these industries which Hong Kong should be developing.

All in all, the purpose of any discussion on economic restructuring is the wish that our society will become better and people's livelihood improved with economic restructuring. However, it seems that our discussion has all along been focused on the hardware required for economic restructuring. In my view, the Government should not overlook matters such as manpower training, equipping young people, or even ensuring that other Hong Kong citizens can also benefit in the course of economic restructuring. While these matters may not only involve Secretary Gregory SO's policy portfolio, I hope that the authorities will not forget the need to provide the necessary manpower training to dovetail with the overall policy when proposing to develop specific industries and promote economic restructuring in Hong Kong.

President, I so submit.

MR KWOK WAI-KEUNG (in Cantonese): President, I believe that we have all read from the news recently that Detroit, once the Motor City, is now having the most serious problem of unemployment among the 50 major cities of the United States, with an unemployment rate as high as 23.1% in 2010. The reasons for the downfall are the city's over-reliance on a single industry and the recent the downturn of the automobile industry as consumers switch to cheaper and more fuel economical cars manufactured in Japan.

That aptly epitomizes the side effect of having a unitary industry, that is, the unemployment rate will soar when the industry underperforms. The lack of growth will impact on the livelihood of wage earners. Moreover, society as a whole will lose the momentum for growth, resulting in a slackened pace of development.

The Economic Development Commission (the Commission) newly established by the Chief Executive is tasked to expand and deepen the competitive edges of our pillar industries by making direct investments on industries with development potential, in order to change the public's previous impression that as a result of the Government's non-interventionist policy and over-reliance on market adjustment, society lacks development despite the actual

economic growth. People have high hope of the Commission because they all know that over the past decade, Hong Kong has been relying solely on the financial and property markets with our economic activities predominantly in the property market and the stock market.

With the Government's recent announcement to curb speculation by heavy-handed measures, many estate agents are now facing unemployment while many estate agencies have closed down in succession. This also illustrates the disadvantage of having a unitary industry. At the same time, Hong Kong's tourism industry and retail industry have all along relied on local consumption of Mainland visitors under the Individual Visit Scheme (IVS). However, has Hong Kong's tourism industry been developing properly? Is there enough provision of tourist attractions? Has the Government strived to develop more tourist attractions or conserve the existing ones? Moreover, income generated from this industry is also highly dependent on China's economic condition. I believe that in case of an economic downturn in the Mainland, the number of Mainland IVS visitors coming to Hong Kong will drop significantly.

Given the excessively narrow range of industries in Hong Kong, young people cannot see any future for themselves because both their career choice and development prospect are limited. Ultimately, society has to pay the price because many welfare measures might have to be introduced for them. Young people of the new generation simply need some opportunities, but opportunities are clearly lacking now. Even if opportunity is available, there is the problem of mismatch because career orientation in Hong Kong has long been under criticism. Members would also notice that many industries have problems of succession gap, for example, there is serious manpower shortage in the construction industry or some other industries. In other words, there are jobs not being filled and there are people not being able to land a job. In fact, it reflects exactly the relevant situation.

The situation can only be changed by promoting sustainable economic development. Economic restructuring should be achieved through the following two aspects. First, we should make dedicated efforts to enhance various traditional industries which Hong Kong has always enjoyed advantages, so as to capitalize on the notion of "Made in Hong Kong"; second, we should look out for new economic growth areas and develop new markets. Let me talk about the traditional industries first. In the past, Hong Kong was well-known for its

clothing, toy, electronics and fashion industries as it was once the world's largest exporter, and shoppers around the world had great confidence in the "Made in Hong Kong" brand, just like the many Mainland IVS visitors who come shopping in Hong Kong now because they are confident about the products manufactured in Hong Kong. Has the Government ever considered reinstating Hong Kong's manufacturing industry (including the clothing industry)? I recall that the quality of clothing with the "Made in Hong Kong" label had been well-received and acknowledged in the past. Moreover, excellent traditional skills can still be found locally. Although the clothing industry has declined for a long time, many workers still possess excellent skills. A case in point is Splendid Fashion — a social enterprise set up by the Federation of Trade Unions — which operates a workshop in San Po Kong staffed by a group of seasoned workers in the clothing industry. Using their expertise, these workers accept orders for custom-made clothing from different organizations. Through collaboration with students, they help materialize the students' designs while passing on their own crafts and skills.

As we can see, the employment rate of fashion studies graduates from The Hong Kong Polytechnic University (PolyU) is 100% every year, and many new products are launched by the Institute of Textiles and Clothing of PolyU every year. How then can the Government attract Mainland manufactures to return to Hong Kong so that the fashion manufacturing industry can become one of the key industries? This requires greater efforts from the Government.

Separately, other Members of the Legislative Council and I conducted a visit to the Cyberport yesterday. We used to think that young people in the IT industry would be wearing a pair of thick glasses and always work in front of a computer. But the group of young people I met yesterday are full of vitality and imagination. Through a funding scheme of the Cyberport, they realize their dream of business startup. According to them, notwithstanding the assistance provided in terms of office accommodation and working capital, if further assistance was provided to young business starters, they could make achievements internationally. There should be some so-called start-up forums to allow exchanges among business starters because merely organizing some large exhibitions or expositions was not enough. That is their direct request, which I think is worthy of further consideration by the Government.

Thank you, President.

MR CHRISTOPHER CHUNG (in Cantonese): President, economic restructuring has long been advocated by the SAR Government. During the times of TUNG Chee-hwa, he advocated consolidating and upgrading the four core industries, and during the times of Donald TSANG, he advocated developing the six industries where Hong Kong enjoyed clear advantages, including education services, medical services, testing and certification, environmental industries, innovation and technology, as well as cultural and creative industries.

When speaking on an earlier motion proposed by Dr Elizabeth QUAT of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) on supporting the middle class, I had pointed out that the prevailing phenomenon of downward mobility of Hong Kong's middle class or even the reduction of social mobility was, to a large extent, caused by the increasingly unitary development of local industries. Hong Kong's economy was basically supported by only the financial, property and tourism industries, as well as the retail industry which was dependent on the demand of Mainland visitors, and there were not too many industries the development of which would allow the participation of ordinary members of the public.

In order to re-establish a high social mobility, the direction of Hong Kong's industrial restructuring in future must no longer be so restrictive that only a few can gain entry; instead, it should gear towards total participation so that everybody can participate and will have the channel to do so. In this regard, the Government can consider developing some new industries with lower entry threshold, such as creative industry, arts and cultural industries, and even leisure agriculture and fishery industries, eco-tourism and traditional handicraft industry, so that people will have more channels for upward mobility. Of these, I am more concerned about the future development of arts and cultural industries in Hong Kong. I will now talk about the development of arts and cultural industries specifically.

I note that the nurturing of cultural industry has been mentioned in Mr SIN Chung-kai's proposed amendments, and the DAB concurs with this view. In fact, Hong Kong is teeming with cultural and creative activities, with many original programmes and performances staged by various large, medium and small-scale arts groups. Moreover, many works have been created by local visual artists, and works held by collectors have been well-received by bidders from around the world, with some even fetching high prices.

However, why have Hong Kong's arts and cultural industries been neglected all along? I consider that the Government's policy is the reason why these industries have yet to become a mainstay in our economy.

The SAR Government has all along provided little support to promote the popularization and development of arts and cultural industries. Although the Government is always willing to provide substantial funding support to some large arts groups and major cultural events — for example, while funding support of some \$6.5 million has been provided for a handful of artists to participate at the Venice Biennale — a local oil painting organization applying for subsidies to organize an oil painting exhibition can only get \$200,000 after much hard work.

Separately, notwithstanding the major functions performed by the West Kowloon Cultural District (WKCD) as the foundation hardware of Hong Kong's arts industries, its cultural software content is dominated by Western arts elements and Western values. According to press reports the day before yesterday, M+ Museum in WKCD has already collected more than 1 000 pieces of artworks, including 1 500 pieces acquired from Swiss collector Uli SIGG for a sum of \$177 million. This collection comprises many pieces of artworks created by controversial Mainland artists, but only the works of two local artists, namely PAK Sheung-chuen and LEE Kit, were collected.

I consider that as WKCD will be the stronghold of Hong Kong's cultural development in future, its extravagant move of spending over \$100 million to acquire a foreigner's collection is exactly a case of seeking from a distance by forgoing what is within reach. Why can't public funds be used primarily on promoting and acquiring artworks of local artists? Even works of unsung new artists can also strike a chord in the audience so long as they bear the right artistic elements. As such, these works are also worth collecting. While I consider that it is alright to involve elements of politics in arts, is it worth putting some indecent works in M+'s collection, for example, the one with the artist raising his middle finger in front of Tiananmen Square which is purely an expression of a political stance? I think the public will have their own judgment.

I suggest that work should be done by the Government in the following aspects when promoting the development of local arts and cultural industries: first, to assist local artists in identifying cheap rental premises in industrial

buildings for setting up workshops; second, to increase the allocation of resources to District Councils so that more arts performance venues can be constructed.

Furthermore, the authorities should give equal treatment to local cultural and arts groups, regardless of the nature of their arts and their sizes, and provide them with appropriate financial support so long as they meet a certain standard, so that arts can flourish in Hong Kong. WKCD should also be positioned as a showcase of the characteristics of local arts, as well as a platform for nurturing local arts creation.

In respect of assisting local arts groups in staging performances and exhibitions in the Mainland, the Government can also negotiate with the Central Government as well as various municipal and provincial governments through different channels such as the Mainland/Hong Kong Closer Economic Partnership Arrangement (CEPA), so that Hong Kong's cultural industry will become one of the services industries with free access to the Mainland under CEPA, in order to facilitate local arts groups in exploring the huge Mainland market.

Lastly, in respect of nurturing of talents, the Government must ensure the provision of a proper arts foundation education. I once visited a direct subsidy school in Kowloon with an exceptional artistic atmosphere as students can freely create their own arts on the walls and front gate of the school. I was told by the school management that it could only afford such ample resources for nurturing the students' artistic talents because of its status as a direct subsidy school, as well as the support from parents, while it might not be feasible for ordinary aided secondary schools. Hence, the Government should allocate more resources to primary and secondary schools for employing specialized arts teachers to enhance the students' interests in arts, for the purpose of nurturing more arts talents and developing better arts appreciation in the future.

President, as the Chinese saying goes, "A boat sailing against the current must forge ahead or it will be driven back." Once the head of the Four Little Dragons in Asia, Hong Kong has been overtaken by other countries and places in recent years. For example, the manufacturing industry of mobile phones and electrical appliances in South Korea is on the verge of overtaking Japan. If Hong Kong does not catch up soon, I believe that Hong Kong will be overtaken by some Mainland coastal cities within the next decade or so. It is now time for

Hong Kong to step out of the glass house supported by the financial and property sectors, and embark on a new economic road through winds and rain.

President, I so submit.

MR RONNY TONG (in Cantonese): President, I certainly thank Mr Martin LIAO very much for his motion today, but frankly speaking, it seems that the timing for moving this motion was some 10 years late. The theme of this motion is to promote economic restructuring, but as evident from the basic statistics and the actual situation around us, it is not difficult for us to conclude that there was an economic restructuring more than a decade ago.

It is actually impossible to promote another economic restructuring or reverse the restructuring, because we will not be doing so at the right place and at the right time. President, we can verify this if we take into consideration some simple statistics on the situation five years ago in 2008. At that time, the services industry accounted for 90% of the GDP while the industrial sector only accounted for 9%. In other words, an economic restructuring has been completed five years ago, and our economy has entirely changed.

This point can also be illustrated by other figures. For example, we can take a look at the figures on the projects or industries participated by our labour force. The retail, restaurant and hotel industries took up 43.3% of the labour force while the financial and real estate industries accounted for 20%. The total export value last year was \$390 billion while the total import value was \$430 billion; in other words our input was much higher than our output. Why is Hong Kong still a successful economy in Southeast Asia at the least? It is because we do not rely on the export of goods but we rely on the attraction of foreign investment and the export of services.

In our debate just now, some Honourable colleagues have voiced some empty and lofty principles, which gave people an impression that they have overlooked something. They talked about some minor incidents or individual industries, and this give people the impression that they can only see isolated details but not the bigger picture. President, when it comes to how we can maintain our economic status and then enter into other industries and strengthen

our economy, we must first figure out what made Hong Kong successful, the factors that we relied upon for our success and how to consolidate our position.

Hong Kong is undoubtedly a financial, services and transshipment centre at present. Why have we been successful? We must not boast loudly about our excellence and we should listen to the comments of foreign investors on Hong Kong. The reasons for our success can roughly be summarized as follows: first, Hong Kong is a free economy. Second, Hong Kong has stable financial and monetary systems. Third, Hong Kong upholds the rule of law. Fourth, Hong Kong does not have national debt; not many countries around the world can be compared with us in this connection. Fifth, Hong Kong has a sound supervision system. In other words, foreign investors think that they have confidence in investing money in our financial and investment industries because Hong Kong has sound rule of law and legal systems, as well as a favourable supervision system.

Therefore, we need to know how to maintain or defend the five important factors for our success. Yet, we only see dark clouds in front of us, and we are facing significant threats or challenges from all sides. First, rents remain constantly high, which is a major factor that scare off foreign investment. Second, we suffer from a lack of talents and we have not done enough in training talents. We were constantly lagging behind in the past 20 years, especially in the industries that we depend upon for our success. There has been a manpower shortage in the industries where we strive for foreign exchange and foreign investment through exports, such as the legal profession and the healthcare sector. Third, our political system has gradually been invaded by the culture of Mainland officials and businessmen, and fairness and justice are no longer visible. Fourth, our rule of law is being challenged, and some have even commented that our legal system has becoming increasingly like that of the Mainland.

President, the above challenges are important threats to strengthening our position as a financial, services and transshipment centre, thereby becoming a successful economy. If we do not consolidate the position that contributed to our success, it would be difficult for us to enter other industries or markets. This is a very important point. If we cannot hold fast to the existing footing, the extravagant and pleasant expressions we used to promote other trades or industries will only become empty talk. Thank you, President.

MR ANDREW LEUNG (in Cantonese): I believe Honourable colleagues would not disagree that economic restructuring is essential and the problem is how it should be implemented. Today, I will discuss this issue from my perspective as a member of the industrial sector.

Over the past few years, members of the Federation of Hong Kong Industries and the Business and Professionals Alliance for Hong Kong (BPA) and I have repeatedly conveyed our views to the Government inside and outside the Legislative Council. In our view, we cannot simply tilt towards the financial and real estate industries in developing a knowledge-based economy. Moreover, we should not ignore our inherent advantages and other professional services in the development of services. We also need to make good use of our geographical advantage of proximity to the strong Mainland market, and focus on the general trend of economic development of the region as a whole. We cannot just keep an eye on this tiny place; instead we should think about how we can make use of our strengths to support regional development.

The industrial sector has always stressed that we cannot give up the industries and we have repeatedly asked the SAR Government to support local industrial development, so that we can still rely on the manufacturing industry to survive the storm if our export-oriented economy encounters another global economic downturn, the services industry are adversely affected and the financial sector is upset by a powerful tsunami.

Nowadays, the industries are no longer labour-intensive manufacturing industries and production does not only rely on a large number of blue-collar workers immersed in the operation of die cutting or sewing machines, and we should see industries in a wider perspective. In the past 30 years, we seized the opportunities in the Pearl River Delta (PRD) and expanded our production lines. At the peak, we employed 11 million workers in the PRD and the services industry in Hong Kong was greatly enhanced; and we call these "producer services". In fact, the industries have not completely disappeared as Mr Ronny TONG has just said.

Those of us in Hong Kong are known as service providers; I am actually a factory operator. Nevertheless, I am just a service provider because my factory is not located in Hong Kong. Hong Kong products and industries have a very wide scope of coverage. Take the Mercedes-Benz and BMW cars that many of

us are driving as example, these cars cannot be driven in Hong Kong if some products are not made by local companies. Even some Apple products are produced in Hong Kong.

Therefore, we hope Honourable colleagues would understand that the definition of industries is really wide. The industries today are not just limited to manual labour jobs and we have a wider production chain. The local industries include design, research and development, manufacturing, integration, assembly, inspection, testing, quality assurance, brand promotion, product sales, and logistics and transportation, and each of these industry segments is a key to success. Let us take Apple Inc. frequently discussed by the industrial sector as an example. Is it an industrial company? It is actually a design company. Another example is Motorola which has a small number of factories. We should understand that an industry does not necessary refer to the business of assembling components in a factory.

At the meeting of the Panel on Economic Development last Wednesday, many members suggested that the manufacturing industry should be developed afresh in Hong Kong and something new should be done to change the previous production modes of industries. In the past few years, the industrial sector has already noticed this new tendency and we would like to seize the opportunity to focus on the production of high value-added products. High-tech design would be the main selling point or we would produce some products that meet the needs of individual users.

In the future, we should be further devoted to completing in Hong Kong the high value-added procedures, including design, research and development, brand management, sales and supply chain management, while other labour-intensive procedures would be outsourced to the manufacturing base in the PRD and even in Southeast Asian regions. Even if "Made in Hong Kong" is not marked on the products, "Made by Hong Kong" can be marked and the sign "Hong Kong Created" may also be used.

We have constantly told officials in the past few years that high value-added industrial development is essential, scientific research should be strengthened and design should be emphasized. Nonetheless, as most of the operators are small and medium enterprises (SMEs), it is not enough for us to rely on ourselves in the face of such a significant change. The industrial sector

hopes that the Government will not only play verbal tricks or write articles to express support for economic restructuring and industrial innovation. The Government can also introduce new policies and ideas and take practical actions to demonstrate the SAR Government's commitment and determination to promote innovation and technology, so that the community would be clear about the directions of development.

Therefore, the Federation of Hong Kong Industries has been fighting for the introduction of triple tax allowance for the expenditures on product research and development, product design and product promotion, so that the enterprises can drive forward the development of innovation and technology in a more flexible way. With the Government's support, the enterprises will devote more resources to create more new jobs and give young people more opportunities for upward mobility.

As to supporting SMEs, we cannot ignore the creation of a more favourable business environment for enterprises. The Government may make reference to the practices of the United States, Japan and Singapore, and increase the credit guarantee under the SME Financing Guarantee Scheme to 90%, so as to allow SMEs to get loans from banks easily.

In addition, the Government should start with regulation and manpower training and relax the uses of factory buildings, so that more SMEs can make good use of these places for design and brand promotion. The authorities should be more forward-looking and train more talents for local industries and other competitive industries, such as the shipping and logistics industries, so as to support the long-term development of enterprises.

We also suggest that the Bureau should consider giving SMEs credit for developing emerging markets, providing interest subsidies, establishing a unified and comprehensive emerging market database, providing free of charge the relevant market information to SMEs, and providing one-stop services from the planning stage to implementation, reflecting the decision of the authorities through practical actions.

President, intellectual property rights are also essential elements. An original grant patent system should be established in Hong Kong as soon as possible. Given our financial, legal and intellectual property protection system,

we have congenital favourable conditions for the establishment of an original grant patent system. We should seize the opportunity to introduce a patent system under which registration completed in Hong Kong can ensure patent protection in China and Hong Kong, to assist enterprises (especially SMEs) in introducing innovative products into the Mainland market, thereby promoting the development of Hong Kong in high-technology, innovative and high value-added directions.

I so submit, President.

MR TONY TSE (in Cantonese): President, the "Framework for Development and Reform Planning for Pearl River Delta Region" adopted at an executive meeting of the State Council in 2008 marked the incorporation of the reform of the Pearl River Delta (PRD) into the scope of the national strategy, giving the PRD Region another important development opportunity after 30 years of reform and opening up. As a member of the Greater PRD Region, Hong Kong also has ample room and opportunities for development. If Hong Kong can play a complementary role to the Mainland's economic development strategy and the global economic development trend, and continue to maintain and promote our inherent advantages, as well as promote the development of high value-added and diversified industries in the traditional economy, I believe that Hong Kong will be able to steadily transform into a knowledge-based economy.

Our economic development in the past depended upon the Mainland to a certain extent. Along with the reform and opening up of the Mainland, its considerable land supply, low-cost labour and low operating costs attracted quite a lot of Hong Kong enterprises to establish factories on the Mainland. Thus, labour-intensive local industries have moved northward while high value-added services industries including management, design, professional talents, scientific research, and testing and certification services industries are developed in Hong Kong. Since Hong Kong has inherent political and geographical advantages, it has become the window through which foreign enterprises and capital entered the Mainland. Nevertheless, the policies and measures made by the SAR Government in the past in response to the Mainland's economic development process were clearly insufficient, and they failed to ensure that local businesses and industries would have more benefits and sustainable development.

Concerning the logistics industry, for example, the PRD Region has put a lot of resources in recent years in the vigorous development of logistics facilities, such as container terminals, airport and air cargo facilities. This directly resulted in the splitting of Hong Kong's port and logistics business. The logistics industries in Hong Kong and the Mainland, which were once complementary to one another, have now become regional competitors. After all, the main reason was that the SAR Government failed to introduce policies for sustainable development of the logistics industry in the past. Although some people considered that the logistics industries in Hong Kong and the Mainland are now co-operating as well as competing, our logistics industry is undoubtedly facing unprecedented great challenges and pressures. The SAR Government absolutely cannot take this situation lightly; it must be forward-looking and make supportive policies to catalyze new development of our logistics industry amidst competition, so that we can identify opportunities from crises and find another way-out for our logistics industry.

The "Outline of the 12th Five-Year Plan for the National Economic and Social Development of the People's Republic of China" has chapters dedicated to Hong Kong, Macao and Taiwan. It also has a new chapter on ecological construction, actively responding to the challenges to the ecological environment and climate change; thus, it is the Mainland's first green development plan. Has the SAR Government considered how it can seize this opportunity of the Mainland's promotion of green development to encourage and help the local industries concerned and professional sectors to provide services to the Mainland, and assist the enterprises in Hong Kong in developing the Mainland market, and promote the development of the modern service industry? I hope that the SAR Government can seriously examine how to grasp the opportunities given to Hong Kong under the 12th Five-Year Plan, and expeditiously formulate and implement the relevant policies to avoid missing this excellent opportunity.

The economic integration of Hong Kong and the Mainland is conducive to the expansion of our professional services to the Mainland, and it also provides the Mainland with a platform for "reaching out". Mainland enterprises can make investments in foreign countries through Hong Kong or make investments and carry out business in Hong Kong. Although China's "reaching out" strategy was proposed some time ago, since Mainland enterprises generally lack international experience, and have insufficient risk assessment and management experience, it is still difficult for them to fully achieve the objectives of the "reaching out"

strategy. As Hong Kong enterprises and talents have richer experience in foreign business, we should seize the opportunity and make the best use of our advantages to make up for the deficiencies of Mainland enterprises.

President, up till today, we still have many advantages as compared to the Mainland in such areas as the legal system, management and the flow of information. So, we should make good use of and give full play to these advantages. Apart from the consolidation of the four traditional economic pillars, we should take positive measures to promote the development of high value-added and diversified industries, and economic restructuring. Will the Government consider turning Hong Kong into a leisure tourism city, for example? Hong Kong has favourable conditions in respect of catering, design, fashion, culture and ecology, and Hong Kong can possibly become a leader in the Southeast Asian region insofar as quality leisure life is concerned.

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

DR LAM TAI-FAI (in Cantonese): President, the motion proposed by Mr Martin LIAO today is very meaningful. Being a Deputy to the National People's Congress (NPC), perhaps he is also quite worried about the Government's aimless formulation of the economic development blueprint without properly grasping the general direction of economic development on the Mainland.

This year, when the meetings of the NPC and the Chinese People's Political Consultative Conference were being held, I learnt about the direction of our country's economic development after reading the Report on the Work of the Government delivered by Premier WEN Jiabao. The main theme of the report was "balanced and fairly rapid development". Not only did it strive for growth in figures, it also sought to enhance the quality and efficiency of economic development. Moreover, Premier WEN repeatedly laid stress on the in-depth development of industrialization, informatization and urbanization.

President, in the whole Report on the Work of the Government, what carries the greatest strategic significance to Hong Kong is that our country will further open up, expedite the implementation of the strategy of "going global" and

encourage enterprises to pursue development and investment outside. This is absolutely a huge opportunity for Hong Kong.

I am not going to dwell on the contents of the Report, but something said by Premier WEN has given me a very deep impression, to which we must pay attention. He said, "..... economic development, without which we would have accomplished nothing." Hong Kong really needs to draw reference and learn from these words.

President, our country has a clear and definite direction for economic development, whereas Hong Kong still lingers at the crossroads, wondering where to go. A present characteristic of the Government is that it talks about philosophy and figures every day, yet there are not any specific policies or measures for economic development in the Policy Address. It merely stated that the Economic Development Commission (EDC), led by the Chief Executive, would be set up to conduct studies through intensive meetings, but so far it is still empty talk. President, the key to economic development is to seize opportunities and take action. Empty words, idle fantasies and pure studies are not only unable to attain real work, they will also let good opportunities slip away.

Hong Kong is engaging ourselves globally with leveraging on the Motherland, but following globalization, there is a downward trend in our competitiveness. Hence, Hong Kong must endeavour to tie in with the theme of "balanced and fairly rapid development" of the Mainland and grasp the opportunity to promote prosperity and stability.

President, I consider that no matter how Hong Kong develops and transforms, it must uphold three bottom lines: (1) defending free economy; (2) maintaining Hong Kong's edge as a cosmopolitan city where the East meets the West; and (3) developing the real economy to support sustainable and healthy development of small and medium enterprises (SMEs).

President, free economy is Hong Kong's core value which cannot be undermined. John TSANG, the Financial Secretary, has particularly emphasized the necessity to maintain the "free and open" mode of economic development. Even if the Government has once engaged in market operations in times of

market failure, it will have to strike a balance between social costs and benefits. In this regard, I fully concur with John TSANG's view.

However, recently, the Government has continuously disrupted free market operations by administrative intervention whenever it finds something unbearable. For instance, the Government has introduced a series of "tough measures" to curb the demand for housing through SSD, BSD and DSD. Such an approach obviously distorts free market operations.

President, before the collapse of Lehman Brothers, there was not any prior sign. The Cyprus incident which took place today or yesterday also happened out of the blue. Should the European debt crisis keep deteriorating, there is indeed the chance that the property market will suffer a downturn. Given these "tough measures", if property owners then wish to sell their properties to quit the market but they dread to pay the SSD, it is really possible that they will lose all their money. Thus, in strengthening the development of the four main traditional pillar industries and promoting the emerging industries, the Government must not shake the mode of operation in the free market.

The "powdered formula restriction order" is also a measure which lacks thorough consideration. Just because there is a shortage of two particular brands of powdered formula, the Government imposes an across-the-board restriction on the quantity of powdered formula brought outside Hong Kong, but it does nothing to tackle the problem from the source of supply. Such an approach is in fact unable to solve the problem. On the contrary, it will exacerbate conflicts between the two places, bringing only harm but not any advantage to the economic integration between Hong Kong and China as well as the long-term development of Hong Kong's economy.

The preciousness of "two systems" under the principle of "one country, two systems" lies in the fact that capitalism, which has all along been adopted by Hong Kong, has turned Hong Kong into the freest economy in the world. This is Hong Kong's unique advantage. It is also the core value of Hong Kong. How can we be so stupid to destroy our own fort and ruin our free economy?

President, apart from defending free economy, we must also preserve Hong Kong's status as a metropolitan city. Undoubtedly, the Individual Visit Scheme (IVS) of the Mainland has brought tremendous economic benefits to Hong Kong,

but the Government has got to understand that to stimulate economic development, it cannot solely rely on the IVS. Hong Kong must put in more resources to launch diversified policies so as to attract more international investors, enterprises and visitors to make purchases and investments in Hong Kong. Only then can Hong Kong maintain its edge as a metropolitan city.

Lastly, Hong Kong must develop a real economy. It cannot permanently tilt towards the financial and property sectors. Instead, it must formulate a long-term policy for industrial development. If the Government wishes to assist SMEs in upgrading, restructuring and promoting domestic sales on the Mainland, it is necessary to study how to amend section 39E of the Inland Revenue Ordinance. It cannot be overcautious without doing any real work on the excuse of taxation loopholes.

President, what helpful advice the EDC will offer to lead Hong Kong to develop the economy, create employment opportunities and improve people's livelihood is still unknown. Yet Hong Kong's top priority task is to utilize resources and introduce timely economic policies to build up a sound business environment. Only then can we hold onto the "China dream" and create another "golden five years". I so submit.

DR KWOK KA-KI (in Cantonese): President, first of all, I would like to thank Mr Martin LIAO for proposing this motion as he gives us a chance to discuss this issue. In the motion, he has stated the general direction of the Mainland's economic development and the recent changes in the international economic situation. These points have prompted us to think about how we should promote Hong Kong's economic development, including economic restructuring.

Recently, two interesting survey results have been announced. The first one indicates that the sadness index of Hong Kong people has reached 70%. Most of the people in sadness are from the sandwich class; and the saddest group in Hong Kong is the sandwich class with an income ranging from \$10,000 to \$15,000, and \$15,000 to \$20,000. The second survey is conducted by a bank. It brings us with the good news that 600 000 Hong Kong people have joined the league of millionaires. The assets they own are on average worth more than \$11 million, but 30% of these new millionaires have made their fortune from the

red-hot property market. As the saying goes, "What millions died that Caesar might be great." While the hike of property prices has given rise to more than a hundred thousand new 10-millionaires, an increasing number of local people are aggrieved by our economic and social development as they consider that the development is going against their interests.

When the Mainland's economy is developing fast and the total number of visitors under the Individual Visit Scheme (IVS) has surpassed 40 million, we should have felt happy about that; but what is the actual response of Hong Kong people? Most of them think that the benefits brought the IVS are shared only by a small group of people. We all understand what they mean when we walk pass Canton Road. In my view, people who benefit most are owners of properties on Canton Road or in Tsim Sha Tsui and Causeway Bay. Recently, the rent of a 40-square-foot shop in Causeway Bay has reached \$4,500 per square foot. Please note that it is not the selling price but the rent. From this, we realize that property speculators are the only group in Hong Kong who can make big money and live a joyful life. They have earned so much money and become so fat that they cannot even put on their socks. Yet, the entire community is deprived to serve their interests: Ordinary businessmen and small and medium enterprises (SMEs) are being pushed to the dead end; ordinary people in Hong Kong are living in great distress if they are not lucky enough to have their self-owned properties or their parents cannot afford to pay the down payment for them. They are living a more miserable life than people in poorer places.

Right now, we are discussing economic restructuring. However, if we look at the business environment of today, we will know that we are simply fishing in the air. We are just giving an empty talk when we say that we want to find new ways for SMEs and small startups to survive in Hong Kong even if they are not engaging in the four traditional major industries or the six industries with competitive edge, which are no longer mentioned by the Government. Later today, it just happens that there will be a motion on the issue of Kowloon East. The development of Kowloon East, which is a typical development project, may sound magnificent on the face as it will transform a traditional industrial area into a new commercial area with many hotels. However, SMEs operating in this area are in great hardship. They are forced out because premises owners want their buildings to be expeditiously converted into grade A offices or four-star or five-star hotels to serve the countless IVS visitors. Therefore, the SMEs have no

choice but to leave. For those which can stay in their original premises, many of them have to face a rent surge of at least 30% or even 100%. In this situation, how can we ask people to operate SMEs or start up creative and technological businesses in Hong Kong?

Secondly, all economic activities require the support of education and training. Over the years, our local secondary and tertiary education has failed to make impressive progress that we are proud of. Instead, there were only a series of education reforms. As the number of undergraduate places has not been increased substantially, only a small number of Hong Kong students can receive subsidized post-secondary education. As compared with South Korea — the creative industry of which is often cited as an example — and other neighbouring places like Taiwan, Singapore and Japan, we have done very badly in terms of financing training, particularly when it comes to subsidizing education and improving secondary education. Against this background, if we say that we want to nurture better talents, how can it not be an empty talk?

As we all know, the financial and property industries should not be condoned. However, the Government is doing the contrary. It does not take heed of the needs of startups and fails to provide them with the required talents, affordable rents and a good business environment. Some colleagues have just said that free economy is essential and they hence oppose the suggestion that the Government should curb the property industry. However, I do not agree to this view. Free economy is not tantamount to free looting. Here in Hong Kong, the major developers have tangoed with the Government for years. They are just pretending that they are not doing so. The Government has already helped developers implement the high land price policy. I keenly hope that things can get back to the right track so that Hong Kong's economy can kick start again. Hong Kong people have never relied on the alms or assistance of the Government. All they wish is a level playing field for them to do their part. If the Government does not make any change to its policies, this wish can never be realized.

Anyway, I hope this motion can prompt the Government to start bringing changes to our economic activities. I hope that the current-term Government can have the determination to change the wrongs and avoid making the same mistakes of the last-term Government. I hope Hong Kong can successfully

restructure our economy to prevent the sadness index of local people from increasing next year.

I so submit. Thank you, President.

MR DENNIS KWOK (in Cantonese): President, from an economic point of view, Hong Kong, just like any other enterprises, has income, expenditure, staff and management. Similarly, it must keep on increasing its own competitiveness to avoid being knocked out.

In the past decade or so, Hong Kong as an enterprise, had been running in a very strange way because the huge amount of profits gained were put into the reserve. Unlike other large enterprises in the world, we had not reinvested our extra profits to enhance staff productivity and explore new business opportunities to seek more profits. We had not done so. Therefore, I really want to thank Mr Martin LIAO for proposing this motion today to urge the Government to seriously consider how it should optimize the use of its financial resources so as to assist new industries with competitive edge and shape Hong Kong into an economy with diversified service industries and sustainable development.

In respect of developing new industries with competitive edge, what I want to point out is that we must not act like Donald TSANG's government, which naively believed that the vision would automatically be realized after being told. After announcing that Hong Kong would develop the six industries with competitive edge, it just briefly promoted this plan to the public, mistakenly believing that the free market and investors would take the initiative to follow up its plan.

The development of the six industries with competitive edge is not like the fairy tale "Jack and the Beanstalk". The beanstalk would not grow high up to the sky overnight. As stated by Mr Martin LIAO in his speech earlier, countries like South Korea, the United Kingdom, Taiwan and Singapore have all formulated their policies with careful thought in nurturing cultural and creative industries. Hong Kong can hardly match these countries in terms of resources input. Therefore, their achievements are not gained by sheer luck.

While the Government emphasized that it would promote the development of creative and technological industries, its work in the past few years did not pay off as it had all the way made selective efforts. As suggested by Mr Charles Peter MOK in his amendment, the Government should comprehensively review the existing policies, work out a blueprint for the development of these industries and implement a series of support measures, such as providing additional resources, introducing patent reform and providing more economic incentives like tax concessions, to attract overseas and Mainland's companies to invest in Hong Kong and foster the healthy development of local industries.

The United Kingdom is doing quite well in the development of the scientific research and creative industries. Will HUTTON, a British scholar, has stated in his book *Them and Us* the importance of scientific research. For example, it is particularly important for universities. Let me read a quote from his book: "Britain has developed an innovative system of trying to stimulate risky, ground-breaking university research. Within the block grant for research funding, a component known as QR — quality-related — funding is set aside for universities to back projects that they identify as worthwhile and over which they have discretion. This is not blind backing of universities: the amount is guided by how universities fare in the periodic Research Assessment Exercise (RAE). On top, universities can apply to a range of supplementary funders — various research councils, charities, the European Union and government departments — to leverage this core funding. This 'dual-support' funding system has allowed the UK to get far more bang for every pound of funding than other countries by channelling resources towards excellence and innovation. It has a string of achievements to its name — Bristol University's BlueCrystal hyper-fast computer, Aberdeen's work on Alzheimer's, Durham's Institute for Partical Physics Phenomenology (IPPP), which drives the analysis behind the Large Hadron Collider in Geneva Government procurement is also a vital prop for innovation. It supports private R&D by being a guaranteed customer offering assured margins".

I make this quote just to give an example. In the United Kingdom, years have been spent on designing scientific research projects. Their policy in this aspect is also very mature to bring excellent achievements. The Civic Party considers that, in addition to creative and technological industries, Hong Kong also has the requisites and the need to promote green economy on our own

initiative. In our proposals to this year's Policy Address and Budget, the Civic Party had already stated the ways to actively develop a green economy.

Green economy is an economic mode which will add diversity to Hong Kong. At present, we are capable of developing green industries like green urban planning, green building design, recycling, organic farming and green creative industry. All these can help diversify Hong Kong's economy. If the Government can strongly promote green economy on this basis and put in the required resources, it will be able to attract more people to start up their own businesses. Meanwhile, its promotion will indeed send the public a green message to make Hong Kong a more livable city. Therefore, green living is not just an economic mode but also our living attitude.

President, I so submit.

MR CHUNG KWOK-PAN (in Cantonese): President, economic restructuring has been on our lips for more than a decade but our economy has not made any headway over the years. Not only that we do not have any emerging industries, our traditional industries are also declining. The slow pace of economic restructuring, and coupled with our reliance on the financial and real estate industries, have caused our industrial structure to become increasingly monotonous. This problem is definitely linked to the lack of concrete measures from the Government. For Hong Kong's economy to be restructured successfully, the Government must be proactive to lead the upgrading of local industries.

In this year's Policy Address, Chief Executive LEUNG Chun-ying has expressly stated that Hong Kong must diversify its industries and that we must "deepen and expand our industries". Regrettably, no concrete policies have been proposed except the establishment of the Economic Development Commission (EDC) to carry out relevant studies.

Over the years, the Liberal Party has repeatedly advised the Government that it should draw up a comprehensive policy to provide manpower training and increase investments in scientific research, so as to give concrete assistance in upgrading local industries to move up the value chain. In order to promote economic restructuring, we must develop new industries and, more importantly,

upgrade the traditional pillar industries to achieve economic diversification and enhance Hong Kong's overall competitiveness.

Manufacturing industries had once thrived in Hong Kong. Although manufacturing plants had moved to the Pearl River Delta and the neighbouring South East Asia years ago to save costs, it does not mean that Hong Kong's manufacturing industries have waned. On the contrary, the export business of these industries continues to be one of the pillars supporting Hong Kong's economy. Let us take the textiles and garment industry as an example. Up till now, it is still a key pillar in our industrial structure and economy. Even though the textiles and garment industry was fraught with difficulties amid the volatile external economic environment in the past few years, its export value remained high at above HK\$250 billion as at December 2012, constituting about 8.3% of the overall export value of Hong Kong.

While the textiles and garment industry brings Hong Kong hundreds of billions of foreign exchange earnings every year, the SAR Government puts this amount into the balance of trade account instead of taking it as an income generated by a single industry. However, garments produced by Hong Kong are indeed highly competitive and have large markets in the Mainland and overseas. In foreign countries, textiles and garment is only considered as part of the fashion industry. Brand effect is of utmost importance in the development of fashion industry as it brings high added-value. Therefore, if we want to vitalize Hong Kong's industrial development, we must transform our textiles and garment industry into the fashion industry.

Right now, we have already got a good foundation for developing the fashion industry. Not only the timing is right, our geographical and social conditions are also favourable to its development. What the Government has to do now is only to take this opportunity and introduce relevant policies. In my view, a push is sufficient for the fashion industry to drive Hong Kong's economy.

In the past, the textiles and garment industry was comprised of weaving, dyeing, sewing and some other production procedures. As it develops, it gradually becomes a network which covers retail, design, merchandizing, manufacturing and sales businesses. Its development has kept abreast of the market trend. This is what I call "the right timing". As for "the favourable geographical conditions", Hong Kong is the southern gateway of China. As we

are backed by the large domestic market in China, many international fashion brands have come to Hong Kong and take it as a springboard to the Mainland market. Therefore, the geographical location of Hong Kong is highly favourable to the development of fashion industry as it gives us countless of business opportunities.

Regarding "the favourable social conditions", in recent years, the textiles and garment industry has realized that the development of home brands and new designs cannot rely on ordinary workers as they did in the labour intensive era. Therefore, they have instead employed more intellectual and creative talents rather than ordinary workers. In response, various tertiary institutions, including The Hong Kong Polytechnic University, the Hong Kong Design Institute and the School of Continuing and Professional Studies of The Chinese University of Hong Kong, have put in lots of efforts in recent years to train fashion designers and management talents for the sales and marketing of fashion. They have provided the fashion industry with many highly-educated new brains.

Besides, the fashion industry has connections with other industries. Among the working groups formed under the EDC, there are the Working Group on Manufacturing Industries, Innovative Technology, and Cultural and Creative Industries and the Working Group on Professional Services. Both of them are relevant to the fashion industry. For example, fashion design belongs to the creative industry, and technological research belongs to the technological industry. The testing, inspection and certification industry mentioned in the Policy Address also has a close connection with the fashion industry as 25% of its clients come from the textiles and garment industry. As the Mainland market is growing rapidly, the textiles and garment industry will have a greater demand for testing, inspection and certification.

As regards professional services, a number of procedures in the fashion design industry, such as fashion design, merchandizing, quality control and environmental protection, fall within this category; and Hong Kong in itself is an international centre for fashion merchandizing. From this, we can see that as long as the Government can grasp this opportunity and give the required assistance to the textiles and garment industry for its repackaging, the fashion industry will rise to complement other industries in Hong Kong.

President, I have previously reflected to the authorities that the industry has set up a fashion industry development committee to collect and study the views of different sectors in the industry. It will act as a co-ordinator in the development of fashion industry and propose relevant policies to the Government so as to support the transformation and upgrading of the textiles and garment industry, and drive Hong Kong's economic development.

Thank you, President. I so submit.

MR FRANKIE YICK (in Cantonese): President, I am glad that Mr Martin LIAO has proposed this motion today so that we can give constructive advice to the Government on the promotion of Hong Kong's economic restructuring. My speech today will focus on the transportation and logistics industry which I represent.

In recent years, Hong Kong's economy has been moving up to high-value-added activities; the transportation and logistics industry is no exception. The National 12th Five-Year Plan stated unequivocally its support for Hong Kong to develop into a high-value goods inventory management and regional distribution centre. The industry has hence headed towards the direction of upgrading and transformation. However, the SAR Government has not proposed any specific policy to assist the transformation of the transportation and logistics industry. In the Policy Address delivered at the beginning of this year, the Chief Executive proposed to establish the Economic Development Commission (EDC), under which the Working Group on Transportation has been formed. Yet, the establishment of EDC now remains a mere formality as the EDC has not taken any concrete measure so far. Last month, the Financial Secretary put the task of consolidating the trading and logistics industry at the top of the list and proposed certain support measures in the Budget. Nevertheless, this is still far from sufficient.

Hong Kong's logistic industry has all along been facing the fierce competition of the neighbouring places. Shanghai and Singapore are now the first and second largest container ports in the world. It is believed that Shenzhen will soon take the third place from Hong Kong. However, under the concept of "three ports in one region", Yantian Port in Shenzhen, Da Chan Bay in Shekou and Kwai Chung Port in Hong Kong should take the initiative to complement

each other and bring our competitive edges into play in order to compete with other neighbouring ports.

When compared with our competitors, Hong Kong is inferior in respect of land resources, the pace of infrastructural development and transportation costs. We can hardly compete with others in these aspects. However, Hong Kong is, after all, an international logistics and aviation hub with a well-developed global network, professional shipment services and efficient customs clearance. We are also highly reliable in terms of freight safety. In recent years, as the external economy develops, the expanding Asian market has a strong demand for high-end products. A large number of brands have noticed this business opportunity, as well as the strengths of Hong Kong, and have set up their regional distribution centres in Hong Kong one after another. With their valuable stocks being stored in Hong Kong in advance, they can ship an appropriate quantity of goods to their selling points in a timely manner by responding to the demand in different Asian markets. This business trend has prompted the industry to turn to provide high-value-added logistics services. At present, Hong Kong's logistics industry no longer emphasizes on quantity but quality.

When the industry turns to the direction of high value-added line, it is more important for its services to be efficient and reliable. Therefore, it must develop an electronic logistics system to improve the tracking of goods. Meanwhile, lots of land and space are required for handling the procedures of storage, devanning and consolidating shipments. In 2009, the former Chief Executive stated in his Policy Address that a number of sites with a total area of 29 hectares had been identified in the Kwai Tsing area for the development of a logistics cluster. Yet, three years or so have passed, and the Government had only provided two sites with a total area of less than five hectares. These small sites can hardly meet the needs of the logistics industry's rapid development. In the Budget, the Financial Secretary has stated that a logistics site with an area of about two hectares will be put on the market in the first half of this year, and the Government has also planned to designate about 10 hectares of land at Tuen Mun West for the development of logistics facilities. Nevertheless, if these sites are still to be awarded to the highest bidders, their development will eventually turn into real estate projects. Most of the small and medium logistics operators will not be able to afford the rents which are extremely high at present.

In order to increase our competitiveness and, in particular, to relieve the cost burden of small and medium enterprises (SMEs), the authorities should put up more logistics sites for sale as soon as possible. They should also take into account the actual circumstances and formulate a land policy to facilitate the development of the logistics industry. In the course, the authorities should refer to the past government practice of developing industrial buildings or estates in the last century. Under this practice, the Government would build warehouses to give infrastructural support to the development of industries. Those warehouses would be let to SMEs at a reasonable rent to help them survive.

However, in order to successfully upgrade the logistics industry, we must first solve the problems which have plagued the industry for years. One of these problems is the shortage of cross-boundary drivers. In recent years, trade associations have provided free training and help their trainees prepare for the driving test; yet, the industry still fails to attract new blood. What is worse, many aged drivers have retired one by one. The gap between old and new drivers results in driver shortage. If this situation cannot be improved, the development of Hong Kong's logistics industry will be seriously impeded. Even with the commissioning of the Hong Kong-Zhuhai-Macao Bridge and the Liantang/Heung Yuen Wai Boundary Control Point, our cargo hinterland would be expanded, Hong Kong may not be able to benefit as we are in lack of cross-boundary container truck drivers.

Given that the employment rate is low at the level of 3.4% and Hong Kong is close to full employment, a multitude of industries such as the catering industry, the construction industry, the aircraft engineering industry, and the logistics and transportation industry are facing severe manpower shortage. The Government must face up to the problem and seriously consider all possible solutions, including integrating various training resources and addressing the problem of mismatch of manpower. In respect of the logistics and transportation industry, the Government should consider asking the Mainland authorities once again for the relaxation of age limit, now set at 60, in renewing the driving licences for heavy vehicles. It should also think about allowing the logistics industry to import Mainland drivers under the Supplementary Labour Scheme in order to ease manpower shortage. If the Government cannot solve these pressing problems, it will be hard for the industry to trust that the Government can help to upgrade and transform the industry.

Lastly, I hope the Government can expeditiously implement its previous proposals for supporting the transformation of the transportation and logistics industry. These proposals include: building logistics parks and the third runway; speeding up the establishment of a regional electronic logistics system with the Mainland; signing more agreements for avoidance of double taxation; and attracting more overseas talents and investors to work in Hong Kong.

President, I so submit.

MR LEUNG YIU-CHUNG (in Cantonese): President, just now, I heard Dr LAM Tai-fai urge the SAR Government to value Hong Kong's free economy, particularly our image as an international metropolis. However, he also said that the Government should attach importance to a diversified economic policy instead of solely developing the financial industry. In his view, the Government must have vision and develop industry. After listening to his two viewpoints, I cannot help but wonder: Are they not contradictory? The concept of free economy, as advocated by Dr LAM Tai-fai, suggests that economic development should completely or largely be free from government involvement or intervention. Yet, Dr LAM, at the same time, asked the Government to draw up policies to promote industrial development in particular. This request was indeed asking for government involvement or intervention.

Therefore, I think we should first discuss the role of the Government in today's discussion over economic development. If we keep on talking about abstract concepts like free economy, we may end up making contradictory comments. Also, a discussion on abstract economic terms or concepts will not help promote Hong Kong's economic development. In discussing the promotion of Hong Kong's economy, we should give thought to the current problems with our economy, the role of the Government and, more importantly, the areas in which the Government should step up its efforts. Only by this will the discussion be worthwhile and meaningful.

Hong Kong used to be one of the four Asian dragons. Yet, the present economic system of Hong Kong is much worse than those of the other three Asian dragons. Why? It is the result of the "active non-intervention policy", a policy adhered by both the former colonial government and the current SAR Government in respect of economic development. But is our economic

development completely free from government intervention? No. There is still a small degree of intervention. Yet, the Government often uses the "active non-intervention policy" as an excuse to shield off requests for government participation.

As a matter of fact, the Government does not involve itself in Hong Kong's economy in many areas. Its practice is different from that of many other places in the world, such as Taiwan and South Korea. For South Korea, it is now doing very well in its information technology development. Why? It is because the Korean government has provided resources and participated in the development. Such participation is not in the form of intervention but active promotion. As for Taiwan, its information technology development may not be magnificent but it is not bad at all.

Therefore, the role of the Government is the real issue that we should discuss today. The SAR Government has been talking about developing the six industries with competitive edge, especially in the last couple of years. It indeed had a vision and a role to play, but what has it done? This is the real problem. The Government said that it would develop the six industries with competitive edge, but what has it achieved? There is hardly any significant achievement. At one time, it seemed that Hong Kong's economy was going to make some headway, but this wish could not be realized. At the end of the day, the market has to adjust itself, giving rise to the financial industry, bubble economy and service industries. In particular, the present Individual Visit Scheme (IVS) has resulted in a reliance economy.

In fact, both the bubble economy and the reliance economy are posing a great threat to Hong Kong's economy. If the bubble bursts or if other countries or places are not doing well in their economy, our reliance economy will immediately be endangered. Therefore, we must first and foremost build up a real economy and no longer rely on others or on the bubble economy. The building up of a real economy is the top priority.

In the past, Hong Kong relied on industrial development. As industry is a real economy, we managed to recover quickly in all the ups and downs in economic development. Unfortunately, we now only have a reliance economy and a bubble economy. Any economic problem is sufficient to pose a great threat to us and put us in great trouble. Therefore, in the promotion of economic

development, I think the Government should play a more active role or even a participatory or intervening role. For example, Mr TUNG had proposed developing Hong Kong into a Chinese medicine port. Yet, proposals of this kind require the active participation of the Government. The Government cannot just speak out its vision and let the market work it out in its own way. This just does not work. In fact, over the years, the Government is all talk but no action. It is one of the reasons.

Today, when we discuss the ways to promote economic restructuring in Hong Kong, we all know that our economy must be restructured. The Government has also said that restructuring involves efforts in different areas. The problem is whether the Government has the courage to be actually involved in the process. To me, this is the biggest problem. Another key issue is that Hong Kong is now under the strong influence of the IVS, which leads us to the way of service economy. At present, Hong Kong people seem to be flocking to this direction. Yet, apart from developing service industries, financial industry and real estate industry, our economy does not have any other directions.

In my view, it is time for the Government to give a clear vision in economic development and take action to actualize the vision. Meanwhile, the Government has got an even more important duty, that is, to break up market monopoly so that small and medium enterprises (SMEs) can have a role to play in our economy and optimize their strengths. At present, the market is often monopolized by large enterprises or consortia. SMEs are not given room for healthy development. Factors like high market rents are all hindering their development.

Besides, the policies of the Government continue to give an impression that it colludes with businesses and connives the hegemonies of large consortia and enterprises, depriving others of their development opportunities. On this issue, it has something to do with the objective role of the Government. Also, the Government should change its relevant practices.

DR LEUNG KA-LAU (in Cantonese): President, today's topic is about industrial transformation and economic development. As the general public may consider this topic profound and abstract, I will try to make it more down to earth.

What is industrial transformation and economic development? To put it in simple words, it means making money through skill enhancement and job creation. Just now, I heard a number of Members telling the situation of their sectors and seeking government support for the development of those industries. For example, Mr YIU Si-wing spoke for the tourism industry, Mr Frankie YICK the logistics industry, and Mr KWOK Wai-keung the fashion and clothing industry. As for Mr Martin LIAO, he mentioned the scientific research and creative industries when proposing his motion. I am not sure if Mr Martin LIAO has ever engaged in scientific researches or creative activities. His answer is in the negative. In fact, many places and countries in the world are heading towards these two industries in their development. But what is our competitive edge? How can we develop scientific research and creative industries? They indeed have two special features. In respect of creativity, is creativity something that you can wish for? You must be creative enough to think of a creative idea. Then, what is the feature I want to tell? Take movie production as an example. It is the wish of many people to produce a movie. Yet, it is likely that 19 out of 20 movies will incur losses, and only one will bring handsome profits. The same thing happens to scientific researches. In the field of medicine, while multi-national pharmaceutical companies may invest \$100 million in developing a new drug, it is likely that 19 drugs will have no efficacy and only one is effective. The drug with efficacy will then bring billions of returns.

Hong Kong has to face a problem in developing these products, that is, the investment involved can be huge. Also, it is highly uncertain which project will be profitable. In this case, the Government will have to do two things. First, it must be smart enough to foresee which scientific researches or creative projects will be profitable. Then, it has to invest in these projects. Without investment, our talents may not be able to kick start their projects because a lot of setup and support are needed at the initial stage. Without assistance, even bright talents cannot carry out their projects. However, it is not feasible for the Government to just listen to people singing their own praises and invest in a lot of unprofitable projects. The key is that the Government must have good foresight to judge which projects will really be fruitful. Yet, where can we find people with good foresight? Some colleagues have just talked about the training issue. Training is important to the success of scientific researches and creative projects. At the same time, government officials, when screening these projects, must have good foresight to distinguish the projects which stand a bigger chance of success.

Just now, Members gave views from their own perspective and sought government support for their industries, with Mrs IP being the only exception. She said that the healthcare industry which I represent could not be transformed. What a weird view. Therefore, I must come out to speak on this issue. From the viewpoint of a worker, industrial transformation means that we equip ourselves with more skills to make a living. Yet, Mrs IP said that my industry could not be transformed as doctors were well paid and the industry had its maximum capacity. In fact, she was trying to say that my industry was performing very well and did not have to do anything to transform itself. She was not saying that the industry could not transform itself but only that we had already done well. Regrettably, the fact is that many more doctors have been trained in recent years, and there is hence abundant surplus manpower in the private healthcare market. The salaries of doctors are then forced down substantially. Therefore, the healthcare industry also has to create more job opportunities. In other words, there is a need to develop this industry.

Can the healthcare industry move towards the direction of high value-added line? Just now, the development of healthcare industry was discussed and a site in Wong Chuk Hang was cited as an example. A week ago, this site was finally awarded to a tenderer at a price of \$1.7 billion for the development of private hospital. Considering this example, we may say that the healthcare industry may be the best-performed industry among the six industries with competitive edge proposed by the last-term Government. This is because it is already making some progress and a new private hospital will be completed three years later.

Next, I would like to talk about the issue of capacity. The problems caused by "doubly non-permanent resident pregnant women" are often cited to illustrate the high cost paid by Hong Kong. Even the Chief Executive said that we could not serve them. However, I must first point out that the issue of "doubly non-permanent resident pregnant women" is a legal issue instead of a medical issue. Doctors, including myself, do not have the ability to open up this market. All the relevant businesses are brought by the general trend. Why do I say that it is not a medical issue? Given the capacity of private hospitals, we can still afford to receive some more cases. Let me put it in another way. In the year which I was born, there were 110 000 newborn babies. Last year — when people said that there was problem with the capacity of hospitals — there were only about 90 000 newborn babies. Yet, the number of doctors today is almost

double of that in the year I was born. Therefore, I can tell you, in terms of capacity, we can afford to receive more cases.

A hospital providing 300 beds will only take up one hectare of land and require the support of 70 doctors and 300 nurses. These healthcare workers constitute less than 1% of the healthcare personnel in Hong Kong. Yet, the turnover of a hospital is \$1.5 billion per year. I believe this profit level is higher than that of Disneyland. In addition, there are two spheres in medical science: one is clinical service, and the other is biotechnology and drug development. Hong Kong is in need of both of them.

Lastly, I would like to spend 10 seconds or so to talk about parallel traders. Why do we have to curb parallel traders? In fact, they are similar to hawkers. Sometimes, they may cause obstruction on the streets and make some people unhappy. However, the grassroots and low-skilled people can make a living through parallel trading (*The buzzer sounded*) if they can make a living in this way, we should allow them to do so.

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

MR CHAN KIN-POR (in Cantonese): President, after the reunification, Hong Kong has gone through a series of ups and downs which make Hong Kong people realize the many problems of Hong Kong, especially the economic problems. As the four traditional pillar industries can no longer support our entire economy, we must find our new ways. To this end, the SAR Government has drawn up a lot of proposals in the light of Hong Kong's situation. The first-term Government proposed developing science and technology park, Chinese medicine port, Cyberport, creative industries, education and healthcare industries, so on and so forth. The last-term Government, after learning from these development proposals, also proposed developing the six industries with competitive edge. Regrettably, until now, we have not seen any emerging industries stand out in Hong Kong. The various proposals were not as rewarding as they seemed at the first sight.

Today's motion aims at urging the Government to promote Hong Kong's economic restructuring. Just now, a number of colleagues have put forth their

suggestions and views, and I agree to many of them. However, as I have just said, over the past decade or so, Hong Kong had kept on looking for new ways but these efforts were in vain. In my opinion, it is time to look back on our past attempts and examine why they were fruitless. We must learn our lesson and avoid making the same mistakes again. In the view of many people, the large number of government proposals has rendered our direction unclear. As we all know, it takes plenty of time and resources to promote the development of a single industry. Meanwhile, careful planning and efforts are required. If we do not have a clear goal, we will not be able to make focused efforts but will just waste our time and resources. Therefore, if we have to promote economic restructuring, we must first have a clear direction.

In fact, the Government had put most of its proposals into action. However, when it tried to develop too many industries, its indiscriminate attempts would get Hong Kong to nowhere. The first-term Government, which was anxious to find a new direction in times of economic recession, had made many different attempts in economic development but they all ended up in vain. As for the new-term Government, its view on industrial development may be different from that of last-term Government. For example, the new-term Government, while stating that it will continue to promote the six industries with competitive edge, has expressed its reservation about the industrialization of education and medical services. The six industries with competitive edge may hence be reduced to four.

Obviously, Hong Kong's economic restructuring has never got a clear direction and failed to draw the attention of the community. As a result, it is not surprising that our efforts do not pay off. Currently, the Government has already set up the Economic Development Commission (EDC) to review the strategies and policies of industrial development. I hope the EDC can make comprehensive studies and analyses, as well as collecting public views, to find out a way which is best for Hong Kong and is able to support the development of the Mainland. If it later concludes that the six industries with competitive edge should be reduced to four, the Government should act without hesitation. Top government officials like the Chief Secretary for Administration or the Financial Secretary should lead relevant government departments to form an ad hoc working group to push forward the new development proposals in their best endeavours. I think it is the only way for industrial development to succeed.

Apart from a clear goal, the Government should have a strong determination. It should put away the principle of "big market, small government", as well as the attitude of "do nothing and make no mistakes". When the last-term Government first proposed developing the six industries with competitive edge, the public indeed had some expectation on this proposal. Nevertheless, when the Government put forth the concrete measures to implement this proposal, it insisted on following the principle of "big market, small government". All it did was just to be a bystander and provide certain economic incentives as it believed the market force was strong enough to draw newcomers. At the end of the day, its plan did not work out.

Looking around the world, we will find that economic restructuring always relies on government participation. Sometimes, the government may even have to make plans for economic restructuring. Apart from tax concessions or special privileges, it should also provide all sorts of assistance to business operators. For South Korea and Singapore, their governments have greatly supported and promoted the respective development of high-tech industries and headquarters economy in their countries. Even for European and American countries, their governments will, from time to time, lead business delegations to China to look for business opportunities. At this time, if the Government insists on being a bystander, it is likely that it will just watch but fail to make any progress in economic restructuring. Therefore, I agree with the original motion on the view that the Government should utilize financial resources and policy measures appropriately to promote Hong Kong's economic restructuring.

Lastly, I would like to point out that the economic restructuring under discussion is referring to the development of new industries to complement, instead of replacing, the four pillar industries. I emphasize this point to remind all of you that the pillar industries, particularly the financial industry, are facing fierce competition. In recent years, Hong Kong is losing our competitive edge. On the contrary, our major competitors like Singapore are working hard to improve their competitiveness. If we take it lightly, we may gradually lose our position as an international financial centre. By then, Hong Kong will completely lose its edge.

However, it is most worrying that many members of the public do not think that Hong Kong's economy is under great threat. They waste our energy on internal struggle, making it hard for us to focus on economic development. Let

me give an example. In 1980s, Taiwan did very well in its new development of high technology industries and used to outperform South Korea. Yet, Taiwan has engaged itself in internal struggle since 1990s. From then on, its economy sours. South Korea, in contrast, has focused on developing high technology industries in recent years. It does not only surpass Taiwan but also join the top league of the world. It is a well-known example that warrants profound thought.

I hope Hong Kong's economic development will not be affected by our social disputes and conflicts, no matter how serious they are, since it concerns the livelihood of millions of Hong Kong people.

I so submit.

MR WONG KWOK-HING (in Cantonese): President, I speak to support the original motion and all its amendments. The motion on "Promoting Hong Kong's economic restructuring" proposed by Mr Martin LIAO today, as well as the amendments proposed by other Members, are all very meaningful. In my speech on the original motion and various amendments, I would like to draw the attention of the Government on four issues.

Firstly, I hope the Government can be pragmatic in implementing its policies to promote economic restructuring and industrial development, without ignoring the actual circumstances. Secondly, the Government should act as the largest client and take the lead to make use of the products of relevant industries so as to promote their development. Thirdly, the Government should put in resources to support their development. Fourthly, the relevant government departments should not just care about their own business, try to get around the policies devised at the top or consider the division of work as a way to avoid undertaking responsibility. I hope that Secretary Gregory SO can later respond to these four points in his speech.

On the first issue, why do I say that the Government should be pragmatic in implementing its promotion policies without ignoring the actual circumstances? President, I would like to use the Chinese medicine industry as an example. Last Monday and Tuesday, we had a discussion on this industry. In paragraph 169 of the Policy Address, the Chief Executive proposed developing the Chinese medicine industry, enhancing the status of Chinese medicine

practitioners, strengthening research and development, promoting treatment with integrated Chinese and Western medicine, and expanding the role of Chinese medicine practitioners and Chinese medicine. All these proposals sound nice. However, in the Government's introduction of the Good Manufacturing Practice (GMP) requirement for Chinese proprietary medicines, 20 bodies in the industry came to tell us the difficulties and problems facing them. For example, they are required to have a 20 000 sq ft plant with a ceiling height of 15 ft. How can they find such a plant in Hong Kong? Has the Government responded to their views? The answer is no. Another example is that the Government requires Chinese medicine retailers who are now engaging in wholesale business to move to commercial buildings by the end of this year. Otherwise, their licences will not be renewed. This requirement is indeed killing the whole industry, causing the "Chinese medicine streets" in the area of Ko Shing Street, Sheung Wan, to wane. When the Government implements these policies, is it not pragmatic? I hope Secretary Gregory SO can respond to this point.

On the second issue, why do I say that the Government should take the lead to make use of the products of relevant industries so as to promote their development? The Government should really act as the largest client. Take the promotion of the Chinese medicine industry as an example. In the relevant Panel meeting a couple of days ago, we queried why the medical benefits of the 170 000 civil servants do not cover Chinese medical services and Chinese medicine. An official responded that it was because they were unorthodox. This remark was really outrageous. When I refuted, he retracted his words and only said that they were unconventional. However, when the sick leave certificates issued by Chinese medicine practitioners are recognized, why cannot civil servants reimburse their medical fees by presenting the receipts issued by these practitioners? What is the logic behind?

I think the Government should first deal with this double standard. It cannot, on the one hand, say that it does not accept Chinese medicine and, on the other hand, say that it will introduce public-private-partnership in three modes. The fact that Chinese medical services are not provided by the Health Department cannot be the reason for the civil service medical benefits not to cover Chinese medicine and Chinese medical services. Otherwise, how can the vision in paragraph 169 of the Policy Address be realized? The words of the Chief Executive are simply different from those told by government departments.

On the third issue, I think the Government should take the lead in providing resources to support industrial development. How many resources has the Government put in to promote industrial development and support the relevant training and researches? The answer is not known. While the Government has stated that it will allocate \$15 billion for training and development, how much money has actually been used for the development of Chinese medicine? The answer is also unknown. The Government is obliged to provide capital, tax concessions, talents and plants. If it does not make any real input but just say that it want to promote industrial restructuring and development, it will not be able to achieve anything.

Lastly, my fourth point is that I hope government departments will not just care about their own businesses and try to get around the policies devised at the top. They should have division of work but they should not take it as a way to avoid undertaking responsibility. Why do I say so? President, in the case of Chinese medicine development, each government department has responded to it in their own way. For example, according to the Food and Health Bureau, the Health Department is only responsible for imposing regulation in accordance with the law, and they do not care about other issues as long as the industry complies with the law. As for the Civil Service Bureau, it will only pay attention to the content of employment contracts and will not provide anything which has not been provided before. It has even remarked that other issues are beyond its purview and we should ask the Food and Health Bureau. How can they respond like that? Now, it is the turn of the Commerce and Economic Development Bureau. Secretary Gregory SO, will you tell me that you just care about the assistance given to facilitate business operation but not whether the Government will allow Chinese medicine to be covered in its medical benefits? Will you tell me that you do not know whether the Food and Health Bureau will improve relevant legislation to support the development of Chinese medicine? How can things be done in this way? If, after Chief Executive LEUNG Chun-ying has proposed developing the Chinese medicine industry in paragraph 169, all government departments still only care about their own businesses, the proposal will become an empty talk.

(THE PRESIDENT'S DEPUTY, MR ANDREW LEUNG, took the Chair)

Years ago, Mr TUNG proposed developing a "Chinese medicine port". Yet, it turned out to be an empty promise. I do not want to see this proposal become an empty talk again today under the LEUNG Chun-ying's administration. Regarding this issue, I hope Secretary Gregory SO can tell me how the Government will follow up this issue (*The buzzer sounded*)

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

MR WONG KWOK-HING (in Cantonese): by making cross-departmental collaboration.

MR CHEUNG KWOK-CHE (in Cantonese): Deputy President, Mr Martin LIAO proposes in the original motion that we should promote Hong Kong's economic restructuring "in the light of the general direction of the transformation of the Mainland's economic development mode". However, a number of colleagues have deleted this clause in their amendments. After the reunification, the notion that we should develop "in the light of the Mainland's economic development" has dominated the mindset of the whole Government, as evident in the introduction of the Individual Visit Scheme (IVS) and the building of the Express Rail Link. While our overall economy has actually grown a lot, Hong Kong is infamous in the world for our huge wealth gap and high property prices. In the meantime, there has not been any improvement in the livelihood of the grassroots. If we review the economic changes over the past 10 years, we can see where the problems lie.

Years ago, Prof Sonny LO of The Hong Kong Institute of Education used the word "Mainlandization" to describe the changes of Hong Kong in the political, economic, social and cultural arenas after the reunification. The "Mainlandization" of Hong Kong in these 15 years, as well as the frustrations that we experienced in the implementation of "Hong Kong people ruling Hong Kong" and "one country, two systems" in these 15 years, have well proved that the integration and co-operation between the two places have been given a much higher priority than the maintenance of Hong Kong's uniqueness and characteristics. What is more, the so-called "integration" is mainly suggesting that Hong Kong should draw itself closer to the Mainland.

In fact, it is not a bad thing for the two places to strengthen the tie. We should still remember that all business languished in the 1998 financial crisis and property prices plummeted after the "85 000" incident. At that time, Hong Kong's economy was extremely poor. After the hard hit of SARS in 2003, the Government decided to draw support from the Mainland's economy and introduced CEPA and IVS. There is no doubt that these two decisions allowed Hong Kong to gasp and rebuild its economy. Regrettably, the SAR Government was shortsighted in the era of Donald TSANG. It positioned Hong Kong as fully relying on the Mainland, and hence it did nothing but pushed strongly our economic integration with the Mainland. It expanded the IVS once and again in the belief that this Scheme would keep Hong Kong rich. As a result, "Mainlandization" has become an economic strategy for the Central Government to start taking gradual control of Hong Kong's development.

Originally, the introduction of the IVS was meant to make use of the prosperous retail and service industries to stimulate Hong Kong's economy. It was hoped that financial and professional services, as well as the demand for other industries, would then be boosted as these industries represented the core of Hong Kong's competitiveness. Unfortunately, while the IVS has promoted the growth of the retail industry and boosted employment, the development of retail industry is not that stable. This industry, which mainly absorbs low-skilled workers, does not offer young workers with good prospects. Also, the booming of retail industry has not stimulated the development of other industries. Worse still, the IVS has only benefited owners of retail premises. For ordinary people, they suffer instead of enjoying any benefits. The expansion of chain stores has changed the local community and habits of Hong Kong people. Problems in respect of healthcare, education, housing, milk powder, gutter oil, and so on, arise one after another, leading to the present confrontation between Hong Kong people and Mainlanders.

After the financial tsunami in 2008, Donald TSANG's government seemed to have noticed the economic problems of Hong Kong and set up the Task Force on Economic Challenge to promote the development of a knowledge-based economy and the six industries with competitive edge. However, five years had passed and no achievement had been made. Some scholars consider high land price as one of the major factors leading to the failure. At present, each and every industry in Hong Kong must first address the cost problem caused by high land price. In other words, by adopting the high land price policy, the Government has actually dug its own grave. It is the one who has curtailed

Hong Kong's competitiveness and buried our six industries with competitive edge. Today, the problem has worsened. Under the high land price policy, large developers have their pockets fattened as their property business is always profitable. With land and money in hand, and coupled with government support, they have developed into oligopoly which strengthens the unreasonable economic structure and aggravates the unfair distribution of wealth. Hong Kong has hence become the city with the widest wealth gap in Asia.

Moreover, owing to the high degree of monopoly, fair competition no longer exists in different business sectors. The *laissez faire* policy of the government has fostered the growth of cross-industry monopoly, and the impact is that members of the public can only do their shopping in two chained supermarkets and several large chained stores. It is true that the Council enacted the Competition Ordinance in the last term, but the enforcement guidelines are yet to be drafted. As it takes time to discuss the content of the guidelines, the implementation of the Competition Ordinance is not in sight. In fact, the success of economic development is measured by the improvement in the livelihood of the grassroots. As I am opposed to the idea of drawing close to the Mainland blindly, I think the Government must truly promote the six industries with competitive edge and formulate long-term development strategies to push ahead Hong Kong's economy. It should also provide the industries with appropriate incentives, support and concessionary measures, such as government rent and tax concessions, and knowledge training, to encourage non-governmental sectors to actively promote these industries and build up quality, innovative and reputable local brands to increase their market competitiveness. Moreover, the Government should provide more resources to encourage universities and enterprises to increase their research and development efforts in order to develop more high-value-added industries. In addition, the Government should give incentives to small and medium enterprises, revitalize labour-intensive industries and manufacturing industries, and revise the North East New Territories development plan to promote local agricultural industry and other local industries (*The buzzer sounded*)

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

MR CHEUNG KWOK-CHE (in Cantonese): Thank you, Deputy President.

MISS CHAN YUEN-HAN (in Cantonese): Deputy President, the motion moved by Mr LIAO today is very important because the Government of every term talks about economic restructuring. They all make very ambitious goals and seem to be ready to make great efforts in achieving them, for example, the six major industries with competitive edge proposed by the last government and the Cyberport and the Chinese medicine port put forward by the Government before last. However, despite the ambitious projects proposed, they all ended in being unfruitful. In the end, only the industries which are speculative in nature, such as the finance and real estate industries, which involve the speculation of properties and stocks, are proposed. Of course, there are other industries, such as the tourism and services industries, but they can only survive under certain economic conditions.

Hong Kong has reached a point that no one talks about diversification any more. I would like to tell the Secretary that in reality our economy is approaching unitary but we must avoid becoming unitary at all costs. Many of us have repeatedly pointed out that in Hong Kong today, only one industry is thriving while all others are in decline. Why is it so? How come every government, from Mr TUNG to Mr TSANG and even Mr LEUNG now — Mr LEUNG has not started the work in this respect yet but I am worried — they all advocate economic restructuring but to no avail? Why are we still "going round and around" and back to square one, gradually lagging behind all countries in South East Asia?

What are the reasons behind? I have conducted some analysis jointly with Mr CHEUNG Kwok-che in different areas. What I have found is that Hong Kong has all along practised the policy of free market and positive non-intervention and this policy has indeed benefited Hong Kong. When Sir Charles Philip HADDON-CAVE introduced the positive non-intervention policy years ago, he did open up a new track for Hong Kong. At that time, Hong Kong was rather backwards and that policy gave us the opportunity to attract much capital inflow, making it possible for the Hong Kong market to achieve great developments. We must remember that at that time, in order to support the development of the manufacturing industry, the Government built large numbers of low-cost factories for people to develop their business. But now, such practices are non-existent. Frankly speaking, in many aspects, because of the positive non-intervention policy of the Government, our economy that was being led by the free market before has to fend for itself now.

Just now, Dr LAM Tai-fai complained about the Government's over-regulation. Honestly, this comment depends on how the issue is perceived. I think the Government has not done enough. In an unfair community where various trades and industries have lost balance and under the present economic conditions, the Government has protected one or two industries with vested interests. It is obvious that in the past 10 or eight years, the Government, especially the last one, had treated the other industries very unfairly. Our current Government does not have the courage to play the role of an incubator to nurture some industries and allocate more resources to new ones. For example, I very much agree with Mr CHUNG Kwok-pan about the development of the fashion industry. This issue has been the subject of our discussion when Mrs Sophie LEUNG was a Member of this Council and what is the situation now? A number of designers and people who are very talented in this area are anxious to find a venue where they can perform catwalk, but they fail to do so. Hence, they would say, "Miss CHAN, it would be nice even if we can find a place under a bridge." I do not intend to comment whether the place under a bridge is good or not but I want to say is that when these people, including some performance groups who are looking for places to practise, are trying every means to look for such places, they are very often driven away even when they manage to locate one.

I think the current situation is that the economy has gradually changed from being diversified in the past to homogeneous or close to homogeneous now, and there may be fewer and fewer pathways in the future. Apart from that, the Government also belittles or is phasing out some non-main stream industries. For example, let us look at the development of the North East New Territories. The Government has totally disregarded the fine irrigation channels and farmlands already developed there. It just gives the development order and then copies the exact model of Ma On Shan and applies it to the North East New Territories regardless of anything else. People would be frightened. When we asked the Government whether there would be agriculture, Secretary Paul CHAN said yes. What are the details then? Will the authorities adopt any protection schemes?

I have just attended the meetings of the National Committee of the Chinese People's Political Consultative Conference. After listening to Premier WEN Jiabao, I had mixed feelings. He said in order to ensure that the nation was self-sufficient in food supply, which is of course not 100% but under a certain

percentage, there had to be over 1.82 billion acres of farmland. The government had to ensure that there was such a quantity of farmland and not all land was used for construction of houses. I think that these remarks sum up the problems with three Rs (rural economy, rural development and rural demography) in some regions as a result of policy blunders. This shows that he sees where the problem lies. No matter it is China, Japan and even other countries, agriculture represents a certain proportion among all industries. They all have their primary industry. Honestly, Hong Kong does not have the primary industry. On the contrary, we often destroy many things. Some of the well-developed organic farms are also being destroyed. In my view, the Government does not have new measures but very often destroys the fruits of well-established development.

Even if I keep on nagging, you will still go ahead and destroy anything. The high land price is the culprit. To operate any businesses in Hong Kong, unless one owns the premises, otherwise they can hardly survive, including the business run by labour groups. Sometimes we also feel the pressure. Fortunately, our predecessors have bought some premises; otherwise, how can we operate the trade unions? With rents running sky high, we will all be evicted sooner or later.

Therefore, under the present situation, it is hard enough for such industries to survive, let alone the newcomers. The new industries have to face sky-high rents right from the start, how do you expect them to compete? How can they compete with others? What does the Government think about this? What should be done to help small businesses survive? What can be done to allow small business operators to run their business without fear and continue to develop? In San Po Kong and Kwun Tong, many creative industries were originally budding, but under the order to revitalize factory buildings, almost all industries were rooted out, the root cause is the rent.

I wish to stress one point, in the face of all these problems, is the entire Government committed to solving them? The Government claims to support the movie industry but what are the real actions taken to support it? For example, when Mr Ang LEE, the director of the movie *The Life of Pi* who won an Oscar Award, was filming the movie, the Taiwanese Government not only provided him with the filming sites, but also human and material resources, it even lent him the animals and the airport. Looking back at Hong Kong, however, recently we wanted to borrow a bridge to shoot a movie and because the Government never

gave a definite answer whether or not it agreed to the request, finally the movie company had to spend \$1 million to build the set. Then, I would like to ask what has the Government done to foster the creative culture? It only pays lip service. When Mr Ang LEE was congratulated on his good works, he thanked Taiwan. I said that was because the Taiwanese Government was really genuine in helping the development of this industry. The movie workers in Hong Kong told me that many a time, when they were shooting a film, there were numerous obstacles and they were like thieves and had to do their work sneakily. The Secretary on the one hand talks about promoting and supporting the movie industry, but on the other hand gives us the impression that he does not truly support it (*The buzzer sounded*)

DEPUTY PRESIDENT (in Cantonese): Miss CHAN, your speaking time is up.

MISS CHAN YUEN-HAN (in Cantonese): Deputy President, I so submit.

DR ELIZABETH QUAT (in Cantonese): Deputy President, Hong Kong has experienced two successful economic restructurings. After the reunification with China, the SAR Government already proposed the development of a knowledge-based economy and the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) also keeps requesting the Government to foster the diversification of industries and create new points of economic growth.

However, more than a decade has elapsed, we have not seen any well-conceived comprehensive policies for the industries and "real and practical" measures. No matter it is the middle class or the grassroots, they are all concerned about the economic development. Without economic development, their social mobility will be affected. Hence, the DAB hopes that the Economic Development Commission (EDC) recently established by the Government will formulate practicable and comprehensive policies on the industries and also set short, medium and long-term development goals and progressively implement them.

Regarding the types of industries Hong Kong should develop, many Members have mentioned many conditions just now. I believe that we must

consider the following salient points. First, what industries will be in great demand by the local market in future? Second, will these industries dovetail with the future development needs of our nation? Third, will these industries be in line with the general international trend? Fourth, are they high value added industries? Fifth, will they give full play to the strengths of Hong Kong? Sixth, will they enhance Hong Kong's competitiveness? Seventh, will they create employment opportunities in various strata?

In my view, several industries in Hong Kong do possess favourable conditions and the edge for development, including those involving technologies, especially the information technology, medical technology and green technology. Moreover, we also have the opportunity in the development of Chinese medicine, services for the elderly, environmental protection industry and cultural creativity industry, as well as intellectual property trading. In respect of technology, Hong Kong students have high mathematical aptitudes and have won many awards in international competitions, and Hong Kong has also produced many outstanding scientific research results. For example, the optic fibre developed by Dr Charles KAO has brought about many new developments in today's world of information technology, and the non-invasive zero-risk blood test for pregnancy researched and developed by The Chinese University of Hong Kong is the first in the world. In respect of application, the iButterfly mobile phone application programme developed by Hong Kong has beaten over a hundred countries to win the International Business Award. It is only that the Government has all along neglected the technological development, such that these industries lack the opportunity to develop.

In face of the future ageing population, Hong Kong also needs to develop the medical technology. In respect of electronic medical devices, Hong Kong is one of the leading places in the application of the electronic health record system. But in the development process in the past, the commercial sector was not able to participate. We hope that the Government will provide the medical institutes and the information technology industry with more opportunities to allow them to join hands in the future development of medical technology, so that they can hold the relevant IP and turn this into an opportunity for the relevant industries.

Moreover, regarding the Chinese medicine, services for the elderly and environmental protection, no matter it is in Hong Kong, the Mainland or other parts of the world, people all need them and Hong Kong has the reason and the

edge to develop such industries. Deputy President, although Hong Kong possesses the edge to develop such high value-added industries, it needs the support of government policies. Therefore, the Government should provide more incentives for the market to participate more actively in research and development. The DAB welcomes the proposal in this year's Budget to provide each university with a subvention of up to \$12 million for a period of three years to support the work of their technology transfer offices. However, we consider the amount too small and it has also neglected the participation of the commercial sector. We suggest that the Government should streamline the procedure, shorten the vetting and approval process and lower the threshold to allow more enterprises to apply jointly with the universities.

Further, in order to encourage universities to engage in product research and development, the current assessment standard, which attaches importance to theoretic studies by teaching staff and researchers to the neglect of product development, should be adjusted, so as to give due recognition and respect to product research. The Government should also nurture more local research and development talents. Apart from providing financial support, it should also promote the sharing and trading of scientific research results. The Government has begun studying the development of intellectual property trading, which is a good start. The DAB thinks that the Government should provide financing support for the innovative enterprises and foster a favourable environment for Hong Kong's development as an important intellectual property trading centre in the region. For example, the Government can consider modelling after countries such as the United Kingdom, the United States and Japan to provide tax credit or other tax concessions for the angel or venture capital funds. At the same time, it needs to establish an intellectual property trading platform and adopt the on-going measures of providing training for the intermediaries of the intellectual property industry.

Deputy President, to develop high value-added industries, talents is the key requirement. Therefore, Hong Kong must adopt a positive policy to attract outstanding talents from all over the world. It also needs to increase the number of university places to allow qualified student to enrol in universities. Various multi-pronged measures should be adopted to enhance the foundation for the development of a knowledge-based economy. Besides new industries, we must also consolidate and strengthen the development of the local pillar industries.

As regards tourism, I have pointed out more than once that Hong Kong must endeavour to attract high-spending tourists so as to effectively increase the revenue from tourism. Recently there are discussions in society about whether we should restrict the number of Mainland tourists visiting Hong Kong and Hong Kong should re-examine its capacity to receive the tourists. I think we must consider this issue very carefully. First, the economic benefits brought by Mainland tourists to Hong Kong in recent years can be easily seen. If we put a halt indiscriminately to all Mainland tourists visiting Hong Kong, it will deal a heavy blow to the livelihood of many small and medium enterprises which rely on tourism business. Second, when the world is scrambling for Mainland tourists and Hong Kong having the advantage of close proximity, is there a reason to give up this market? I think what we should consider is to re-examine our capacity and make greater efforts to enhance the various supporting facilities, improve the transportation system, and increase the number of hotels, tourist attractions and shopping venues, rather than "trimming the toes to fit the shoes" and refusing to do business even with the customers at our doors.

We hope that the newly established EDC will not end up becoming a platform for empty talks but will implement solid new policies on the industries expeditiously.

I so submit.

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

MR LEUNG KWOK-HUNG (in Cantonese): Deputy President, when economy is the subject, everybody will talk about making money. This is certainly the case, because if there is no money, how can money be distributed? In fact, economics is about theories of distribution; if anyone wants to talk about technologies or whatever, he should discuss the issues at other meetings, right?

We heard that many Members of the pro-establishment camp have criticized the Government for always relying on the financial and property sectors. Let us take a stroll back in time and recall our bittersweet memories. In the past, who had raised their hands in support when "SUEN's nine measures" and "SUEN's 10 measures" were passed in the Legislative Council? Who had

raised their hands in support when public assets were sold to The LINK at cheap prices? Who had raised their hands in support when rent control was abolished? And who had raised their hands when "Uncle TUNG" said that as banks were lacking in business, legislation on securities was enacted to allow Hong Kong banks undertake securities-related business, which had eventually become the culprit of the Lehman Brothers incident? Your criticisms today on matters which happened 10 years ago, as well as the Chief Executives you supported 10 years ago — it was the same with the two terms of the Chief Executive, both of them had your support — the matters which you criticize today were those which you supported in the past, isn't that right? So I need not say any more on this point. All of you had raised your hands in support of the Policy Address and the Budget. Yet, you criticize today, "LEUNG Chun-ying, why don't you do something?"

The matter is quite simple. In fact, it is not the case of LEUNG Chun-ying not wanting to do something; he also wants to benefit the Mainland consortia. When Hong Kong people heard him talk about deep-seated conflict, they were ecstatic for they thought that somebody had finally seen the problem. But, sorry, what is the deep-seated conflict he is referring to? It is neither the deep-seated conflict between the consortia and the general public of Hong Kong, nor the deep-seated conflict arising from developer and financial hegemonies; the deep-seated conflict is about who should get more and who should get less out of the developer and financial hegemonies. He takes office in order to change this setting; he takes office not only to maintain these two pillar industries, but also to explore more new moves, for example, in respect of Qianhai, Lok Ma Chau Loop, and so on, in order to benefit Shenzhen and Guangzhou and allow their participation.

Over the past five years, we, the opposition, have been constantly criticized by the pro-establishment camp in this Chamber for stirring up trouble in Hong Kong. Let me quote some figures as basis for discussion. This year, Hong Kong ranks first in the world in terms of high property prices, while two other BRICS countries, namely, Brazil and India, rank second and third respectively. Within the past few years since the financial tsunami in 2008, Hong Kong ranks first in terms of the rate of property price increase, while India and Taiwan rank second and third respectively. Why do I mention Taiwan? Some Members just said that as there is democracy in Taiwan, no business can be done and it is a waste of time. Taiwan is the easiest place for Chinese capital to enter and

hence, it has now gone up to the third place with the speculative capital entering Taipei. If there is no way to carry out the speculative activities in Taipei, the capital can be transferred to other neighbouring places for speculation in the financial and property markets. They do not consider the financial and property sectors shameful, so LEUNG Chun-ying is now having meetings with various ministries and commissions in the Mainland. If it is the state policy of Mainland China to drain surplus capital out to Hong Kong for money laundering and making money, and then from Hong Kong to other places for making money, how can the capital be used if not for speculation in the financial and property markets? That is the crux of the problem. However, they are saying, "If we use the money for speculation, why shouldn't the money go into the pockets of "red capital" consortia?" LEUNG Chun-ying has been searching high and low for land because local consortia have been hoarding the flour, that is, greenfield and brownfield sites, like baby formula, how then can Chinese consortia get a share of it?

For example, the Bank of China Group (BOC) now has a 20% market share in the mortgage business, which is higher than other traditional consortia. If you ask BOC to destroy the property market, have you gone nuts? If you ask BOC to reduce its market share, have you gone nuts? In the Lehman Brothers Minibond incident, HSBC has taken advantage of BOC; HSBC was the guarantor while BOC was responsible for sales, and they both accounted for 30% of the market share. That is all bureaucratic capital and "red capital" making money in Hong Kong. However, the obtuse Members of the pro-establishment camp are now telling BOC to do this and that; do you know what you are talking about? Do you mean LI Keqiang is stupid? Or WEN Jiabao is stupid? Honourable Members, wherever Mainland capital goes, the local financial and property markets are all set to boom; a case in point is Taiwan. I do not understand Macao's situation because all statistics published by the Mainland are bogus; in other words, the so-called four territories across the straits are all engrossed in this kind of undertaking, but as there are casinos in Macao, the money could be spent there.

Our discussion today about this so-called economic development, or about preserving these industries and developing those industries, is nothing but nonsense because the state policy of Mainland China will basically keep going, that is, Hong Kong must develop into an offshore financial centre, and the local operation of property consortia will also facilitate their exploitation and

enhancement in Hong Kong. Hence, the only thing which LEUNG Chun-ying must do is to set up this Economic Development Commission so that funds can be divested from the Hong Kong Monetary Authority to the Financial Services Development Council — an organization similar to Temasek — so that speculative activities can continue, and assets held by this "Temasek" will bring benefits to Mainland consortia; that is what the whole thing is about. Of all the numerous commissions he established to study the development of numerous matters, the majority of members are "LEUNG supporters"; these commissions will study all matters which cannot be passed in this Council, all matters which cannot be done for the time being, so that "they will be rolled out as soon as they are ready". He is not wrong in saying that he will do anything so long as it can allow Mainland consortia to continue with traditional speculative activities in Hong Kong, or to make use of our resources to bring fortune to Shenzhen and the Guangdong Province. That is the crux of the problem. Therefore, what I am saying now is that, do you not feel ashamed when you criticize other people today? All the three Chief Executives took office because of your support.

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

MR ALBERT CHAN (in Cantonese): Deputy President, financial hegemony and developer hegemony have been the mainstay of Hong Kong's economy for many years, and the situation has remained unchanged to this date. This is related to the political system. As the political system is controlled by financial hegemony and developer hegemony, the power of financial hegemony and developer hegemony can extend into the economy.

While we can make all sorts of suggestions to break these financial and developer hegemonies, Hong Kong will still be manipulated by hegemonies in all aspects ranging from politics, economy, society to people's livelihood, and even culture, so long as the political system, the coterie election system and the Communist Party's control over state capital remain unchanged.

Deputy President, if we stake our hope on some gradual policy changes introduced by this "689" or some longstanding studies undertaken by those commissions, we will only be putting ourselves under his continuous deceit for we have absolutely no expectation on this "689" liar. Let us consider the present

situation and the past policies formulated by the Government. The Government always stresses the importance of restructuring as well as heading towards a new direction. TUNG Chee-hwa used to talk about developing Hong Kong into an XXX port or YYY port, yet it all came down to the transfer of benefits; Donald TSANG was engaged in another form of transfer of benefits; LEUNG Chun-ying, this "689", is engaged in yet another form of transfer of benefits. Many a times, economic restructuring becomes a pretext, tool or convenience for the transfer of benefits by the rich and the powerful.

Back then, Donald TSANG had proposed the development of medical services, and recently, an active "LEUNG supporter" has finally been awarded a site. Let us see if this site will eventually be used for the purpose of medical services *per se*, or is it another form of transfer of benefits? Let us wait and see. Nonetheless, regarding the proposal made by Donald TSANG back then for the development of various industries including education services, medical services, testing and certification, environmental industries, innovation and technology, as well as cultural and creative industries, nothing has been achieved after all these year, and it is just a total failure, a flop. It would indeed take some time to review the situation one by one.

On education services, four schools were under the original proposal, but only one project has been launched so far. On medical services, tenders have yet to be invited for three sites. Regarding the testing and certification industry, there were 690 companies in 2000, and the number has only slightly increased to 705 in 2011. Regarding the environmental industries, the volume of refuse and construction waste in landfills has increased rather than decreased, with their respective figures increasing from 114 tonnes in 2009 to 121 tonnes in 2011, and 487 tonnes in 2009 to 491 tonnes in 2011. The development of the environmental industries should help improve these figures, but it turns out that refuse requiring landfill disposal has increased rather than decreased. Also, nothing has been achieved in terms of assisting the innovation and technology industry. In 2008, the manufacturing industry only accounted for 1.8% in the local Gross Domestic Product (GDP), which was a historical low. While the rate was 20% in Singapore, it was only 1.8% in Hong Kong. During its peak in the 1980s, the manufacturing industry accounted for over 20% in the local GDP, but it had dropped to 1.5% in 2011. Then, regarding the cultural industry, or the film industry which is the pride of Hong Kong, 51 movies were made in 2007, but only 53 in 2010, and the quality has been declining.

Hence, Donald TSANG was also a "liar" when considering those so-called changes of the industries, or certain economic stimulus measures he proposed back then. Therefore, so long as the system remains unchanged and the policies of this Government are still partial and tilted towards the big consortia, industrial development which is the lifeline of Hong Kong people will only keep declining. Therefore, we must totally break away from the mentality of relying on the financial, tourism and property industries, and we must force the Government to implement political reforms through the power of the people. In the coming years, we will fight against them ferociously, and we will take to the streets and paralyse Central. We will not use the terms "occupy" or "take over"; we must paralyse Central, and paralyse the entire production line, especially to bring suffering to financial hegemony, developer hegemony and banking hegemony for that is the only way to make them learn the lesson and stop them from perpetuating control over everything.

Regarding the development of industries, the People Power and I have, over the years, made numerous suggestions to the Government, including the ones in relation to this year's Budget and Policy Address. Our suggestions over the years include revitalizing the local fisheries and agriculture industries; developing the deep sea fish farming industry; developing the leisure fishing industry; developing a modern husbandry centre which includes the rebuilding of pig farms, duck farms, chicken farms and cattle farms with modern operation; and making genuine efforts to promote our creative economy because it is useless to only stress the design aspect without the production aspect, and designs should lead the way for industrial production.

Separately, we have made many other suggestions including the development of high value-added industries. In fact, Hong Kong is definitely well-placed to follow the example of Switzerland or Northern Europe in the development of high value-added industries such as the clocks and watches industry, pharmaceutical manufacturing, medical equipment, the design and production of fashion wear, accessories and jewellery, as well as food processing, and so on — these are all areas where Hong Kong has a competitive edge because we have the necessary technologies and assurance of quality, and we can then supply the products to South East Asia and China. In this regard, Hong Kong has immense potential to achieve development in these areas if the Hong Kong Government will provide support, co-ordination and active publicity from the

perspectives of policies, resource allocation, manpower training, research and promotion.

But all in all, we must bring down financial hegemony and developer hegemony, and we must abandon the feudal mentality of the transferring of benefits within the small circle, and the rich and the powerful protecting and benefiting each other. So long as this mentality is not abandoned, Hong Kong people will only continue to suffer, and Hong Kong people will still be abused and bullied by the rich and the powerful, financial hegemony and developer hegemony. Hence, Hong Kong people, Stand Up!

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

MR WONG YUK-MAN (in Cantonese): Deputy President, in his maiden Policy Address delivered in January this year, LEUNG Chun-ying vowed to "deepen and expand the industries" — this is a communist-styled expression and I have no idea what "deepen and expand the industries" mean — no specific plans for economic restructuring have nonetheless been drawn up. Developer hegemony and high property prices are still the culprit of people's declining livelihood. Revenues generated from various industries, such as tourism and retail, have mainly gone to the pockets of major consortium and landlords, whereas self-employed persons at the middle and lower stream continue to shrink. While the policies implemented by the TUNG Chee-hwa Administration to combat property prices had gone too far, Donald TSANG had given a free hand and encouraged collusion between business and the Government. Today, as a result of the wavering stance of LEUNG Chun-ying, property prices have hit record high time and again. For 15 years since the reunification, in the absence of any development objective, Hong Kong's economy has relied too much on the financial and real estate sectors.

In the 1980s, due to the strategic needs, the British had upgraded Hong Kong from an industrial city to a business service city and international financial centre within a short period of time. Since then, industries relocated northward, land in the New Territories was left idle and the fishing industry dwindled. The high-end economy has therefore lost the support of industries in the middle and the local economy at the bottom. Old industries which used to be the mainstay

had disappeared, but there was an absence of emerging industries to fill the gap. As a result, Hong Kong's economy became unitary. In the early 1990s, the manufacturing industry still accounted for as high as 15.4% of the overall economy, but it plunged to 6.5% in 1997. In 2009, it further dropped to 1.8%.

Soon after TUNG Chee-hwa resumed office in 1997, he advocated the restructuring of industries. Unfortunately, it ended up in a failure due to his inability and objective factors like the financial turmoil. Thereafter, Hong Kong has been led by people with vested interests under the so-called neo-liberalism: the production of public rental housing (PRH) almost came to a halt; land supply has been restricted to push up property prices; shopping malls in PRH estates were privatized; the two railways had merged, and the healthcare industry was developed by leveraging on the Individual Visit Scheme (IVS) and the "doubly non-permanent resident pregnant women" giving birth in Hong Kong.

After the failure of the reform, the Government has adopted a perfunctory and dogmatic attitude. None of the policy addresses and budgets published in previous years had introduced any new initiatives. Worse still, the Government of the Donald TSANG era had held fast to the doctrine of "big market, small government" and refused to restructure the industries. In the TUNG Chee-hwa era, the so-called Chinese Medicine Port, florist port, Cyberport and the six major out-and-out damned industries had all become empty words. Hong Kong is now ruled by slogans. The so-called restructuring actually means remain *status quo*. In the end, we are still relying on the financial and real estate sectors.

After the mass protest on 1 July 2003, the Mainland had tightened its control over Hong Kong's politics and economic integration has become the focus. As a result of convergence with the Mainland, Hong Kong has lost its economic vitality and autonomy in industry development.

Economic co-operation opportunities, such as the CEPA, Renminbi offshore business and the listing of Mainland enterprises in Hong Kong only benefited the banks and professionals. Our economy continues to be led by the financial industry and members of the public cannot benefit at all.

As the number of IVS visitors increase year-on-year, various problems have emerged in Hong Kong, including the "doubly non-permanent resident pregnant women" giving birth in Hong Kong as well as the growth of parallel

goods traders, crimes and cultural conflicts. Negative impacts on Hong Kong have gradually surfaced. The most obvious phenomenon is that the entire Nathan Road is now serving the IVS visitors, right? Property and shop rentals continue to rise. After the rent of a renowned restaurant in Mong Kok surged from \$1 million to \$2 million, the owner simply closed it down and the shop is now occupied by the Chow Tai Fook Jewellery Company Limited.

Large amount of Mainland capital has fled to Hong Kong in recent years and caused the frantic increase in property prices. Hong Kong has become the refuge of Mainland's corrupt money. All these showed that Hong Kong's core values and interests have been eroding. Recently, the community has organized a series of rights defending movements, thus forcing the Hong Kong communist regime to look squarely into the matter. Continuous advocacy of integration with the Mainland is tantamount to betraying the interests of Hong Kong people.

On 17 February 2012, Prof KUO Way, President of the City University of Hong Kong (CityU) and Member of the United States National Academy of Engineering delivered a speech at the Annual Meeting of the CityU Business and Industrial Club. The speech, entitled "Who promotes creative technology in Hong Kong?", is pretty inspiring to me. He used our three neighbours as examples, namely Taiwan, South Korea and Japan, and concluded that technological development in Hong Kong has lagged far behind these three countries.

Taiwan established the National Science Council in 1959, which is tasked to undertake science research. In 1980, the Hsinchu Science and Industrial Park was established to introduce high technology industries, train local talents and recruit overseas talents. Later, the Central Taiwan Science Park and the Southern Taiwan Science Park were also established. Over the past 20 years, Taiwan has made significant achievements in respect of semi-conductors, electronics and information technology.

Another example is South Korea. South Korea established the Economic Planning Board as early as 1961. In 2009, South Korea decided to inject US\$20 billion in five years to help the country focus on the further development of industries. Early this year, Hyundai became the fourth largest automobile brand in the world and Samsung mobile phones also surpassed Apple in the second quarter and became the world's largest mobile brand.

The last example is Singapore. Singapore has, since 1991, formulated the first five-year plan for science and technology development to cultivate students' interests, and it introduced training, internship and scholarship schemes for senior secondary, university and undergraduate students, so as to ensure the availability of talents.

The above three examples aim to show that "nothing in the world is difficult for one who sets his mind to it." Hong Kong does not only have our own edges, but can also leverage on the vast Pearl River Delta Region. Why fear of failure? Regrettably, the persons-in-charge of Hong Kong are always submissive in front of Mainland officials. This explains why the prospect of Hong Kong's politics is so dim. Am I right? Hong Kong must develop. How can we develop in the absence of uniqueness?

Today, I really want to thank Mr Martin LIAO for proposing this motion. In fact, this topic has been discussed time and again over the past period of time. And yet, no one takes it seriously as it is the responsibility of the Government to take action. An important consideration of the restructuring of industries is that all grass-roots people must be able to share the economic fruits. If we fail to do so, there is no point of mentioning it, right?*(The buzzer sounded)* Therefore, we hope that

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

MR WONG YUK-MAN (in Cantonese): discussions about democracy in Hong Kong must be linked to the local economy

DEPUTY PRESIDENT (in Cantonese): Mr WONG, please stop speaking. Does any other Member wish to speak?

MR PAUL TSE (in Cantonese): Deputy President, the Hong Kong International Film Festival kicked off a few days ago and I guess the Secretary should have officiated the relevant ceremony. The opening film is called The Grandmaster

which is about IP Man — my outfit today has nothing to do with the film and I just want to bring out a related concept.

Today, colleagues have expressed different views and ideas about various industries, especially those represented by Members from functional constituencies. Members discuss how we can do better, just like a discussion of the different schools of Chinese boxing. While some say "Shaolin" is marvelous, others consider "Wudang" excellent. Some say "Taichi" is awesome, others consider that "Wing Chun" is even better. And yet, this does not matter. What matters is one must know some Kung Fu in order to make his way in the world. As Mr WONG Yuk-man has said, Hong Kong must identify its uniqueness. Which school of Chinese boxing has Hong Kong learnt?

In fact, the success of Hong Kong does owe much to the school of Chinese boxing that it has learned. Let us call it the "Hong Kong style", and it has a number of merits. We can take a quick look at it. The most important of all is certainly the highly efficient Hong Kong people, which is beyond doubt. Next, it is the excellent free trade which we often mentioned — notwithstanding that people have cast doubt on the recent baby formula saga. Besides, the spirit of the rule of law and the legal system are adorable. Our Government is relatively cautious, which can be seen in our low tax regime and minimal government intervention. Furthermore, the scale of the Government is relatively smaller. On the other hand, entrance into the market and the monitoring mechanism are relatively more relaxed in terms of the procedures and regulation. Thus, investors are not required to go through too many procedures and tackle too many problems. Nor are they required to get the approval of different departments before starting up their businesses. Also, there is an active participation of international human resources, especially in management and investment. Last but not least, there is a vast hinterland not only for us to show off our Kung Fu, but it also serves as a very good platform for the export of resources from China to different parts of the world via Hong Kong, and *vice versa*. This is the school of boxing that Hong Kong has learned.

However, every school of martial arts has its demerits or weaknesses. For Hong Kong, the weaknesses are a shortage of land and a relatively smaller population. We are only a city but not a country, and our inherent resources are not plentiful in the absence of minerals and energy resources. Neither do we have the potential to develop the agricultural or seafood industries. In fact,

different places have their pros and cons. Therefore, before putting colleagues' proposals into trials, consideration or practice, should we examine if the school of boxing that we are practising still works? Do we have a good foundation? Have we done anything detrimental to our foundation or school of boxing? Have we overlooked the merits of others and merely learnt their fancy poses, thinking that these are good, but forgotten the boxing inherited from our grandmasters or simply tied our own hands in some cases?

Deputy President, when compared with other countries, we must consider their political developments and social conditions. Just now, a number of colleagues have highlighted the need to break from the past. Some even warned of the transfer of interests and the collusion between business and the Government. However, under the current objective political environment, we must be very careful when practicing this school of boxing. We must understand that under the current political and social environment, we may not be able to give full play to overtly innovative strokes and achieve nothing in the end. As evident from our past experiences, the Government did make some wrong decisions when efforts were geared towards certain directions, but in most cases, what causes it to halt in hesitation is the political and social environment.

Deputy President, I recall that not long ago, probably a few years ago, there was a sound bite in the Chief Executive Election debate between Mr Donald TSANG and Ms Audrey EU, which Members should remember clearly. Ms EU said: Better to remain stagnant than make mistakes. While this is true in politics, Deputy President, the same also applies to our economy. As this school of boxing has brought us success in the past decades, it shows that it does have merits. If we do not properly protect it and conduct reviews from time to time, but implement new measures in a hasty manner, it is tantamount to tying our own hands. We would have asked for the trouble ourselves.

There are numerous examples these days, such as the BSD and SSD, and the imposition of a limit on milk formula which has turned business opportunities into crises, just as some colleagues have said — smart governments would only turn crises into business opportunities. All these undermine the strengths of Hong Kong, including the free port, low threshold, free from discrimination and elites coming from around the world to invest in Hong Kong. I am afraid that under the influence of the so-called planned economy, our government has

forgotten that countries having different conditions and development may practice different schools of boxing.

I therefore hope that the Hong Kong Government will seriously engage in self-reflection and examine the school of boxing that we are practicing. If it still works, there will be no need to arbitrarily learn other schools of boxing. Sometimes, it is better to learn the "property of water". What is the "property of water"? Water does not have a fixed state. In other words, so long as we have a good foundation, we should be able to open to investors from around the world, or attract investment in the Mainland and the other parts of the world via Hong Kong. Given our capability and flexibility, we should be able to do it. However, we must be careful not to tie our own hands and our unique property of a high flexibility. This is the greatest problem of Hong Kong.

Thus, before embarking on any economic restructuring, we should "appropriately" — a very good word used by Mr Martin LIAO

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

MR PAUL TSE (in Cantonese): Thank you, Deputy President.

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

(No Member indicated a wish to speak)

DEPUTY PRESIDENT (in Cantonese): Mr Martin LIAO, you may speak on the amendments. The speaking time limit is five minutes.

MR MARTIN LIAO (in Cantonese): Deputy President, I am very grateful that 35 Members have spoken on this motion. My special thanks go to the eight Members who have proposed amendments for they have provided many concrete and valuable opinions.

Deputy President, I strongly believe Members spoke for the overall interest of Hong Kong. I therefore hope that the Government will listen attentively and make reference to them when formulating policies. I think a number of Members may have misunderstood the core of my motion. For example, Mr Ronny TONG said that economic restructuring has come too late and should have come 10 years ago. I would agree if Mr Ronny TONG found his basis on the paradigm of shift of economy mentioned by former Financial Secretary Antony LEUNG. In as early as 2004, I had openly stated that the opportunity for economic restructuring in Hong Kong had vanished. However, as a result of changes in the world economies and the development mode of the Mainland, both the time and place seem right again. The only thing missing is the right people. The objective of my motion is therefore to request the Government to do something about the right people.

The core of my original motion is to urge the Government to grasp the opportunity to promote Hong Kong's economic restructuring. This opportunity arises from the transformation of the Mainland's economic development mode and the ailing world economies, and it will not exist forever. According to my estimation, it will vanish in about five to 10 years' time. Thus, the Government should promptly seize this opportunity and should not let go of it. This is the core of the original motion.

Mr CHEUNG Kwok-che said that my motion seems to have blindly sided with the Mainland. After carefully reviewing my original motion, I found that neither the motion wordings nor my expressions have indicated the need to side with the Mainland. After all, even the economic development of major economies, such as the United States, Japan and the European Union, cannot completely detach from the development of Mainland China, not to mention a city as tiny as Hong Kong.

Some of the eight amendments are in fact similar to the original motion, but some are not. The only proposal that I have reservation is put forward by Mr SIN Chung-kai, who called on the Government to issue additional free television licences to enhance the development of a cultural and creative television industry. I have reservation about this point because the two of them do not bear any relation at all. Countries having a vibrant cultural and creative television industry, such as the United States and Korea, have set up production companies to promote the development of the relevant industry. Thus, the

development has nothing to do with the number of free television licences to be issued.

For Mr IP Kin-yuen's amendment, I support the use of the fruit of economic restructuring to improve people's livelihood. However, Mr IP has deleted the most important phrase of my original motion, and that is, "seize the opportunity", I thus consider it pretty unacceptable.

Therefore, with regard to the amendments proposed by Mr SIN Chung-kai and Mr IP Kin-yuen, I will abstain from voting (*The buzzer sounded*) As for other amendments, I will render my sincere support. Thank you, Deputy President.

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): I am very grateful to the 36 Members for giving valuable views on the motion "Promoting Hong Kong's economic restructuring" today. I will respond to the major areas mentioned by Members during the debate.

Deputy President, I have previously attended many debates and discussions similar to that of today. I find these discussions very important, as the economy and international environment changes, we must improve our industries and listen to more views on the formulation of policies. As Mr Martin LIAO has said, I have listened attentively to this debate and found Members' views very valuable.

Deputy President, Hong Kong's economy has been restructuring since the 1980s and is now service oriented. As a result of economic reform and liberalization in 1978, Mainland's relatively lower land and labour costs have attracted Hong Kong manufacturers to relocate their manufacturing processes to the Pearl River Delta Region and thus boosted trading activities involving outward processing. The shifting of our production base to the Mainland and the closer trade relations between the Mainland and Hong Kong have resulted in keen demand for manufacturing-related services, thereby changing our economic structure to service oriented. Against this background, the percentage of service industries in Gross Domestic Product (GDP) has steadily increased over the years from 68.5% in 1981 to 93.1% in 2011. What is more, Hong Kong has evolved

into an international financial centre and a hub of trade, shipping, tourism and commerce in Asia.

Local manufacturers' strategic relocation of their production base to the Mainland has led to restructuring of our economy. Notwithstanding that, a number of factors have contributed to Hong Kong's status as a major trading, business and financial centre, such as a market-led economy; free flow of goods, capital and information; a simple and low tax regime; sound rule of law, protection of intellectual property, a stable financial regulatory framework, excellent basic infrastructures, abundant supply of talents with technical and management knowledge, as well as world-class professional services. These are the advantages and competitive edges of Hong Kong's structure. With these advantages, we have been able to respond and grasp the ever-changing world and regional economic environment, thereby enabling our pillar industries to rapidly develop.

And yet, we must understand that global competition is like sailing against the tide, for failure to do so will mean that we are lagging behind. Deputy President, this is all too natural. This also explains why a number of Members advised that we must consolidate our existing strengths and continue to look out for new growth areas, such that Hong Kong can move up the value-added chain and further develop.

For industry policy, the Chief Executive has specifically stated in the Policy Address that Hong Kong must leverage on our strengths and grasp the opportunities offered by the shifting of the global economic gravity to the East and the implementation of the National 12th Five-Year Plan to develop diversified industries under the Government's appropriately proactive policies, with a view to satisfying Hong Kong people's needs for business start-up, investment, operation and employment. In the Budget, the Financial Secretary has also described in great length the role played by the Government in the development of the market economy, and thoroughly examined the various pillar and emerging industries. This reflected that the Government has attached great importance to the creation of a better business environment. Our ultimate target is to expand the scale of economy and promote comprehensive development in society so as to create more business and employment opportunities for the general public, and enable them to realize their dreams and improve their living.

As I have said in my opening speech, the Chief Executive has established the Economic Development Commission (EDC) under his chairmanship. The EDC will provide visionary direction and advice to the Government on the overall strategy and policy to broaden Hong Kong's economic base and to enhance Hong Kong's economic growth and development, and in particular, to explore and identify sectors or clusters of sectors which present opportunities for Hong Kong's further economic development, and recommend possible policy and other support for these industries.

It should be noted that, as Deputy President has also mentioned earlier, given the land and manpower constraints in Hong Kong, industries which are high land and labour intensive but with low added values may not help in creating high-quality job opportunities or be beneficial to the long-term development of the Hong Kong economy. We hence need to focus our resources in high value-added and high-technology industries or processes in which we have competitive edges or there are development potential. With this in mind, four working groups have been set up under the EDC and their respective areas of responsibility are transportation, convention and exhibition industries and tourism, manufacturing industries, innovative technology, and cultural and creative industries as well as professional services.

Members of the EDC and the working groups represent a broad cross-section of interests. They include well-known business leaders as well as highly respected professionals from the relevant industries, academia and the financial sector who can provide both local and overseas perspectives on Hong Kong. The EDC held its first meeting on 13 March and conducted a macro discussion of how to grasp the opportunities provided for under the National 12th Five-Year Plan and other plans, as well as how to promote further economic development and how to maintain Hong Kong's long-term competitiveness. Also, it has decided on the overall direction of the work priorities of the four working groups. The working groups then convened meetings to commence detailed discussions and studies on the industries under their ambits in accordance with overall direction laid down by the EDC. Later, they will submit their comments and specific recommendations to the EDC.

(THE PRESIDENT resumed the Chair)

As the Chief Executive had said in the press conference held after the EDC meeting, the Government has placed great emphasis on economic development because only when we have a robust economy, an economy that grows at a reasonably high rate and in a sustained way, can Hong Kong society have the necessary resources to tackle the deep-seated problems in Hong Kong. The Chief Executive hoped that the EDC will make specific recommendations on the role of the Government in promoting Hong Kong's industry development, that is, what and how the Government should do. The recommendations may have an extensive coverage, including how to bring our existing advantages into full play, how to promote a wider and further development of our pillar and emerging industries, capture the development trend of our nation and the rest of the world to upgrade and restructure Hong Kong's industries, and how to cope with industries' need for manpower training and facilities. Once the recommendations are adopted, we will certainly provide appropriate financial resources to put them into practice. Mr IP Kin-yuen and Mr WONG Kwok-hing can therefore rest assured.

We trust that with the immense experience of members of the EDC and its working groups, they can definitely make practicable recommendations for Hong Kong's long-term economic development. We will also join efforts with various sectors to expand the development potential of enterprises through the formulation of comprehensive economic development strategies and industry policies, with a view to responding to external changes and creating industries favourable to the future growth of Hong Kong, as well as creating the future for the workforce, especially the younger generation, whose aspirations and skill levels varied.

With regard to Members' earlier speeches, I would like to make the following responses.

To promote the development of technology industry, technological research and development (R&D) is essential to upgrading and moving up the value chain. Therefore, we have been striving to create an ecological environment that is conducive to the development of innovation and technology, step up our efforts to better integrate the hardware, policy and resources, and collaborate with the industry, academic and research. Recent initiatives to support the technology industry include: increasing the funding ceiling and extending the coverage of the Innovation and Technology Fund (the Fund);

improving the Small Entrepreneur Research Assistance Programme under the Fund, increasing the level of cash rebate of the Research and Development Cash Rebate Scheme, extending the operation period of the four research institutions and rolling out Phase 3 of Hong Kong Science Park. In the Budget, it was announced that from 2013-2014 onwards, each of the six designated local public research institutes (namely the City University of Hong Kong, the Hong Kong Baptist University, The Chinese University of Hong Kong, The Hong Kong Polytechnic University, The Hong Kong University of Science and Technology and the University of Hong Kong) will be provided with an annual subvention of up to \$4 million through the Fund for a period of three years, so as to enhance their abilities in technology transfer and the realization of R&D results. Also, the Hong Kong Science and Technology Parks Corporation will provide business start-up support to nurture young technology entrepreneurs. So long as various parties work with concerted effort, local industries will gradually step up the use of high-new technologies and move towards a knowledge-based economy. Should Members have any views on further improving the existing programmes, we would be happy to hear and consider.

For the expansion of markets, we will continue to help local enterprises to explore and develop the Mainland market. With strong support from the Central Government, we will proactively assist local traders and investors in tapping the emerging Southeast Asian market and promote regional economic co-operation to create business opportunities. We will also seek to conclude more Investment Promotion and Protection Agreements with other countries to enhance protection of Hong Kong investors' overseas investments and attract foreign investments in Hong Kong. We have agreed with Chile to initiate the relevant negotiations to strengthen trade and business co-operation.

To assist the upgrading and restructuring of enterprises, we have been assisting Hong Kong enterprises in upgrading and restructuring their operations and promoting domestic sales in the Mainland market to tie in with the general development direction of the National 12th Five-Year Plan. To further assist Hong Kong enterprises, we have introduced a \$1 billion dedicated fund in end-June 2012 to provide funding support to Hong Kong enterprises and non-profit-distributing organizations to assist enterprises in developing brands, upgrading and restructuring operations, and promoting domestic sales in the Mainland.

The response of the trade towards the dedicated fund has been overwhelming. Within the six months after it was introduced in end-December 2012, more than 500 applications were received from local enterprises and non-profit-distributing organizations. As at the end of February 2013, 297 applications received under the first two batches had been processed under the Enterprise Support Programme. With the exception of the 67 applications subsequently withdrawn by enterprises, 54 applications were approved with the average funding amount of \$394,000. Another 47 applications were approved with conditions and the funding amount has yet to be confirmed. Under the Organization Support Programme, 37 applications received under the first two batches had been processed and 17 applications were approved with an average funding amount of around \$3.57 million. We are processing the third batch of 222 and 17 applications respectively. We hope that the trade will make good use of the fund to capitalize on the opportunities to develop their Mainland businesses.

Regarding the provision of funding support to assist enterprises enhance their competitiveness, special attention has been paid by the Government to the development of small and medium enterprises (SMEs). Apart from promoting upgrading and restructuring, we have implemented policies to provide abundant support for enterprises, which include the introduction of funding schemes to provide funding support to assist enterprises to enhance their competitiveness in respond to market changes. The Trade and Industry Department, for example, has launched the SME Loan Guarantee Scheme. This is a standing practice under which the Government acts as guarantor of individual SMEs to help them secure loans from participating lending institutions for acquiring business installations and equipment, or meeting their demand for operating capital. Since the implementation of the Scheme in 2001, more than 26 400 applications have been approved, involving an amount of \$19.3 billion and benefiting enterprises from different sectors.

Apart from the standing practice, in order to provide appropriate and timely support for enterprises, the SAR Government has also closely monitored the external economic environment and the possible implications on SMEs. To tide the enterprises over financing difficulties due to a possible credit crunch amidst the prevailing uncertain external economic environment, the Hong Kong Mortgage Corporation Limited had, with the support of the Government, introduced a special time-limited concessionary measure at the end of May 2012

under the SME Financing Guarantee Scheme to provide 80% loan guarantee at a concessionary fee rate to help enterprises obtain loans from the commercial lending market to meet their financing needs. The Government would provide a loan guarantee commitment of HK\$100 billion. Since the introduction of the special concessionary measure, over 5 900 applications have been approved, involving a loan guarantee amount of more than \$20.8 billion. The application period of the special concessionary measure was supposed to last for nine months until the end of February 2013, but in view of the challenging external economic environment, the Financial Secretary has announced in the Budget that the application period of the special concessionary measure would be extended by one year to the end of February 2014.

On the other hand, we will continue to provide various supports for SMEs, which include providing loan guarantee and cover for export, assisting enterprises to develop branding and market, as well as supporting and encouraging enterprises to undertake R&D work and commercialize the R&D results.

Regarding the development of tourism, the Tourism Commission has been investing in the development of new tourism products as well as supporting the organization of large-scale activities and co-ordinating meetings, incentives, conventions and exhibitions. The Working Group on Convention and Exhibition Industries and Tourism under the EDC will examine the development direction of Hong Kong's tourism industry. Tourist arrivals have repeatedly hit new heights in recent years and fostered the development of industries such as tourism, retailing and catering, thereby boosting the economy as a whole. In view of the significant increase in tourist arrivals, our challenge is to ensure that the service quality of our tourism industry can be maintained and the growth of visitors will not bring too much impact on people's livelihood. In this connection, the Government is assessing the overall capacity of Hong Kong to receive tourists. The areas taken into account include the handling capacity of boundary control points, receiving capacity of tourist attractions and the public transport system, supply of hotel rooms, economic effects of the Individual Visit Scheme, and its impact on the livelihood of the community. We hope that the assessment result will help us develop inbound travel in an orderly and sustainable manner.

A Member suggested that the Government should provide tax incentives in respect of expenditure of enterprises on environment-friendly facilities, so as to

increase market demand for environment-friendly services and products, thereby promoting the development of the relevant industry. Matters relating to the tax regime fall under the purview of the Financial Services and the Treasury Bureau. It was reported that profit tax deduction has been allowed for capital expenditure incurred on the procurement of environmental protection machinery, plant and environment-friendly vehicles as well as the provision of environment protection installation.

Furthermore, there are proposals on cultural development, which falls under purview of the Home Affairs Bureau. According to the Home Affairs Bureau, the launching of the "Percent for Arts" in different overseas countries and cities has led to starkly different outcomes depending on the cultural and arts conditions of the respective communities, and has even aroused controversies in some places. In Hong Kong, we are proactively promoting public art through various channels to provide the public with more opportunities to appreciate arts, so that arts will become part of our everyday life. In 2012-2013, we have organized several public and community arts schemes, including ArtAlive@Park 2012, Park Déco — Cornwall Street Park, Art@Government Buildings 2012-2013 and Artists in the Neighbourhood Scheme. We have displayed visual art pieces created by local artists and students in the parks and government buildings, and installed artistic daily facilities such as seats in the parks. Also, we have rolled out the Hong Kong International Sculpture Symposium and the Public Art Scheme of the Town Park, Indoor Velodrome-cum-Sports Centre in Area 45, Tseung Kwan O. These projects have upgraded the quality of life for Hong Kong people and provided local creative talents with more creative opportunities and exhibition space.

With regard to the speeches made by a number of Members earlier, I would like to respond to one point in particular. I think that the arguments highlighted by Mrs Regina IP are very good, especially the significance of Hong Kong's comparative advantages and competitive edges. The comparative advantage mentioned by Mrs Regina IP is very important for it is the fundamental principle of the World Trade Organization. In addition to our comparative advantages, we may also leverage on the comparative advantage of Mainland China. For example, with regard to technological development, we notice that Mainland China has secured a world leading position in patent registration and the growth of patents. Hong Kong may help promote the nation's technological inventions

and commercialize them by tapping on our advantages, thereby giving play to our competitive edges — that is, making good use of the professional talents, transparent system and mature financial market.

Just now Dr Elizabeth QUAT also said that this has enabled the aggregation of our advantages in certain industries, especially the intellectual property trading and asset management being developed. This serves as a very good platform for integrating the needs of the Government, industry, academia and research sectors, the upstream, midstream and downstream, as well as large, medium and small enterprises. We will therefore move towards this direction and explore other industries that we enjoy advantages.

President, the Government has all along introduced active measures to assist the local industrial and commercial sectors to respond to the challenges and opportunities arising from the external environment. We will continue to hear from different sectors and are ready to look into practicable proposals in order to respond to the rapid market changes and step up support for the industrial and commercial sector. Regarding the individual proposals put forward by Members during the debate, we will relay them to the relevant Policy Bureaux. I strongly believe the Government's strong support to the industry and the concrete recommendations made by the EDC on Hong Kong's long-term economic development will certainly enable us to maintain our good economic environment, and enable enterprises to achieve long-term sustainable development and create high-quality job opportunities through innovation, upgrading and restructuring, thereby maintaining Hong Kong's unique position and competitiveness in the world market.

Thank you, President.

PRESIDENT (in Cantonese): Mr Kenneth LEUNG, you may now move the amendment to the motion.

MR KENNETH LEUNG (in Cantonese): President, I move that Mr Martin LIAO's motion be amended.

Mr Kenneth LEUNG moved the following amendment: (Translation)

"To delete ", in the light of the general direction of the transformation of the Mainland's economic development mode, and recent changes in the international economic situation," after "That"; to add ", lands" after "utilizing financial resources"; and to add ", including fostering economic diversification and the development of industries, other than the four pillar industries, with competitive edge" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Kenneth LEUNG to Mr Martin LIAO's motion, be passed.

PRESIDENT (in Cantonese): I now call upon Mr Christopher CHEUNG to move an amendment to Mr Kenneth LEUNG's amendment.

MR CHRISTOPHER CHEUNG (in Cantonese): President, I move that Mr Kenneth LEUNG's amendment be amended.

Mr Christopher CHEUNG moved the following amendment: (Translation)

"To add "diversified development within individual industries," after "including fostering"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Christopher CHEUNG to Mr Kenneth LEUNG's amendment, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): I now put the question to you and that is: That Mr Kenneth LEUNG's amendment, as amended by Mr Christopher CHEUNG, to Mr Martin LIAO's motion, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Members have already been informed, as Mr Kenneth LEUNG's amendment has been passed, Mr NG Leung-sing has withdrawn his amendment.

PRESIDENT (in Cantonese): Mr TANG Ka-piu, as the amendments of Mr Kenneth LEUNG and Mr Christopher CHEUNG have been passed, you may now move your revised amendment.

MR TANG KA-PIU (in Cantonese): President, I move that Mr Martin LIAO's motion as amended by Mr Kenneth LEUNG and Mr Christopher CHEUNG be further amended by my revised amendment.

Mr TANG Ka-piu moved the following further amendment to the motion as amended by Mr Kenneth LEUNG and Mr Christopher CHEUNG:
(Translation)

"To add "; and as dovetailing with the development of manufacturing, creative and craft industries, etc. requires training and support for developing the relevant talents, the authorities should adopt the following measures: (1) to comprehensively examine and project Hong Kong's manpower supply, provide suitable training to people at various age levels, comprehensively review the articulation of vocational education and the new senior secondary academic structure, and promote a learning culture for academic studies, crafts and skills in society, so as to train up the manpower required by economic restructuring; (2) to review the existing development potential of industries that 'cannot be moved out of' Hong Kong, such as construction, ship repairs, aircraft engineering, lift and escalator, and energy, etc., set down clear development ladders for talents in these industries, and step up resource inputs, so as to encourage people to join and develop in these industries, and resolve problems such as the shortage of local maritime talents despite the booming of shipping-related industries; and (3) to review land uses, and make good use of idle Government land lots, public spaces in buildings or under flyovers, etc., so as to provide business starters, local researchers, craft workers or cultural and creative workers with low-priced and time-limited land, allowing new industries to have room and soil for development" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr TANG Ka-piu's amendment to Mr Martin LIAO's motion as amended by Mr Kenneth LEUNG and Mr Christopher CHEUNG, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Members have already been informed, as Mr TANG Ka-piu's amendment has been passed, Mrs Regina IP has withdrawn her amendment.

PRESIDENT (in Cantonese): Mr SIN Chung-kai, as the amendments of Mr Kenneth LEUNG, Mr Christopher CHEUNG and Mr TANG Ka-piu have been passed, you may now move your revised amendment.

MR SIN CHUNG-KAI (in Cantonese): President, I move that Mr Martin LIAO's motion as amended by Mr Kenneth LEUNG, Mr Christopher CHEUNG and Mr TANG Ka-piu be further amended by my revised amendment.

Mr SIN Chung-kai moved the following further amendment to the motion as amended by Mr Kenneth LEUNG, Mr Christopher CHEUNG and Mr TANG Ka-piu: (Translation)

"To add "; (4) to nurture the cultural and creative, innovation and technology, environmental protection and certification services industries, etc.; (5) to review the tax regime to allow the capital expenditure of

enterprises on environment-friendly facilities 200% deductible under profits tax, so as to encourage enterprises to attach importance to environmental protection in their operation, thereby increasing the demand for companies providing environmental protection services and products, and offering an incentive for investing in environmental protection industries; (6) to prudently study the feasibility of developing a 'percentage-based public cultural and arts policy', with a certain proportion of funding for construction works in Hong Kong being used for subsidizing cultural activities, or a specified ratio of space in construction facilities being directly allocated for the purpose of conducting cultural activities, so as to provide more resources to community organizations to participate in cultural and creative work and promote the development of cultural and creative industries; (7) through issuing additional free television licences, to enhance the development of a cultural and creative television industry; (8) to further promote the tourism industry to enhance the diversified development of Hong Kong's economy, including conducting a review of Hong Kong's tourism policy and a study on the number of visitors that Hong Kong can receive, and allocating additional resources for developing the Lantau Island into a regional ecological leisure park to attract visitors fond of nature to visit Hong Kong; and (9) to promote diversification of industries and encourage people to start up businesses by, for example, providing venues in various districts and designating a bazaar period every month for people to sell various kinds of goods" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr SIN Chung-kai's amendment to Mr Martin LIAO's motion as amended by Mr Kenneth LEUNG, Mr Christopher CHEUNG and Mr TANG Ka-piu, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr Jeffrey LAM rose to claim a division.

PRESIDENT (in Cantonese): Mr Jeffrey LAM has claimed a division. The division bell will ring for five minutes.

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

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

Functional Constituencies:

Mr Albert HO, Mr Frederick FUNG, Mr Vincent FANG, Dr Joseph LEE, Dr LEUNG Ka-lau, Mr CHEUNG Kwok-che, Mr Frankie YICK, Mr YIU Si-wing, Mr MA Fung-kwok, Mr Charles Peter MOK, Miss CHAN Yuen-han, Mr Kenneth LEUNG, Mr KWOK Wai-keung, Mr Dennis KWOK, Mr IP Kin-yuen, Mr POON Siu-ping, Mr TANG Ka-piu and Mr CHUNG Kwok-pan voted for the amendment.

Mr Abraham SHEK, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr Christopher CHEUNG and Ir Dr LO Wai-kwok voted against the amendment.

Mr WONG Ting-kwong, Ms Starry LEE, Mr CHAN Kin-por, Mr IP Kwok-him, Mr NG Leung-sing, Mr Steven HO and Mr Martin LIAO abstained.

Geographical Constituencies:

Mr LEE Cheuk-yan, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr WONG Kwok-hing, Ms Cyd HO, Mr WONG Kwok-kin, Mr Paul TSE, Mr Alan LEONG, Mr LEUNG Kwok-hung, Mr Albert CHAN, Ms Claudia MO, Mr WU Chi-wai, Mr CHAN Chi-chuen, Dr Kenneth CHAN, Miss Alice MAK, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr SIN Chung-kai and Dr Helena WONG voted for the amendment.

Mr CHAN Kam-lam, Mr TAM Yiu-chung, Mr CHAN Hak-kan, Dr Priscilla LEUNG, Mrs Regina IP, Mr Michael TIEN, Mr CHAN Han-pan, Dr Elizabeth QUAT, Dr CHIANG Lai-wan and Mr Christopher CHUNG abstained.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 30 were present, 18 were in favour of the amendment, five against it and seven abstained; while among the Members returned by geographical constituencies through direct elections, 30 were present, 19 were in favour of the amendment and 10 abstained. Since the question was agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was passed.

MR ANDREW LEUNG (in Cantonese): President, I move that in the event of further divisions being claimed in respect of the motion on "Promoting Hong Kong's economic restructuring" or any amendment thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

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

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

I order that in the event of further divisions being claimed in respect of the motion on "Promoting Hong Kong's economic restructuring" or any amendment thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

PRESIDENT (in Cantonese): Mr IP Kin-yuen, as the amendments of Mr Kenneth LEUNG, Mr Christopher CHEUNG, Mr TANG Ka-piu and Mr SIN Chung-kai have been passed, you may now move your revised amendment.

MR IP KIN-YUEN (in Cantonese): President, I move that be passed

PRESIDENT (in Cantonese): We are now on page 21 of the Script.

MR IP KIN-YUEN (in Cantonese): Are we now on page 21?

PRESIDENT (in Cantonese): Yes, on page 21.

MR IP KIN-YUEN (in Cantonese): I fail to catch up. Please pardon me.

President, I move that Mr Martin LIAO's motion as amended by Mr Kenneth LEUNG, Mr Christopher CHEUNG, Mr TANG Ka-piu and Mr SIN Chung-kai be further amended by my revised amendment.

Mr IP Kin-yuen moved the following further amendment to the motion as amended by Mr Kenneth LEUNG, Mr Christopher CHEUNG, Mr TANG Ka-piu and Mr SIN Chung-kai: (Translation)

"To add "; this Council also urges the Government to restructure public finances and properly use budget surplus to increase recurrent expenditure to promote Hong Kong's economic restructuring, so as to alleviate social conflicts" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr IP Kin-yuen's amendment to Mr Martin LIAO's motion as amended by Mr Kenneth LEUNG, Mr Christopher CHEUNG, Mr TANG Ka-piu and Mr SIN Chung-kai, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr Christopher CHEUNG rose to claim a division.

PRESIDENT (in Cantonese): Mr Christopher CHEUNG has claimed a division. The division bell will ring for one minute.

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

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

Functional Constituencies:

Mr Albert HO, Mr Frederick FUNG, Mr Vincent FANG, Dr Joseph LEE, Dr LEUNG Ka-lau, Mr CHEUNG Kwok-che, Mr Frankie YICK, Mr YIU Si-wing, Mr Charles Peter MOK, Miss CHAN Yuen-han, Mr Kenneth LEUNG, Mr KWOK Wai-keung, Mr Dennis KWOK, Mr IP Kin-yuen, Mr POON Siu-ping, Mr TANG Ka-piu and Mr CHUNG Kwok-pan voted for the amendment.

Mr NG Leung-sing voted against the amendment.

Mr Abraham SHEK, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Ms Starry LEE, Mr CHAN Kin-por, Mr IP Kwok-him, Mr Steven HO, Mr MA Fung-kwok, Mr Christopher CHEUNG, Mr Martin LIAO and Ir Dr LO Wai-kwok abstained.

Geographical Constituencies:

Mr LEE Cheuk-yan, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr WONG Kwok-hing, Ms Cyd HO, Dr Priscilla LEUNG, Mr WONG Kwok-kin, Mr Paul TSE, Mr Alan LEONG, Mr LEUNG Kwok-hung, Mr Albert CHAN, Ms Claudia MO, Mr WU Chi-wai, Mr CHAN Chi-chuen, Dr Kenneth CHAN, Miss Alice

MAK, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr SIN Chung-kai and Dr Helena WONG voted for the amendment.

Mr CHAN Kam-lam, Mr TAM Yiu-chung, Mr CHAN Hak-kan, Mrs Regina IP, Mr Michael TIEN, Mr CHAN Han-pan, Dr Elizabeth QUAT, Dr CHIANG Lai-wan and Mr Christopher CHUNG abstained.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 30 were present, 17 were in favour of the amendment, one against it and 12 abstained; while among the Members returned by geographical constituencies through direct elections, 30 were present, 20 were in favour of the amendment and nine abstained. Since the question was agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was passed.

PRESIDENT (in Cantonese): Mr Charles Peter MOK, as the amendments of Mr Kenneth LEUNG, Mr Christopher CHEUNG, Mr TANG Ka-piu, Mr SIN Chung-kai and Mr IP Kin-yuen have been passed, you may now move your revised amendment.

MR CHARLES PETER MOK (in Cantonese): President, I move that Mr Martin LIAO's motion as amended by Mr Kenneth LEUNG, Mr Christopher CHEUNG, Mr TANG Ka-piu, Mr SIN Chung-kai and Mr IP Kin-yuen be further amended by my revised amendment

Mr Charles Peter MOK moved the following further amendment to the motion as amended by Mr Kenneth LEUNG, Mr Christopher CHEUNG, Mr TANG Ka-piu, Mr SIN Chung-kai and Mr IP Kin-yuen: (Translation)

"To add "; besides, regarding the innovation and information technology industry, the Government must implement the following measures: (10) to

comprehensively review the existing scientific research assistance policies, formulate support policies to attract overseas or mainland enterprises to co-operate with the local scientific research sector, and allocate additional resources to encourage enterprises to undertake research and development projects, so as to develop Hong Kong into an international intellectual property trading hub, thereby creating more quality employment opportunities in scientific and technological industries; (11) through enhancing land planning, stable energy supply and manpower training, to attract more overseas and mainland enterprises in telecommunications and Internet, etc. to make long-term investments in Hong Kong, so as to develop Hong Kong into Asia's data centre, and a hub of cloud computing and wireless applications; and (12) to expand the scope of the business start-up support and incubation programmes provided by the Government and dovetail with the relevant policies to encourage the development of local 'Angel Funds' and venture capital funds, so as to build an effective and sustainable ecological system for investment, and provide start-up companies with the capital required at various stages" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr Charles Peter MOK's amendment to Mr Martin LIAO's motion as amended by Mr Kenneth LEUNG, Mr Christopher CHEUNG, Mr TANG Ka-piu, Mr SIN Chung-kai and Mr IP Kin-yuen, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Mr Martin LIAO, you may now reply and you have 26 seconds.

MR MARTIN LIAO (in Cantonese): President, I do not have anything to add. Thank you.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr Martin LIAO, as amended by Mr Kenneth LEUNG, Mr Christopher CHEUNG, Mr TANG Ka-piu, Mr SIN Chung-kai, Mr IP Kin-yuen and Mr Charles Peter MOK, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Members, it is now 8.11 pm. If Members can finish the remaining motion debate by midnight, I will allow the meeting to continue. However, if more than 15 Members who have indicated their wish to speak on the motion are in the queue at around 10 pm, it means that the debate cannot be finished by 12 midnight. By then, I will declare the meeting adjourned.

PRESIDENT (in Cantonese): Fifth Member's motion: Implementing the Kai Tak Planning to dovetail with Kowloon East development.

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

I now call upon Mr WONG Kwok-kin to speak and move the motion.

IMPLEMENTING THE KAI TAK PLANNING TO DOVETAIL WITH KOWLOON EAST DEVELOPMENT

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

President, the topic of the motion proposed by me today is "Implementing the Kai Tak Planning to dovetail with Kowloon East Development". The Kai Tak New Development Area (NDA) is currently Hong Kong's largest urban waterfront development project in the immediate neighbourhood of Kwun Tong in Kowloon East and Wong Tai Sin. The development plan of the NDA will certainly have a far-reaching impact on areas in Kowloon East and even the entire Kowloon. As a directly-elected Member representing the Kowloon East geographical constituency, I hope that the Government can seize the opportunities brought about by the NDA to dovetail with the implementation of "Energizing Kowloon East", with a view to injecting new momentum into the area and increasing economic activities and employment opportunities while at the same time addressing some long-standing problems in Kowloon East by leveraging on the planning of the NDA.

The first problem that I would like to discuss is public healthcare services. According to the 2011 Population Census conducted by the Government's Census

and Statistics Department, Kwun Tong and Wong Tai Sin ranked the first and fourth among all the 18 districts respectively in terms of the elderly population. In Kwun Tong, there were about 100 000 elderly people, accounting for 10.8% of the overall elderly population of 980 000 territory-wide, whereas Wong Tai Sin has an elderly population of 74 000, accounting for 7.9% of the total number of elderly people in Hong Kong. What is more, the proportion of elderly population in Wong Tai Sin is the highest among all the 18 districts.

Meanwhile, it is known to all that Kowloon East is a district with a high concentration of public housing estates. There is a large number of elderly people and a large number of public housing tenants, and these two factors combined will naturally give rise to a great demand for public healthcare services. But the Kowloon East Cluster is, quite on the contrary, provided with the least resources among the seven hospital clusters. Many colleagues in this Council have pointed out this problem on various occasions, so I am not going to dwell on this here today.

The shortage of public healthcare services is particularly serious in Wong Tai Sin. Wong Tai Sin has a population of 420 000, 17.6% of which is made up of the elderly. Close to 80% of the residents live in public housing and there are only two to three hospitals of a small scale in the district, such as Our Lady of Maryknoll Hospital and Hong Kong Buddhist Hospital. Both hospitals are not large in scale and do not provide accident and emergency service or critical care service. In the event of emergencies or critical illness, or if residents need specialist treatment, they can only turn to Kwong Wah Hospital or Queen Elizabeth Hospital in another district, and about a quarter of the residents will go to the United Christian Hospital in Kwun Tong to seek medical treatment. This has caused great difficulties to the elderly in seeking medical treatment and even resulted in delayed treatment.

Residents in Wong Tai Sin have long hoped that their difficulties in seeking medical treatment can be addressed. Unfortunately, as the development of the district has already reached capacity, it is difficult to identify suitable sites for new hospital development. In view of this, we strongly urge the Government to seize the opportunity brought by the NDA planning and earmark sufficient land in the NDA for the development of a large-scale general hospital expeditiously.

I understand that the Government has said that there is a plan to develop a paediatric hospital known as the Centre of Excellence in Paediatrics in the NDA.

We certainly do not oppose the development of a paediatric hospital, and we very much agree with the need to develop a centre of excellence in paediatrics in Hong Kong. But to the local residents, a large-scale general hospital may better meet their pressing needs, because such a large-scale hospital will not only benefit residents in Wong Tai Sin, but will also make it convenient for residents living in the Kowloon City, To Kwa Wan and Hung Hom areas to seek medical consultation.

Besides, the recent completion of two new public housing estates, namely, Kai Ching Estate and Tak Long Estate, located near Choi Hung Estate in the proximity of the NDA, will provide 13 400 flats for 33 500 residents. Residents will have a pressing demand for the development of a new general hospital in the NDA.

In Kwun Tong, the vigorous public housing programmes developed by the Government in Anderson Road and the Anderson Road Quarry site will increase the district's population by close to 80 000. The United Christian Hospital in Kwun Tong has already been operating to its full capacity and in view of the additional population to be brought into the district in future, an expansion of the hospital can brook no delay. While we understand that the Government has already provided funding for the expansion of the United Christian Hospital, we hope that the pace of development can be expedited.

I think the second problem causing troubles to residents of Kowloon East is the transport problem. As we all know, there are a number of hillside public housing estates in Kowloon East, such as those public housing estates in Lam Tin, Sau Mau Ping, Po Tat and Tsz Wan Shan, and there are also the three newly-completed estates with names starting with "Choi" (that is, Choi Tak Estate, Choi Ying Estate and Choi Fook Estate) and the existing four estates with names starting with "Shun" (that is, Shun Tin Estate, Shun Lee Estate, Shun On Estate and Shun Chi Court). At present, these estates can only rely on buses and public light buses to link up with the main roads downhill. During rush hours when residents travel to and from work, they often have complaints either about bus trips missing from schedule or insufficient number of public light buses, causing great inconvenience to the residents in travelling to and from home. On the other hand, the residents also consider the transport fares a heavy burden on them. Residents living in housing estates uphill hope that the monorail system in the NDA can be extended to connect with the various areas in Kowloon East. They also hope that the Government can at the same time study extending the

system to connect with various public housing estates uphill to facilitate their travel to and from home.

Another point that warrants concern is the traffic load in the area. For instance, the additional population of close to 80 000 arising from the public housing development project in Anderson Road will have to rely on the New Clear Water Bay Road to travel to and from the various areas in Central Kowloon and Kowloon West, and they have to use Sau Mau Ping Road or Tseung Kwan O Road to travel to the various areas in Kowloon East. As a result, these two roads will be heavily loaded. On the other hand, the tourists to be brought by the Cruise Terminal in the NDA as well as the new working population to be brought by "Energizing Kowloon East" and Kwun Tong Town Centre Redevelopment will impose an even greater pressure on Kwun Tong Road which has already reached its full capacity now. Therefore, how to resolve the pressure on road traffic in the area will become an important issue in the development of Kowloon East.

Moreover, the question of how the pedestrian linking systems and barrier-free facilities in Kowloon East, Kwun Tong and Wong Tai Sin can be linked up with the NDA in order to deepen the connection between Kai Tak and the adjacent areas should be an important item in the planning of the NDA. We propose that semi-sunken open underground street networks should be developed. These street networks, which are similar to underground commercial streets in Japan, can merge pedestrian flows and add special features to the areas.

President, in its planning of the NDA the Government should pay due regard to whether such planning will render the neighbouring areas adversely affected. For instance, will it cause the rent to rise substantially, making it difficult for the operation of small traditional business with local characteristics in Kowloon East to continue? The revitalization of industrial buildings has also made it impossible for people who are actively engaging in cultural and creative work in the areas to sustain their operation. Although the Government's proposal of relocating their operation to areas under flyovers is not infeasible, those areas seem to be suitable only for use as a stage for performances. Is it feasible for them to engage in creative work under flyovers? I hope that the Government can take this into careful consideration.

Furthermore, will the operation of the Cruise Terminal aggravate the environmental pollution in the adjacent areas and add to the pressure on transport in nearby districts? We hope that the Government will pay attention to

maintaining the local characteristics as well as the culture and traditions of the districts in the course of development, such as the temple fairs in Wong Tai Sin, or the historical monuments in Nga Tsin Wai Village, Longjin Bridge and Kai Tak River. I think that if the authorities can do their utmost to minimize the negative impact, the NDA and the "Energizing Kowloon East" project will create good opportunities for the districts and also infuse greater economic vibrancy, improve the environment and increase job opportunities for the districts, thus enabling residents of the districts to lead a better life.

President, I so submit. I will speak in reply later.

Thank you, President.

Mr WONG Kwok-kin moved the following motion: (Translation)

"That the Kai Tak New Development Area is currently the largest urban waterfront development project in Hong Kong with a total planning area of more than 320 hectares; as Kai Tak in the future will become a new core district in Kowloon and drive the overall development of Kowloon East, and the various works projects in the area will be completed one after another starting from this year, this Council urges the Government to expeditiously implement the various planning for the new development area and the ancillary work in nearby communities, including:

- (1) to expeditiously give the public a full account of any plan to revise and adjust the planning for Kai Tak (including proposals relating to increasing the plot ratios and resident population, and whether to build a helipad on the runway, etc.);
- (2) to closely keep in view the problem of big rent hikes in Kowloon East driven by the Kai Tak development, so as to ensure that small business traders and even workers in the creative and cultural sector in the district can continue their operation to provide residents with inexpensive and quality daily consumer goods amidst the transformation of Kowloon East;
- (3) to expeditiously discuss with the relevant District Councils plans for support arrangements after the commissioning of the first berth of the Kai Tak Cruise Terminal this year (including traffic and

transport arrangements, and on-shore power supply facilities, etc.), so as to avoid impacting and pressuring the nearby communities and the environment after the commissioning of the terminal;

- (4) to ensure that the recreational and sports facilities in the Multi-purpose Sports Complex at Kai Tak are open for public use at all times in the future, so as to resolve the long-standing shortage of public sports facilities in Kowloon;
- (5) to review the road transport network of Kowloon East, assess whether the traffic capacity of the existing roads in the various communities is adequate to meet the future development and population needs of Kai Tak and the various areas in Kowloon East, and expeditiously conduct improvement works in this regard;
- (6) to expeditiously implement the construction of a monorail system to connect Kai Tak with the various areas in Kowloon East, and at the same time, study the extension of the system to the mid-levels areas of Kowloon East, so as to better meet the transport needs of residents in these communities;
- (7) to expeditiously construct a general hospital in Kai Tak and expedite the expansion of the United Christian Hospital, so as to meet the medical needs arising from the future population growth and development of Kowloon East;
- (8) to perfect the pedestrian linking systems and barrier-free facilities in the old areas of Kowloon East and Kai Tak new area, deepen the connection between Kai Tak and adjacent areas, and develop semi-sunken open underground street networks to merge pedestrian flows and add special features to the areas;
- (9) to study the construction of cycle tracks along the waterfront and in the communities of Kowloon East to connect with the cycle track in the Kai Tak New Development Area, so as to develop an urban cycle track network;
- (10) to integrate the cultural monuments and existing waterways in Kai Tak and the nearby communities, such as linking Nga Tsin Wai

Village, Longjin Bridge and Kai Tak River to form an area with historical and ecological values, and develop a special heritage trail embracing environmental protection, historical monuments, local culture and tourism;

- (11) to increase the space for greening and public art in Kai Tak and the various areas in Kowloon East, and introduce bazaars with local characteristics (e.g. temple fairs) to attract tourists and create employment opportunities;
- (12) to make use of the site of the former Tai Hom Village and San Industrial Area, etc. to develop cultural and creative industries, so as to develop Kai Tak and the relevant areas into a tourist spot related to Hong Kong movies; and
- (13) to develop featured waterfront areas in Kai Tak and Kowloon East (including making good use of the vacant land under the flyovers near the Kwun Tong waterfront), so as to develop them into creative spaces, markets and community facilities with local cultural characteristics and styles.

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

PRESIDENT (in Cantonese): Mr Frederick FUNG, Mr CHAN Kam-lam, Mr WU Chi-wai, Mr Alan LEONG and Dr LEUNG Ka-lau wish to move amendments to this motion, while Mr Frankie YICK wishes to move an amendment to Mr CHAN Kam-lam's amendment. This Council will now proceed to a joint debate on the motion and the amendments.

I will call upon these Members to speak in the said order, but they may not move amendments at this stage.

MR FREDERICK FUNG (in Cantonese): President, it has been 15 years from the closure of the Kai Tak Airport in 1998 to the arrival of Celebrity Millennium on this past Saturday as the first cruise liner to berth as a trial at the

soon-to-be-completed Kai Tak Cruise Terminal. The development of Kai Tak has been long awaited by members of the public. Certainly, Kai Tak is not just a cruise terminal. It represents more of a new model of active participation by the public in planning. It has desisted from the past bureaucratic "top-down" planning approach and established afresh a new "bottom-up" approach, depicting the people's vision for a livable city. I would say that Kai Tak has provided a new paradigm and new procedures for public engagement for urban planning in Hong Kong.

President, the Kai Tak New Development Area (NDA) embraces residential, business and tourism elements, major recreational and sports facilities, as well as railway and road networks, and further combines with environmental features, such as breezeways, terraced building layout, district-based centralized air conditioning system, and so on. With the gradual completion of the planned projects, such as the new Kai Tak Cruise Terminal to be commissioned in mid-June, and the two public housing estates, namely, Kai Ching Estate and Tak Long Estate, to be available for occupation by tenants in mid-2013 and end-2013 respectively, coupled with the successive commencement and completion of other projects such as the improvement works at the Kai Tak Nullah and Kwun Tong Typhoon Shelter, and the infrastructure facilities at the former apron area, members of the public have at the same time built up a close relationship with Kai Tak gradually. While they used to be just passers-by of the airport, to them Kai Tak will soon become a place where their needs in clothing, food, housing and transport are met, a place for recreation and enjoyment, and even a place where they can settle down in life.

There is no doubt that Kai Tak will become a new core district in Kowloon, and a catalyst and stimulant driving the overall development of Kowloon, especially in the adjacent areas. In this connection, the amendment that I have proposed precisely aims to enrich the contents of the original motion, so that the development of Kai Tak and its effects can radiate to more places and higher levels by, for instance, reviewing the connectivity between and capacity of all road networks in Kowloon and constructing cycle tracks along the coastline of Kowloon East to the waterfront of Kowloon West via the Kai Tak NDA and Kowloon City District to provide a cycle network in urban areas. I hope that Mr WONG Kwok-kin will understand that the proposals in my amendment do not conflict with his concerns about the interest of Kowloon East. On the contrary, my amendment can actually achieve a complementary effect.

Indeed, the southwestern side of the Kai Tak NDA is actually linked to areas such as Kowloon City, Ma Tau Wai and Ma Tau Kok where clusters of old buildings can be found. The development of Kai Tak will certainly have a most direct impact on the living of residents in these areas, whether in terms of the commercial viability of small shop operators or the clearance and redevelopment of old districts. I would say that insofar as the residential zones are concerned, these areas will be affected more directly than the areas connecting Kowloon East and Kai Tak (which mainly comprise public housing estates). So, my amendment only serves to make up for this omission in the original motion and has no intention to wipe out the effects of Kai Tak on Kowloon East.

In fact, whether it is for the development of Kowloon East, Kowloon West or the entire Kowloon, I believe all Members in this Chamber are concerned about how Kai Tak should provide support and meet the needs of development. I hope that Mr WONG Kwok-kin will understand that insofar as the interest of the residents are concerned, be they residents in Kowloon East, Kowloon West or any other parts of Kowloon, especially if the Kai Tak NDA has, whether positively or negatively, affected the residents, we Members should speak up for them all the same. I actually do not see any reason or any actual development project in Kai Tak NDA that would lead to confrontations and conflicts among the interests of districts. Therefore, I hope that Mr WONG Kwok-kin can support my amendment. I reiterate that Kai Tak is a treasure of Hong Kong people and has very far-reaching impacts on the entire Kowloon. The interests of Members are certainly consistent with the interests of Hong Kong and residents in Kowloon as a whole. I, therefore, hope that Members can support my amendment.

The Hong Kong Association for Democracy and People's Livelihood and I support the specific proposals in the original motion. Many aspirations in the motion are obviously concerns raised by residents in Kowloon East and the adjacent areas. Particularly, some time ago the Chief Executive, with the intention of testing the waters, hinted through a fan of his at the idea of forcing the Kai Tak sports complex to move elsewhere, in order to provide land for residential development. This frivolous attitude in tackling problems, and such oblivion of procedures and such fragmentary, stop-gap approach of administration to the neglect of overall planning, which are all typical of LEUNG Chun-ying's style, have wreaked havoc on the original principles and integrity of the Kai Tak development plan and even turned a blind eye to the burden to be imposed on traffic. Fortunately, in the face of strong opposition from the sports

community and residents in the adjacent areas, the plan on the forced eviction of the Kai Tak sports complex was eventually dropped. This has reflected not only the Government's disrespect for sports development in Hong Kong, but also its neglect of the long-standing shortage of sports facilities in To Kwa Wan and Ma Tau Wai.

Moreover, given that the Central Kowloon Route running across Kowloon East and Kowloon West is expected to be commissioned in 2021 and as various projects in Kai Tak will be completed and residents will be moving into the area gradually in the interim, will this put pressure on the road networks linking Kowloon West and Kowloon East and also on the traffic in adjacent areas? In view of this, it is most imperative for the Government to make projections on all road networks in Kowloon, in order to assess whether the capacity of roads on the periphery can cope with the development of Kai Tak and its adjacent areas.

On the other hand, there is no denying that public aspirations for conservation and environmental protection have continuously heightened and changed in tandem with the development of society. The traditional planning approach and fossilized procedures may not be able to respond to these aspirations in a timely manner. An example is the public aspiration for the construction of cycle tracks in urban areas. In fact, given a stronger awareness of carbon reduction and higher aspirations for healthy living among the public, more and more people hope that cycle tracks can be provided in waterfront areas to link up with the adjacent communities, thereby creating a complete cycle network and enabling the public to use the bicycle as an environmentally-friendly mode of transport to replace those modes of transport with high emissions. In this connection, I hope that the Government, in developing the Kai Tak NDA and the harbourfront areas, will include the element of bicycles, such as providing cycle tracks, priority lanes for bicycles, parking facilities for bicycles, and so on. Meanwhile, it is all the more necessary to be far-sighted by dovetailing with the development of the waterfronts stretching from Kowloon East and Kowloon West along the Victoria harbour, with a view to constructing at the waterfronts a trunk cycle track linking various communities. This will ensure access of bicycles to all parts of the urban areas and truly enable bicycles to perform the function of a means of transport safely.

President, I so submit.

MR CHAN KAM-LAM (in Cantonese): President, the landmark project of Energizing Kowloon East, namely, the Cruise Terminal, received the first large international cruise liner last week. This shows that Energizing Kowloon East has finally started to set off after over a decade's delay. The captain of the cruise liner highly praised the state-of-the-art Cruise Terminal after berthing at the terminal, but behind the terminal there actually lies only a construction site in a cloud of dust. No supporting facility can be seen except the makeshift toilets. After disembarking and completing customs clearance at the terminal, the tourists could only board a bus which went past the construction site before leaving the terminal. Such incongruity is indicative of the sluggish development of Kowloon East, which is disappointing.

President, why am I so concerned about the progress of Energizing Kowloon East? The reason is that Energizing Kowloon East is important not only because it is a waterfront development or regional redevelopment project. It is important in that this project will provide an additional commercial floor area of 5.4 million sq m, which is double the size of Central as a whole and critically important to the economic development of Hong Kong.

Besides, the New Development Area (NDA) can provide more than 33 000 residential flats in the urban areas, including the first two sites to be granted under the "Hong Kong property for Hong Kong residents" policy and two public housing estates, which constitute a major source of housing supply in the urban areas in the short to medium term. Moreover, apart from the development of a world-class cruise terminal, we will also find in the Kai Tak NDA major sports facilities and the century-old historical monument, the Longjin Bridge, as well as the first monorail system in the territory. These are Hong Kong's largest integrated tourism infrastructure projects in recent years and new highlights of the tourism industry. All of these show that Energizing Kowloon East is a vitally important project, whether to the promotion of economic or tourism development or the improvement of the people's livelihood. Energizing Kowloon East will not only develop a new core business district in Kowloon East, but will also drive the development of the entire Kowloon East and its adjacent areas, providing an opportunity for the revitalization of the old districts, which will in turn benefit residents in these districts.

Certainly, in the course of transformation, it is inevitable for changes and difficulties to arise. For instance, fragmented ownership will hinder the revitalization and transformation of old industrial areas; an increased flow of

people will impose a heavier burden on transport and the environment; and while the emergence of new business districts and completion of new tourist spots will bring opportunities, they can also lead to rent hikes in the districts to the detriment of the operation of small and medium enterprises. However, these challenges arising in the course of development can be addressed at the policy level or through revision of plans and adjustments made to development projects. The key lies in whether the responsible government departments, especially the Energizing Kowloon East Office (EKEO), can attach importance to these problems and put forward corresponding measures and solutions. We hope that the EKEO can play an active role in Energizing Kowloon East, putting forward specific proposals and a timetable for implementation to facilitate regional development in accordance with the existing concepts of development. Regrettably, apart from organizing such activities as exhibitions, seminars, carnivals and the Fly the Flyover Operation, the EKEO has not made any particular achievement so far.

President, Energizing Kowloon East involves the transformation of old industrial areas and the development of new business districts and residential areas, and apart from the need to address the problem of fragmented ownership, the redevelopment or conversion of industrial buildings will also involve huge capital input. If this task is not complemented by active policy support from the Government and relies solely on the market, it would be difficult to see significant results. To facilitate the transformation of industrial buildings, the authorities should introduce more support policies and provide more financial incentives to encourage owners to transform their industrial buildings, such as relaxing the height limits for buildings, increasing the plot ratio, transferring the plot ratio, exchanging land or extending the land premium instalment payment. It is a core business of the EKEO to facilitate the transformation of industrial areas. We hope that it can put forward concrete proposals to expedite regional transformation.

Furthermore, Hong Kong has never implemented any regional redevelopment project for industrial buildings before, and fragmented ownership has been the biggest difficulty to the redevelopment or conversion of industrial buildings. Although the Urban Renewal Authority (URA) does not have any experience in redeveloping industrial areas, it is very successful and experienced in consolidating old districts, acquiring ownership shares, revitalizing old districts and conservation. We, therefore, hope that the Government can encourage the

URA to assume a more active role in promoting the transformation of industrial areas.

President, "connectivity" is a major concept of Energizing Kowloon East. In this connection the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) supports the proposal calling for the construction of a monorail system expeditiously in the original motion. This is also a proposal made by the DAB over the years after conducting in-depth studies. Having said that, we consider that in order for the monorail system to perform the function of "connectivity", there must be a bridge connecting Kwun Tong Ferry Pier and the ex-runway tip to provide support. It is because without this bridge link, the connectivity between Kwun Tong and the Kai Tak NDA would be severed, thus making it necessary to make a detour in order to go from the southern part of the Kai Tak NDA or the Cruise Terminal to Kwun Tong, and this would be detrimental to the entire development layout of Kowloon East. Secondly, this bridge will not only link to the monorail system, but will also serve as a pedestrian bridge straddling the Kwun Tong Typhoon Shelter. Meanwhile, as the bridge will also be a tourist spot and a landmark architecture in Kowloon East, it will be significant in the branding of Kowloon East. Therefore, we consider that adding this point to the original motion will highlight the importance of this bridge link.

President, in the following part of my speech, I would like to respond to the amendments proposed to this motion today. First, many proposals made in the amendments proposed by Mr Frederick FUNG, Mr WU Chi-wai and Dr LEUNG Ka-lau are basically very close to the views of the DAB and so, we will support them. Particularly, the proposals of extending the monorail system to Kowloon City District, constructing a harbourfront promenade connecting Lei Yue Mun to Sham Shui Po, improving the transport network in Kowloon, increasing the provision of community facilities and public housing units, and so on, have also been put forward by us before and so, we will throw weight behind them. However, regarding the proposal of extending the cycle track to old districts outside the Kai Tak NDA, we consider that it would involve great technical and practical difficulties. It is necessary to be practical, rather than "doing something for the sake of doing it".

However, as I have just said, the monorail system will be a landmark architecture in Kowloon East, for it will be the backbone of the transport system in the district and also a tourist attraction with characteristics, and since the

construction of a monorail system has been studied and brewed for a long time, if other options are suggested only now at the final stage, it would be like negating all the efforts made previously. Moreover, as no specific detail is given to explain "other more efficient green transportation systems", it goes to show that Mr Alan LEONG has not conducted any study in this respect.

On the other hand, as the ex-runway tip and Kwun Tong Ferry Pier are only a few hundred metres apart, if the passage of all marine working vessels would be allowed as proposed in Mr Frankie YICK's amendment, the bridge link should at least be 40 m or more above the sea level as we actually have no idea about what kinds of vessels are included to mean "marine working vessels". As a result, the engineering cost would definitely increase substantially and this would seriously affect the construction cost and operation of the bridge link in future.

President, we hope that the Kwun Tong Typhoon Shelter can be converted into a berthing area for yachts. This can increase the tourist spots and employment opportunities in Kwun Tong and also turn the place into a new tourist node in Hong Kong. That said, we appreciate that after changing the use of the typhoon shelter, the number of berths for cargo ships in the typhoon shelter would be reduced. The DAB considers that the Government should consider the provision of another typhoon shelter in the vicinity of the harbour for use by the industry.

President, I so submit.

MR WU CHI-WAI (in Cantonese): President, though we have many opinions on the motion moved today by Mr WONG Kwok-kin, our views are actually very similar. Through the amendment today, we hope to further integrate some of the observations we made during our work in the communities with Energizing Kowloon East and the demands of the communities to be included in the motion, for the purpose of perfecting Mr WONG Kwok-kin's motion.

The Government often says that the entire plan of Energizing Kowloon East must involve the people. However, the plan gives people the impression that it has no direct bearing on the residents of Kowloon East, only that numerous consultative meetings and workshops might be held. It is actually not an easy task to enable the residents of Kowloon East to really receive the message conveyed by Energizing Kowloon East. In particular, Wong Tai Sin, which is

being treated like an orphan in the entire plan, belongs to Kowloon City but the residents linked with it are mostly those living in Kwun Tong. Hence, Wong Tai Sin feels very strongly. In comparison, its situation can even be described as acute.

Anyhow, we hope the Government can ensure direct engagement and more involvement of the public in its future dissemination of information about Energizing Kowloon East. Hence, efforts should be stepped up in the entire exercise. We do not wish to see such problems as those related to the monorail system, which was originally scheduled for phase II consultation in the first quarter of this year but has seen no action taken so far. As regards housing supply in Kai Tak as mentioned in the Policy Address, the Government might conduct a fresh review of the land use, plot ratios or utilization of land involved, but it appears that no action has been taken, either. This will only make people who can only get information about Energizing Kowloon East from newspapers or other media more worried. In particular, the earlier incident related to the sports complex has made them even more worried for fear that the matter will worsen. The Government must handle these issues carefully. We do not wish to see the consensus reached after lengthy discussions changed substantially. Certainly, some changes are crucial. For instance, given such an enormous housing demand, is the previous planning for low-density development in the Kai Tak New Development Area to energize Kowloon East still suitable? Should low-density development be converted into more subsidized housing? What should be done to address the home ownership needs of the public?

Certainly, there have been frequent discussions on the issue of "Hong Kong property for Hong Kong residents" recently. However, as I say very often, the most radical way to address this issue is to provide subsidized housing, including Home Ownership Scheme (HOS) flats and former Sandwich Class Housing Scheme (SCHS) flats, for there is simply no need to consider whether problems will arise because of some loopholes such that the policy of "Hong Kong property for Hong Kong residents" turns bad eventually. Hence, I hope the Secretary for Development can really consider putting old wine into the new bottle instead of launching new projects. By old wine, I mean HOS and SCHS flats, for this approach is already proven.

As Mr CHAN Kam-lam pointed out just now, the entire Kowloon East is now filled with sand and dust. Besides the signs of industrial areas being turned into business and trade areas or the creation of a Zero Carbon Building, other

things are being completed one after another. During this process, the creative industry in the area was the first one to be hard hit. As Members are aware, during a certain period of time, many spaces could be found in the factory areas throughout Kowloon East due to the northward shift of factories. Consequently, the low rents had attracted many practitioners of the creative industry to work and engage in creation there, and a considerably large creative industry had thus come into being. This is completely in line with the Government's claim that it will help and support the development of the creative industry.

Furthermore, the result achieved merely through the renting of some low-cost factories without government funding turns out to be one of the proposals put forward by me today to supplement Mr WONG Kwok-kin's motion. Will the Government do anything on seeing this? When we describe Energizing Kowloon East as such a magnificent plan, can the Government do anything to ensure that practitioners of the creative industry can share the fruits of success?

We can see that one possible way is to make use of the government factory buildings in Kowloon Bay. Two of these factory buildings are of considerable scale and found to be quite suitable. The Government must not reconsider its plan of demolishing those buildings for the construction of business or commercial buildings, for doing so will deprive creative workers of the last opportunity of renting a place at a low rate and the opportunity of engaging in creation.

In fact, this policy completely dovetails with the Government's approach and policy of converting Mei Ho House in Sham Shui Po into the Jockey Club Creative Arts Centre as well as the Government's wish to promote the creative industry. Certainly, as Members should be aware, any attempt to achieve this must not rely merely on empty talks, for specific policy support must be provided as well. What is the support I am talking about? In fact, creative workers do not want people to use money to buy their creativity. What they want most is the Government providing them with space, so that they can have chances of bringing their ability into play.

Certainly, there is another major issue to be tackled in the district. In Kowloon East, many housing estates are already over 50 years old. For instance, Wo Lok Estate, Kai Yip Estate, Ping Shek Estate and Choi Hung Estate are all relatively old and probably have ample potentials for redevelopment. Has the Government thought of exploiting the development opportunities of

redeveloping the old districts in Kowloon and making planning expeditiously? Otherwise, I am worried that we only find out when it comes to the actual development that what we have been talking about is just the reception of estates or the Anderson Road Quarry development project. The conflicts arising then will be even bigger. Today, Tak Long Estate and Kai Ching Estate precisely present us with an opportunity. If you consider it a possible direction, you must take action expeditiously, or else a golden opportunity will be missed.

Furthermore, President, a low-carbon life has been mentioned repeatedly in the Policy Address as a direction of life. Unfortunately, though I have repeatedly pointed out that the Government should make the bicycle as a means of transport, I have apparently failed to convince the Bureau and the Government to adopt the concept of using the bicycle as a means of transport in planning the Kai Tak New Development Area (NDA). This is inconsistent with the earlier reply given to me by the Government, for it said that the bicycle could certainly not be used as a means of transport in the old districts, but this idea could be considered when it came to new districts. Why can the Kai Tak NDA that energizes Kowloon East not be an option for consideration? Members should bear in mind that I am not talking about using the bicycle as a leisure means of transport to be used purely on cycle tracks. I hope it can play a different role to become a highly efficient low-carbon mode of transport as part of the traffic and transport network. This network should also offer a more reliable way to connect with people outside the Kai Tak NDA, so that people coming here do not have to walk their bicycles across footbridges before entering the cycle tracks, as is the case now. Not only is the latter concept very backward, it will also be extremely difficult to promote a low-carbon life. I hope the Government can seriously consider this in the course of its study.

The last point I wish to raise concerns the concept. Government building clusters are crucial to Kai Tak as a whole because they can bring a transient population with spending power. When the transient population of the government building clusters is stationed here, the adjacent areas will be developed as a matter of course because of this ecological environment with spending power, and the present situation of making seemingly deliberate efforts to bring people from outside into the NDA would not arise. This mode of development can indeed end in failure very easily.

Lastly, in considering the monorail system, I hope the Government can bear in mind that this idea was put forward by the Democratic Party in 2006. I

am very pleased that the Government will put it into implementation. I also hope that it can improve the connections to benefit the entire area. Thank you, President.

MR ALAN LEONG (in Cantonese): First of all, President, I have to thank Mr WONG Kwok-kin for moving the motion on "Implementing the Kai Tak Planning to dovetail with Kowloon East development", so that we are given the opportunity to debate the development of Kai Tak and how it can affect and interact with Kowloon East.

My amendment seeks mainly to supplement Mr WONG Kwok-kin's original motion in several aspects. The first point concerns the layout of the Multi-purpose Sports Complex at Kai Tak. Mr CHAN Kam-lam might not be too clear about how my proposal can be taken forward, as he has not discussed it with me. I hope he can support it after hearing my speech.

I understand that the SAR Government has to identify land to satisfy the needs of many Hong Kong people for "getting public housing allocation" and home purchase. However, the rules must be followed in the course of identifying land. The approach of converting land already planned for Government/Institute/Community use into residential land is indeed open to question. It is even worse if notice of the relevant land use has already been given on the land sale list, and the land use has not been revised by the Town Planning Board.

The Civic Party has put forward eight proposals to the Chief Executive on ways to increase land supply, only that he seems to have no intention to take on board our recommendations. However, this approach of "emphasizing speed at the expense of the system" is definitely undesirable.

President, the focus of study of a report recently submitted jointly by three community groups, namely The Professional Commons, the Local Research Community and Harmonic HK (和聲關注組), is that an additional 7 000-odd public rental housing (PRH) units (for 20 000 people) and 4 000-odd Home Ownership Scheme (HOS) units (for 14 000-odd people) can be built without making any substantial changes to the Multi-purpose Sports Complex at Kai Tak. How can this be achieved?

To begin with, they have formulated three principles for the planning of the project: First, to increase housing supply within the Kai Tak Development area on the premise of not affecting the quality of the environment; second, the original key elements of development and functions should remain unchanged; and third, the integrity of the Sports City and Metro Park should be kept intact.

What should be done according to their proposal? First, the secondary stadium of the Sports City should be relocated to the south of the main stadium, and the indoor sports arena be shifted slightly southward to be brought nearer to the main stadium. The total area of the Sports City will thus be reduced without affecting its integrity. As I said just now, the "disposed sites" thus released can be used to build tens of thousands of PRH, HOS and private flats. Meanwhile, the sites originally zoned "Residential (B)1" to the northwest of the Sports City can be used for developing 7 100 PRH units.

As for the sites to the south of the Runway Area zoned "commercial" for hotel developments, it is proposed that they should be re-zoned as an extension of the Metro Park, so that its integrity will not be compromised. It is also proposed that the green space be elevated by approximately one storey, so that the space below, measuring some 140 000 sq ft, can be used for catering, retail and community arts developments.

After considering the proposals put forward by these community groups, the Civic Party thinks that they are absolutely feasible and hopes that the Government can heed the advice and consolidate the wisdom of the community with the Government's expert planning with a broad mind, so that joint efforts can be made to create a better community. When the Secretary gives his response later on, we hope he will tell us that he will actively study and consider this proposal instead of turning a blind eye to the recommendations made by these professionals in the community.

President, in the second item of my proposed amendment to Mr WONG Kwok-kin's original motion, I express the hope that business spaces can be increased. I have repeatedly pointed out in this Council that it is very difficult to find places to do business nowadays because shop rentals in private buildings have multiplied. Even the shopping malls and markets originally managed by the Housing Authority can no longer be vacated for lease by business starters after they were sold to The Link REIT for listing.

Under such circumstances, I very much hope that when planning is carried out for the development of Kai Tak, the authorities concerned can, as I proposed in my amendment, "find ways to prevent large chain enterprises from monopolizing all business spaces and reserve some areas for the development of small and medium enterprises, so as to create a diversified business environment". These proposals, if implemented, will be good news to small business traders who are prepared to start up their businesses but cannot find the premises to do so. I hope that this issue can be addressed in the planning of Kai Tak, too.

President, the third supplementary proposal put forward in my amendment calls on the authorities concerned to make reference to foreign experience such as Covent Garden in London for the formulation of rules to enable street arts performers to stage performances freely and orderly, so that all can share the gaiety.

In 2010, the Government launched A New Experience of Outdoor Performances — Open Stage Pilot Scheme to open up three venues, namely the Hong Kong Cultural Centre, the Sha Tin Town Hall, and the Kwai Tsing Theatre. Although this pilot Scheme was put into actual implementation in July 2011, only the Sha Tin Town Hall is left for use by performers.

Information reveals that of the 15 applications received by the Sha Tin Town Hall, only six have been approved. Actually, many performers have failed in their bid to find a performance venue. The fact that only six out of the 15 applications have been approved means that the other nine performers are unable to find a performance venue.

President, why did it appear that the cultural ambience of the overseas countries we visited was especially strong? Was it because we could frequently find arts performers staging performances near us, whether on the streets or in underground train stations or squares? Neither would we find any conflicts between the arts performers and passers-by or any nuisance caused. On the contrary, we felt that such performances added some sort of specialty to the ambience of the streets.

The Civic Party considers that the Government should consult street performers, the sector and members of the public and provide policy support while studying the formulation of appropriate rules and regulations, such that street performers can be enabled to stage performances freely and orderly. The

Government should also examine and make reference to foreign experience. For instance, a number of cities in Taiwan have a licensing regime and policy managed by their municipal governments. Moreover, a wide range of matters, ranging from accreditation to the mode of charging by performers and locations, are governed by detailed guidelines and systems. These are the key points of amendment raised by me to enrich Mr WONG Kwok-kin's original motion in the hope of securing other Members' support for my amendment.

I so submit.

DR LEUNG KA-LAU (in Cantonese): President, when the Kai Tak Planning is put into implementation, we must avoid any negative impact on the adjacent areas, such as traffic congestion, rising rents, and so on. We also hope to make use of the abundant new sites provided in Kai Tak to ameliorate the Government's past planning problems and make up for the shortage of land in Kowloon East and other areas.

Both Mr WONG Kwok-kin and Mr WU Chi-wai have expressed their views on public healthcare facilities under the planning for Kai Tak. I would also like to take this opportunity to put forward additional proposals on public facilities in the healthcare and social welfare sectors.

Let me begin with healthcare. Currently, resources for the various hospital clusters under the Hospital Authority are very unevenly distributed. For instance, only 10% of the allocated funds go to Kowloon East, though it houses 14% of the territory's population. Hence, more than half of the waiting periods for the specialist out-patient service in Kowloon East are at the very bottom. Why? One of the reasons is that the hardware, I am referring to hospital beds, in Kowloon East is inadequate. In Kowloon East, there are only 2.1 hospital beds for every 1 000 persons, which is less than half of the six hospital beds in Kowloon Central and five on Hong Kong Island. Hence, I support the proposal put forward by Mr WONG and Mr WU to construct a general hospital and implement the expansion of the United Christian Hospital and Our Lady of Maryknoll Hospital, for the sake of easing the pressure on public healthcare services in Kowloon East.

However, some healthcare issues cannot be resolved, no matter how remarkable public hospitals are. For instance, it is inevitable that some patients have to wait. Moreover, patients cannot choose service providers. Hence,

many people, especially the middle-class people and those who have insurance coverage — in fact, many public housing tenants have insurance coverage — will elect services in the private sector. In fact, the demand for private healthcare services in Hong Kong is quite high, but hospital beds in this sector are inadequate, too. Currently, the public and private healthcare sectors in Hong Kong provide 35 000 hospital beds in total. Despite accounting for only 12% of these hospital beds, the services provided by the private sector last year exceeded 20% in terms of hospitalization. If arrangements are made for the transfer of patients, such as cancer patients, to private hospitals where there are more patients, such as the two private hospitals in Kowloon City, they might need to wait for a whole week.

Hence, I hope the Government can earmark land for the construction of private hospitals when developing new areas. Moreover, the sites selected for private hospitals should not be too far away from residential areas because, after all, they serve mainly local residents. Moreover, only approximately 1 hectare of land is required for the construction of a private hospital. Compared to the 320 hectares of land under the Kai Tak planning, this ratio is negligible.

As regards other communal facilities, in addition to those provided to meet housing needs, every community must also be provided with such communal facilities as schools, markets, libraries, car parks and even public toilets, before it can develop in a healthy manner. President, Secretary, I originally thought that these urban planning elements were simply commonsense. However, from my experience gained in this Council in the past few years, I find that some government departments have worked on their own during the planning process without detailed preparations. Consequently, they could only make belated efforts to cope with unexpected situations in the face of urgent needs. For instance, despite the Government's announcement in 2010 that 24 Integrated Community Centres for Mental Wellness will be built to support services in 18 districts, more than 70% — I said 70%, not seven — of these Centres are still unable to find permanent premises. For instance, the venue rented by The Society of Rehabilitation and Crime Prevention in Kowloon City, serving 370 000 people, measures only 1 800 sq ft, less than half of the Government's originally proposed area of 5 000 sq ft. Despite the Government's proposed area of 5 000 sq ft, The Society of Rehabilitation and Crime Prevention has opted to rent a venue of 1 800 sq ft only. The Mental Health Association in Kwun Tong south has also rented a premises of less than 1 800 sq ft as its permanent venue. The bid to rent a venue by the Christian Family Service Centre in Tseung Kwan O has been rejected by The Link REIT on the ground that the flow of people will be affected. The Integrated Community Centre for Mental Wellness has been

unable to identify a venue because of frequent oppositions raised by people in the districts. If the Government can earmark some floor area, such as several storeys in public housing estates, during the planning process, then resistance in the districts can be minimized.

As regards residential care homes for the elderly and people with disabilities, the Social Welfare Department currently provides 25 000 residential care places for the elderly, but there are 28 000 on the waiting list. So, the average wait is 30 months. With 7 000 people on the waiting list, the situation with homes for the disabled is equally bad, for the waiting period for hostels for moderately disabled persons and those for severely disabled persons can exceed 80 months. Can the Secretary consider, in addition to "Hong Kong property for Hong Kong residents", exempting property developers from the payment of premium and requesting them to earmark some floor area for the provision of residential care facilities? In fact, the provision of residential care facilities in private residential buildings can magically lower the prices of private residential flats.

In the face of such an acute shortage, according to my figures, the Government can provide only approximately 3 100 residential care places for the elderly and 2 700 residential care places for people with disabilities in the coming five years. These 2 000 to 3 000 residential care places will be unable to make up for the shortfall arising from the growing demands of the ageing population in the future. This is why I hope the Government can earmark some places for social welfare facilities in the planning for Kai Tak.

According to the Kai Tak planning proposal, 37.85 hectares of land are designated for Government/Institute/Community (GIC) use to meet the needs of the districts as well as the entire territory. I disagree with the view that sites earmarked for GIC use in Kai Tak should be rezoned for residential purposes for the provision of more residential units. As I pointed out just now, community planning should take care of housing needs as well as the provision of other public facilities before it can dovetail with social development. Such an approach of making use of every single site is unsatisfactory. The Government must make holistic planning before its target of Energizing Kowloon East can be achieved.

President, I so submit.

MR FRANKIE YICK (in Cantonese): President, my speech today focuses mainly on the proposed green public transportation systems in the Kai Tak development project and the issues arising from the change of use of the Kwun Tong Typhoon Shelter.

In order to dovetail with the development of the core business district in Kowloon East, it is proposed that green transportation systems be used to link up with the Mass Transit Railway network for connection with other business and trade areas outside Kowloon East. The Liberal Party supports this proposal. However, it is questionable as to whether the use of an elevated monorail system for connection purposes is the most satisfactory option.

Most importantly, in order to dovetail with the alignment of the monorail system, the authorities have stated that there is a need for the construction of a bridge across the Kai Tak waterway to connect Kwun Tong with the tip of the former Kai Tak runway, which will impede the entry of marine working vessels into the Typhoon Shelter. Besides, the proposal that the use of the Typhoon Shelter be changed to provide more berths for yachts and increase leisure aquatic sports facilities will also pose threats to the lives and property of marine workers. Currently, the number of berths in the Typhoon Shelter is already inadequate. If a suitable typhoon shelter is not provided for marine workers and once Hong Kong is hit by a typhoon, the risk is self-evident. Hence, the relevant proposal is indeed open to question.

In fact, the construction of the monorail system is not entirely financially viable. Not only does it incur a construction cost of \$12 billion, it also requires a \$2 billion subsidy every 15 years for the replacement of trains and components, but the rate of return is a mere 1%. The authorities are indeed suspected of wasting public money should they insist on the construction of the monorail system.

I would like to declare here that I am a council member of a transport professional body. Earlier, the Hong Kong Institution of Transportation and Logistics Management and other members of the community also expressed reservations about the proposal to construct the monorail system. Currently, the use of a monorail system is not popular. Not only are the construction and maintenance fees involved very costly, but the system also lacks flexibility, so it is difficult for its fleet to be deployed or expanded flexibly in the patronage. Furthermore, it is difficult for an elevated system to converge with other modes of

road transport or for rescue work to be conducted in case of emergency. Hence, the monorail systems in Singapore and Sydney, Australia, which have existed for years, have been demolished one after another.

In fact, besides the elevated monorail system, there are other alternative green public transportation systems. Given the numerous problems with the monorail system and it is not worth the money spent, should the authorities concerned not consider this proposal carefully and take other alternatives into consideration as well?

My greatest concern is that in order to dovetail with the alignment of the monorail system, there is a need to construct a \$2 billion bridge to connect Kwun Tong Ferry Pier with the tip of the former Kai Tak runway. While the bridge straddles the only fairway for access to the Kwun Tong Typhoon Shelter, the heights of local medium and large derrick barges and their masts reach 40 m to 50 m on average, so if the bridge is built only 21 m above the sea level according to the proposal, then nearly 100 barges with tall masts working in Hong Kong waters will be unable to enter the Typhoon Shelter. Not only will marine transportation and work be affected, barges with tall masts might also run into accidents at any time if they cannot enter the Typhoon Shelter, as in the accident that occurred two years ago in which a barge narrowly missed a home in Heng Fa Chuen. Hence the consequences can be very serious. For this reason, we think that the safety of marine workers must be taken into consideration during the design of the bridge, and there must be enough room to allow various types of marine working vessels to enter and leave the Typhoon Shelter.

As regards the proposal of constructing a berthing area for yachts and increasing leisure water sports facilities at the Kwun Tong Typhoon Shelter for the purpose of perfecting the planning for Kai Tak, the Liberal Party thinks that the continued provision of enough berths for various types of marine working vessels must be guaranteed before a study can be carried out.

The Typhoon Shelter, originally designed to provide marine working vessels with shelter against typhoons and enormous swells, is indispensable to marine workers. However, due to geographical constraints, not many bays in Hong Kong have natural barriers and are suitable for use as typhoon shelters. In comparison, it should be easier to identify berthing areas for yachts and provide leisure water sports facilities. For instance, the utilization rate of the Hei Ling Chau Typhoon Shelter built years ago has persistently remained low since it is

shunned by marine workers because of its remote location, stormy waterway and high risks.

Some marine workers have already indicated that the number of berths in the Typhoon Shelter is currently inadequate. Coupled with the successive commencement of a number of major works projects in recent years and the keen demand for marine transportation, there has been an increase in the number of marine working vessels and an increasingly acute shortage of berths in the Typhoon Shelter. In the absence of any reprovisioning plans, as pointed out by Mr CHAN Kam-lam just now, to change the use of the Kwun Tong Typhoon Shelter to release space for leisure activities will only cause the shortage of berths in the Typhoon Shelter to become more acute, and represent disregard for the safety of marine workers, too.

I would like to reiterate that marine workers have contributed and will continue to contribute to the success of Hong Kong. What is more, the relatively inexpensive logistics and transportation services provided by barges have made enormous contribution to Hong Kong as a port and maritime, logistics and transportation hub. It is indeed unreasonable for us to shut the door on them today in disregard of their safety for the sake of urban development.

It is incumbent upon the Government to provide a safe shelter for marine workers. Hence, before the implementation of any plans involving typhoon shelters, the authorities concerned must first safeguard the lives and safety of marine workers.

I hope Honourable Members can support the amendment proposed by me to Mr CHAN Kam-lam's amendment.

President, I so submit.

SECRETARY FOR DEVELOPMENT (in Cantonese): President, I would like to thank Mr WONG Kwok-kin for moving today's motion and six other Members for proposing the amendments so that I could have the opportunity to discuss the planning and development of Kowloon East, including the Kai Tak Development Area, and listen to Members' views.

Given that the scopes of the original motion and amendments are quite broad, I would try my best to give some explanation and provide information on issues of concern to Members. Perhaps I shall be a little bit long-winded.

Regarding the planning of Kowloon East, the Chief Executive announced in the 2011-2012 Policy Address that a co-ordinated and integrated approach would be adopted to accelerate the transition of Kowloon East, including the Kai Tak Development Area, Kowloon Bay and Kwun Tong, into another attractive business district in order to support the economic development of Hong Kong.

For the planning of Kai Tak Development Area, the Kai Tak Outline Zoning Plan has been formulated to meet public aspirations for a distinguished, vibrant, attractive and people-oriented area through adopting the planning theme of a heritage, green, sports and tourism hub.

The Kai Tak Development is a highly complex development project covering a total planning area of over 320 hectares, including the north apron area, south apron area and runway area of the former Kai Tak Airport, as well as the waterfront of Ma Tau Kok, Kwun Tong and Cha Kwo Ling. The planned resident population after repeated revisions is estimated to be around 89 000 people. It is part of the strategy "Energizing Kowloon East", shouldering an important role in promoting the sustainable development of Hong Kong economy and revitalizing the adjacent old areas, including Kwun Tong, Kowloon City and Wong Tai Sin.

In promoting the transformation of Kowloon East, the business and tourism/leisure facilities to be developed in the Kai Tak Development Area, together with the gradual transformation of the former industrial areas in Kowloon Bay and Kwun Tong, will provide an opportunity for Kowloon East to be transformed into a premier business district. Since 2001 when Kwun Tong and Kowloon Bay were rezoned for business uses, commercial office space completed has reached 1.4 million sq m, which has actively promoted the transformation of Kowloon East into another commercial core area. The Energizing Kowloon East Office (EKEO), which was established in June last year, has applied the "place-making" approach and issued the first Conceptual Master Plan which focuses on enhancing Connectivity, Branding, Design and Diversity in Kowloon East in order to formulate the main tasks of sustainable

development. These initiatives are being taken forward by the EKEO in a proactive manner with a view to energizing Kowloon East into a good place where people would like to work, to do business, to work, to stay and to play.

In order to tie in with the transformation of the business district in Kowloon East and the public expectations of increasing the housing supply in urban areas, we are now examining the land planning in Kai Tak Development Area, including the north apron area, south apron area and the former runway area, and considering how best the supply of office space and residential housing can be increased. On the premise that the supply of land in the next five years will not be affected, we wish to submit preliminary proposals this year so that a detailed technical assessment of the impact on the surrounding environment and traffic can be conducted and public consultation launched.

The Kai Tak Development is now at the construction stage. In order that some of the projects can be completed expeditiously, projects will be carried out in phases. Major projects targeted for completion by end 2013 are progressing smoothly. I believe they can be completed on schedule. These projects include the Kai Tak Cruise Terminal building and the first berth at the Cruise Terminal to be commissioned in mid-2013, the installation of a new radar on the top of the cruise terminal building, public rental housing developments in the north apron area, early phases of the District Cooling System, a fire station cum ambulance depot in the south apron area, Runway Park Phase 1, associated supporting infrastructure, bio-remediation works at Kai Tak Approach Channel and Kwun Tong Typhoon Shelter.

Next, I would like to introduce to Members the development of Kowloon East (including Kai Tak) from four aspects, including urban design and greening, transportation, heritage conservation and infrastructure as a response to Members' concerns.

On urban design and greening, in order to increase the greening space of Kowloon East, the EKEO, in conjunction with several government departments including the Civil Engineering and Development Department, Transport Department, Highways Department, Lands Department, and the Leisure and Cultural Services Department, has submitted concrete proposals to enlarge the green belts in the densely populated urban area of Kwun Tong, for example, by

providing flower beds and trees along the pavements. A pioneer project launched at Lai Yip Street and Hoi Bun Road of Kwun Tong is beginning to show positive results.

In addition, the EKEO, in conjunction with various departments, is now undertaking the greening work of existing facilities such as enhancement of Hoi Bun Road as a tree-lined boulevard; planting of trees along the roadside through reorganization of transport facilities; commissioning a study on the conversion of King Yip Street Nullah into Tsui Ping River with the creation of a green belt along the river for beautification purpose, and the widening of footpaths; full consideration to be given to the addition of a greening proposal in the study of the pedestrian network in Kowloon Bay; and discussion with the private sector on the enhancement of greening work within the precincts of their facilities, apart from encouraging them to add more greening elements and tie in with the surrounding landscape design in their new development projects. These are the medium- and long-term measures.

Besides, we are planning to convert Tsun Yip Street Playground into a park with the theme of the industrial culture of Kwun Tong. As a greening area mainly of an open design, it will be decorated with relevant artistic fixtures so that it will become an inviting place for activities, bringing liveliness to the business area. We are now engaging in liaison with relevant departments for the conduct of relevant planning work, including some feasible options to re-provision the affected stadium facilities. Meanwhile, the phase 1 face lift of the garden part of Tsun Yip Street Playground was already commenced in January this year.

On waterfront promenades, the Government is striving to promote the enhancement of the waterfront and improve its accessibility. Subject to the actual circumstances of the waterfront sites, we would gradually construct various harbourfront promenades on both sides of the Victoria Harbour for public enjoyment. When planning and promoting large-scale waterfront projects, we will make the best use of waterfront sites by grasping the interim before the long-term development of the waterfront to ensure early public enjoyment. Through all parties' efforts, we have implemented and completed a number of short-term face lifts in the past few years. The Runway Park at Kai Tak Development — Phase 1 will be gradually opened in conjunction with the commissioning of the Cruise Terminal in the middle of this year. Kwun Tong Promenade Stage 2 and Tai Kok Tsui Advance Promenade are expected to be

completed in 2014. The Kai Tak Development as a whole will provide an approximately 11-km waterfront promenade for public enjoyment.

Enhancing the waterfront areas and improving their accessibility and connectivity are long-term and continuous work. We will continue to maintain close contact with the relevant District Councils and various stakeholders in order to explore and implement the face lift of the waterfront in Kowloon so as to create an accessible waterfront for public enjoyment.

In order to convert the waterfront of Kowloon East into a vibrant waterfront, the EKEO has formulated a comprehensive revitalization strategy for the Kwun Tong waterfront. The first face-lifting action project for Hoi Bun Road is the "Fly the Flyover Operation 1" at a venue underneath the Kwun Tong Bypass. This venue, which was open to the public on 20 January this year, is very popular.

The EKEO has been actively communicating with the public and stakeholders with a view to meeting the needs of various stakeholders during the transformation process of Kowloon East. At present, one of our tasks is to seize the right opportunity in Kowloon East to provide more space to artists in the arts/cultural and creative industries so that they could demonstrate their skills and Kowloon East could turn into a business area of artistic character. These include making good use of the sites beneath flyovers and considering the feasibility of including cultural and art space in existing and new buildings.

Moreover, the Home Affairs Department has been supporting activities for promoting district specialties and attractions organized by District Councils, including the promotion of hawker bazaars with regional characteristics by different media. Should members of the public advocate the setting up of bazaars with regional characteristics at suitable locations, we will consider it in a positive and open attitude and provide appropriate assistance.

As for cycle tracks, since road traffic in the urban area of Kowloon is heavy and the roads and footpaths are highly congested, it is difficult to provide space to develop tracks designated for cycling. Allowing a large number of bicycles to use busy roads together with other vehicles in urban areas without providing designated cycle tracks will increase the risk of accidents. Due to safety consideration, the Government does not encourage the public to use the bicycle as a transport mode in urban areas. Compared with urban areas, new

towns in the New Territories or new development areas, where density is relatively low, offer better conditions for using the bicycle for short-distance travel. If circumstances permit, we will provide cycle tracks and ancillary facilities in new towns and new development areas to enable the public to cycle safely for recreational purpose and short-distance travel.

According to the Kai Tak Outline Zoning Plan, there will be a 6-km cycle track along both sides of the old airport runway and the waterfront promenade of the south apron area in the Kai Tak Development Area for leisure and recreational purposes.

The Civil Engineering and Development Department is exploring the further extension of the cycle track network within the Kai Tak Development Area for more convenient public enjoyment. The network will also cover the main tourist spots within the area to facilitate tours by the public.

On transport networks, Kai Tak is well served by numerous existing and planned road networks. It is estimated that these networks can meet the needs of the future traffic flow. The major road networks within the district including trunk roads, district distributors and local distributors. Regarding the trunk roads, apart from the existing Airport Tunnel, Lung Cheung Road and Kwun Tong Bypass, the planned Route 6 (Central Kowloon Route, Trunk Road T2 and Tseung Kwan O-Lam Tin Tunnel), in particular the Central Kowloon Route serves to provide a convenient route linking up West Kowloon with East Kowloon. The north apron and south apron areas will have direct road connections with this part of Route 6.

As regards the pedestrian linking system, according to the Kai Tak Outline Zoning Plan, the Kai Tak Development Area will be connected with nearby neighbourhoods by numerous existing and planned road networks, thus facilitating access to and from the waterfront and the Kai Tak Development Area. In addition to carefully designed carriageways, there will be a total of 25 sets of new and enhanced pedestrian connecting points between surrounding districts and the Kai Tak Development Area for the sake of close connection. In particular, we have substantially completed two new elevated walkways, three optimized subways and improvement works for three at-grade pedestrian crossings in order to serve the public rental housing estates to be ready for occupation in the middle of this year.

The Kai Tak Outline Zoning Plan also proposes to strengthen the community and cultural exchanges between the Kai Tak Development Area and adjacent areas with the construction of two underground shopping streets by which Kowloon City and San Po Kong and the Kai Tak Station of the future Shatin to Central Link could be connected. It strengthens the integration of the older and newer parts of the district. The underground shopping street is at the stage of planning and its implementation requires further study.

In addition, the Government will be committed to helping the elderly and persons with disabilities to get around the Kai Tak Development Area in a hassle-free way. The new policy will provide a "universally accessible" environment for their convenience.

The three existing subways across Prince Edward Road East which are respectively connected to the Trade and Industry Department Tower under construction, Sze Mei Street and Ping Shek Estate/Choi Hung Estate have undergone major facelifts with new finishes and completely new looks, so that they seamlessly blend with the modern green approach at the new Kai Tak Development Area. To improve facilities for the public, additional shelters with steel roofs in combination with glass panels and lifts which improve accessibility will be installed. LED lightings will be used to enhance sustainability. Each of the subways will have unique enamel cladding panels printed with thematic graphics that relate to each specific location and recall memories of local history to enhance the visual interest for subways users.

Regarding the environmentally-friendly linkage system (EFLS) in Kowloon East, in December 2009, the Government commissioned a consultancy study on the feasibility of an environmentally-friendly linkage system for Kai Tak. Initial study findings reveal that an elevated rail-based link in the form of a monorail serving the Kai Tak Development Area will not only suit the development of Kai Tak, fulfil the aspiration of creating a green city and meet the connectivity requirements, but will also create a unique landmark in Hong Kong with high tourism appeal.

The proposed elevated EFLS is a 9-km 12-station line serving all major developments in the Kai Tak Development Area and running through the major action areas of the Kowloon East business district. It will adopt an alignment system and a pedestrian footbridge linking Kwun Tong and the tip of the runway and provide interchange connections with the MTR Kowloon Bay Station and Kwun Tong Station as well as the Kai Tak Station of the future Shatin to Central

Link. The proposed alignment plan has been covered in the Stage 1 public consultation for public discussion and comment. We are now analysing the collected comments and suggestions and conducting further investigation and research on the major issues. The Stage 2 public consultation is planned for launch in the middle of this year.

The EFLS, in the form of an elevated monorail, has limited climbing ability that makes the system difficult to overcome steep uphill gradient. To extend the monorail alignment to the mid-levels of Kowloon East, technical limitation is a major concern. Besides, the headroom under the Kwun Tong MTR line is insufficient to accommodate the monorail. An extension of the EFLS uphill towards the mid-levels of Kowloon East will involve an alignment that crosses the existing elevated Kwun Tong MTR line by climbing above it and bring about serious visual impact. Given the above, extending the EFLS to the mid-levels of Kowloon East is not recommended.

As regards conservation of heritage, the two stages of public engagement exercise on preservation of the Lung Tsun Stone Bridge remnants were completed in early 2011. We had successfully gauged public views on the ways to preserve the remnants in the Stage 1 public engagement and forge a consensus on the land requirements for preservation of the remnants in the Stage 2 public engagement. The public supported in-situ preservation and exhibition of the Bridge remnants within a 30-m wide and 200-m long preservation corridor and the provision of a pedestrian subway across Prince Edward Road East to connect with nearby heritage resources such as the Kowloon Walled City Park. Such proposals and other amendments have been included in the Kai Tak Outline Zoning Plan.

Kowloon City, with a long history and rich heritage resources, is well-positioned to have a heritage trail established in it. In 2011, the Government established The Kowloon City District Urban Renewal Forum in Kowloon City, inviting members of the public to provide views on the Preliminary Urban Renewal Proposals for Kowloon City. The first stage of public consultation has been completed. A number of recommendations have been proposed, *inter alia*, the establishment of "heritage trails" connecting the monuments in the region. The Antiquities and Monuments Office will provide background information on historic buildings, assistance in the preparatory work and technical advice once the specific contents in the heritage trail are determined.

As regards the Cruise Terminal, I have just given an account that the progress of development has been satisfactory. The first berth is expected to be commissioned in mid-2013. The docking trial by the first cruise liner berthed at the Terminal on 16 March served to make ready for the official opening of the Terminal.

In the light of the time schedule for the other infrastructure projects at the southern part of the former runway in Kai Tak, we will construct under the latest Kai Tak Outline Zoning Plan a dual two-lane carriageway connecting the Terminal with Cheung Yip Street in Kowloon Bay to cope with the growth of traffic flow. The Government is also making plans for the next phase, including the development of the road network of the Central Kowloon Route which will provide a fluent and direct access road to tie in with East and West Kowloon in order that people may find it convenient to go back and forth to the Terminal.

It is expected that most of the cruise passengers may choose to take taxis or coaches travelling to and from the Cruise Terminal. At the Terminal, there will be adequate provision of vehicle pick-up and drop-off areas as well as lay-bys for coaches. In addition, there will be sufficient facilities for loading and unloading of luggage. In the terminal building, parking spaces for buses will be provided. Franchised buses might be arranged where necessary. Apart from this, we will be planning to construct a public transport interchange near the Tourism and Leisure Hub at the southern end of the ex-airport runway. The opening date of the interchange depends on the development projects at the southern tip of the runway area as well as the progress of work of the Tourism and Leisure Hub and the Runway Park.

In 2011, the Home Affairs Bureau commissioned a consultancy study on the construction and financing options for the Multi-purpose Sports Complex (MPSC) at Kai Tak, which included reference to recent experiences with procurement and financing of major local and overseas projects. The consultant's initial findings suggested that a "Design-Build-Operate" approach to the MPSC would help to ensure the most effective delivery of the project from the design stage through to its long-term operation. The Home Affairs Bureau has issued an invitation to the private sector for the submission of initial expression of interest in the development of the MPSC at Kai Tak. By the end of February, the Government has received 40 submissions.

The authorities will continue to consult the sports sector, District Councils, other stakeholders and the general public on various aspects relating to procurement, detailed layout and design, and management of the MPSC.

Subject to reaching a decision on the procurement and financing plan and the progress of works concerned, the Home Affairs Bureau expects the project to be completed by 2019-2020. According to the project plan, the MPSC will provide sport venues and open space mainly for the community. These facilities will be open to the public throughout the year, seven days a week.

The construction of the Trade and Industry Tower commenced in January 2012 and is expected to be completed by end 2014. We will closely monitor the progress of the project to ensure completion on schedule. We have reserved sites for new government office buildings at the Kai Tak Development Area. Part of the existing office buildings near the Wan Chai waterfront will also be relocated to the reserved sites. It is anticipated that the relocation of government offices will help not only energize Kowloon East, but also boost the commercial development of the district.

Due to the uncertainties in the external economic environment, the authorities consider it necessary to conduct a comprehensive study on the provision of a cross-boundary heliport at the tip of the Kai Tak runway, with the purpose of assessing the demand for cross-boundary helicopter services and the time we will spend on building the cross-boundary heliport. Whether or not the cross-border heliport at the tip of the Kai Tak runway will be constructed depends on the findings of the study. The site concerned may be released for other land uses temporarily.

For the public healthcare services in Kai Tak and Kowloon East, the Government has reserved three sites in the Kai Tak Development Area for hospital development. One of them will be reserved for construction of a general hospital. Having regard to the planning for the Kai Tak Development Area, the Hospital Authority (HA) will conduct a review of the healthcare services in Kowloon districts. Particularly targeting at the problem of ageing population, the HA will take into account the needs for medical services expansion and reorganization, for example, assessing the necessity and feasibility of setting up an acute hospital. If necessary, the Administration will expedite the development on the sites reserved for hospital construction in the Kai Tak Development Area in order to satisfy the needs for healthcare services in the districts concerned.

President, I so submit. I will make an appropriate supplementary and response after listening carefully to Members' speeches. Thank you.

IR DR LO WAI-KWOK (in Cantonese): President, my childhood years were spent in To Kwa Wan and Kowloon City where I received my primary and secondary education. After my junior secondary schooling, I moved to Ngau Tau Kok, Kwun Tong, and I initially lived in San Po Kong after I started to work. I had lived in Kowloon East for more than 30 years in total before I left. Hence, it can be said that my sentiment about Kai Tak and Kowloon East is quite strong.

The berthing of the first cruise liner, named "Celebrity Millennium", at the new Kai Tak Cruise Terminal on 16 March in a berth trial is greatly symbolic, for the sites in Kai Tak have fallen into disuse for exactly 15 years since the relocation of the Hong Kong airport to Chek Lap Kok in 1998. It is scheduled that on 12 June or the Dragon Boat Festival this year, the Kai Tak Cruise Terminal, which costs more than \$8.1 billion to build, will officially receive another 138 000-ton luxury cruise liner, Mariner of the Seas. The original site of a former airport is expected to be filled with large numbers of tourists again.

In fact, the Kai Tak New Development Area (NDA) is currently the largest urban waterfront development project in Hong Kong with a total area of more than 320 hectares. Besides a cruise terminal, there are also tourist facilities such as hotels and retail outlets, a sports stadium, and commercial and residential sites. The development of Kai Tak into Kowloon's new core area will drive the development of adjacent areas. It will not only inject new momentum into the development of Hong Kong, but also provide living space for the people and bring a lot of business start-up and employment opportunities. Given its diversified purposes of embracing tourism, commercial activities, sports, culture, housing and healthcare, the Kai Tak NDA is a considerable challenge to the overall planning. With the successive completion of the various projects in the area, can its adjacent areas catch up with it in terms of planning and ancillary facilities? Have proper preparations been made by various parties? The striking of a balance between the diverse needs and aspirations of the tourists and residents has posed the biggest challenge to the overall planning of Kai Tak.

The Kai Tak Cruise Terminal has now replaced the Disneyland as Hong Kong's largest tourism infrastructure project. Before the completion of this terminal, the Ocean Terminal in Tsim Sha Tsui was Hong Kong's major cruise terminal, which not only provides tourists with direct access to the urban area, but also enables them to enjoy the beautiful scenery on both sides of the Victoria

Harbour. However, since it can only accommodate small and medium cruise liners, cruises exceeding 100 000 tons were previously compelled to berth at the Kwai Chung Container Terminal. The completion of the Kai Tak Cruise Terminal is expected to make up for its inadequacy. Nevertheless, judging from the trial results of the berthing of "Celebrity Millennium", there is still room for vigorous efforts to be made to improve the facilities for receiving tourists. For instance, since the transport services for access to urban areas have not yet commenced, shuttle buses were arranged for the transportation of tourists. This, coupled with the lack of major shopping centres at the Kai Tak Cruise Terminal, has made access and shopping inconvenient for tourists. According to the construction plan of the Kai Tak Cruise Terminal, the retail shops in its terminal building will take up an area of approximately 60 000 sq ft only, which is far less than the 540 000 sq ft available at the Ocean Terminal. As it is getting closer and closer to the official commissioning date of the Kai Tak Cruise Terminal, I hope the authorities concerned can expeditiously face these issues squarely and solve them.

President, the development of tourism projects with local characteristics is essential to the successful development of cruise tourism and attracting tourists to stay in Hong Kong for spending. The large number of cultural monuments in Kai Tak and adjacent areas and food premises in Kowloon City can be developed into featured projects embracing historical monuments and oriental delicacies. The authorities concerned can also make good use of the waterfront areas in Kowloon, and even the waterborne transport facilities in Lei Yu Mun, for the comprehensive development of local cultural and creative spaces, markets, tourism and leisure facilities, and so on. On the other hand, the authorities concerned should collaborate with Mainland and overseas ports in designing cruise routes to attract tourists and link with other tourist spots and theme parks to maximize synergy.

Certainly, from experience gained in promoting the Individual Visit Scheme for Mainland tourists, the arrival of a large number of inbound tourists might bring inconvenience to people living in the adjacent areas, if relevant ancillary facilities are not properly provided. This is yet another major challenge to perfecting the planning for Kai Tak. In my opinion, the authorities concerned must address three major issues squarely. Regarding the first issue, namely ancillary transport facilities, the traffic capacity of various connected roads and even the overall transport network in Kowloon must be

comprehensively reviewed to assess whether they are capable of coping with the daily needs of local residents and the demand for receiving tourists.

Regarding the second issue, namely ancillary community facilities, one of the concerns is that shop rents in the adjacent areas might be pushed up as a result of the implementation of Kai Tak planning and Energizing Kowloon East. This will not only impose a heavy burden on small business traders in the area, but also stifle the opportunities for people wishing to start their own businesses, making it difficult to create a diversified business environment and ultimately affecting the provision of diversified options and services to residents and tourists. The authorities concerned should expedite the progress of building the Trade and Industry Tower in Kai Tak, and enable government building clusters to move into Kai Tak expeditiously, so that more land can be provided for commercial development.

As for the third issue, namely green ancillary facilities, on the first day of the berth trial at the Kai Tak Cruise Terminal, some green groups came to stage a protest, claiming that the entry of a cruise liner into Hong Kong would cause serious air pollution to nearby areas, given that the Cruise Terminal has yet to be equipped with on-shore power supply systems and the cruise company has refused to give up using highly polluting fuel.

President, subsequent to the announcement by the SAR Government on 19 March of the provision of two plots of land in the Kai Tak Development Area under "Hong Kong property for Hong Kong residents", the authorities concerned must perfect the overall planning of Kai Tak and, what is more, expeditiously give the public an account of the relevant adjustment package, including the proposal to increase the plot ratio and population, so that a full discussion can be facilitated in the community.

President, I so submit.

DR PRISCILLA LEUNG (in Cantonese): President, as the Kai Tak Cruise Terminal is to commission soon, I am grateful to Mr WONG Kwok-kin for proposing this motion because this motion is by no means only related to Kowloon East. It also includes Kowloon West and the dream of Hong Kong people to build a waterfront promenade in Kowloon East and Kowloon West.

I agree very much with the proposals made by Mr WONG Kwok-kin and all the amendments. All these suggestions point to a very important natural resource that we have, that is, the Victoria Harbour. This world-class harbour is the most precious treasure of the Hong Kong people and a very important issue tonight, one which warrants our concern as to how to develop Kai Tak and take action to integrate the old and new areas as well as improving water quality in the Victoria Harbour.

Over the past five years during which I have worked in this Council, both my colleagues from the Kowloon West New Dynamic and I have been fighting incessantly with the Government in the hope of seizing this golden opportunity of the commissioning of the Kai Tak Cruise Terminal to develop a waterfront promenade with greenery and waterborne transport, including water taxis and restoring a seamless service of ferries in the Victoria Harbour. Tonight I could only focus on issues like matching facilities for waterborne transport in Kai Tak, water quality and air pollution to see how our waterborne transport can meet the needs of tourism and ease traffic congestion on land.

I am glad to hear Mr Jeff BENT, the General Manager for Passenger Services of the operator of the cruise terminal, say that as the Kai Tak Cruise Terminal can only rely on buses, minibuses and private cars for access at present, the company is discussing with the Hong Kong Government on how to perfect the transport facilities to meet the needs posed by this new cruise terminal facility. He also hopes that in future there can be a public ferry pier near the cruise terminal so that members of the public and cruise passengers can have another transport option. In May 2008 I already proposed to the then Development Bureau that all along we had been hoping that there could be a water taxi service. These taxis can ply the coasts of Kowloon East and Kowloon West and in future they can also provide a quality waterborne transport service for tourists in the Victoria Harbour as well as meeting the needs of local residents. However, it is unfortunate that over the past few years, ferry services have dwindled and ferry routes started to disappear.

I now call upon the Government to change its mind and give serious thoughts to ferry services that are struggling for survival as well as those ferry routes which, despite their termination, are still very popular with the public. These routes include those serving North Point, Kowloon City and Hung Hom. A tender exercise can be conducted for these routes and a flexible policy can be put in place so that these routes can be restored. As I can see from my own

home, the ferries of two ferry routes which have ceased service are berthing near the coast. It is my hope day after day that these two ferry routes can serve the people of Hong Kong again and meet the huge demand in tourism from Kai Tak and the West Kowloon Cultural District. While I welcome the commissioning of the Kai Tak Cruise Terminal, I cannot help but point out that it will cause serious water and air pollution in the Victoria Harbour. So it is a serious concern of the public.

As we all know, vessels emit exhaust which is the greatest source of pollution in Hong Kong. Cruise liners are one kind of such culprits. As the Kai Tak Cruise Terminal is to open in June and the area will become a core part of Kai Tak Fantasy, it implies that more cruise liners will make port calls to Hong Kong. For the past few years we have been working with Green Harbour Actions and pointing out that pollution and unpleasant odour brought about by vessels are a nuisance to residents. With the rapid development of urban areas in Hong Kong and Kowloon, plus the surge in population, the data available show that the sewage produced by Hong Kong residents every day amounts to as many as 2.6 million cu m and it is enough to fill 1 400 Olympic-standard swimming pools. With the commissioning of the Kai Tak Cruise Terminal, I believe the water quality in Tai Kok Tsui and even Kai Tak will only become worse. And these places will even become the most polluted waters in Hong Kong.

President, it is the dream of Hong Kong people, especially those living in Kowloon West, to have an uninterrupted and accessible waterfront with greenery stretching across Kowloon East and Kowloon West. It has also been a dream I cherish ever since I have engaged in politics. However, if the sea breeze blowing to the waterfront stinks and when people jog there or ride a bicycle as the Secretary says, will this be good to our health? The answer is, I think, obvious enough. Of course we hope that the Kai Tak Cruise Terminal can attract more tourists to Hong Kong, but if these visitors can only smell an unpleasant and stinking odour as they stroll from the east to west in Kai Tak, this would be a big blemish on their impression of Hong Kong.

I know that two years ago the cruise liner industry signed the Fair Winds Charter for voluntary switch to low-sulphur fuel for vessels at berth. But at present only 17 operators have participated in the Charter and the number of their vessels take up 14% of the vessels at berth. I would therefore think that the Government should resort to using a "carrot and stick" tactic. Despite the fact that the Charter is binding on the signatories, the scope is limited. But it is

better than having no control at all. I know that at present the Government offers some financial incentives by charging lower fees on vessels using low-sulphur fuel when they use port facilities and pay light dues. But I think that in the long run, the Government must legislate to require all vessels at berth to switch to low-sulphur fuel and increase the fees payable by vessel operators which do not take part in this Charter on a voluntary basis.

In the British Hong Kong era, the Governor Murray MacLEHOSE left us the MacLEHOSE Trail. I am sure if in the planning undertaken by the Government for the Kai Tak Cruise Terminal, there can be an uninterrupted harbourfront promenade that gives us a savour of fresh sea breeze and a cycle track, this will definitely be an achievement of the Government and a significant contribution on which the people will surely lavish their praises.

President, I so submit.

MR STEVEN HO (in Cantonese): President, an ancient Chinese saying has it something like this: If you bring an axe into the woods and use it at the right time, then you will have an endless supply of timber. This direction of development which emphasizes proper methods for exploiting natural resources and restraint in using such resources has always been a kind of folk wisdom on sustainable development found among Chinese people. But as we see the pattern of urban development in Hong Kong now, especially regarding matching facilities in environmental protection, there is certainly room for further improvement. For example, we see that discussion on the plan to recycle glass bottles has just started and this lags behind developments in our neighbours such as Japan and Taiwan. And for 25 years our air pollution indicators have failed to meet the targets. All these will affect our sustainable development in the long run. Therefore, I think that we should make use of the opportunity provided by Energizing Kowloon East and the Government should provide sound green facilities in the urban areas and build a diversified commercial district there which is environmentally-friendly to mark a pilot zone in modern urban development.

We know that the Government has incorporated some green facilities and measures in this plan and we are happy to hear about them. Examples of these include the building of the first green District Cooling System in Hong Kong and a green connection system, that is, the monorail. But in terms of better and more

eco-friendly planning for Kowloon East, there is still much room for intensification and improvement in the plan.

I therefore suggest that the Government should further implement its recycling tactic for the district. It should build up a network of facilities for the recycling of these recyclables as a basis for waste separation at source and recycling. These kinds of waste include food waste, plastics waste, used batteries, glass bottles, light bulbs, florescent lights, electric appliances and stationery. All these materials can be recycled. As for sewage, it can also be recycled for use. The Government should also designate Kowloon East as a new starting point for energy conservation and emission reduction and build more eco-friendly buildings, green schools and green community facilities in the Kai Tak New Development Area which starts literally from scratch. It is hoped that Kowloon East can be turned into a district in Hong Kong with the lowest carbon emissions. With respect to the Cruise Terminal, as Dr Priscilla LEUNG has talked about it at length, I would not wish to talk about it anymore.

Apart from environmental protection, an important requisite for sustainable development is diversified and sound matching facilities. As in other areas, the development of any city should be based on people and that is what is meant by people-oriented. Therefore, the Government must strike a balance among the views expressed by various stakeholders in its planning of Energizing Kowloon East in order to avoid deviating from the fundamentals of urban development. I agree that efforts should be made to locate land in the area to build berths for leisure boats and facilities for aquatic activities. But I also know that if the Government is to build these facilities in the Kwun Tong Typhoon Shelter, it may affect the operation of fishermen and people from other trades working there. So the Government should consult people from the related trades to determine how these facilities may affect them. Efforts should be also made to offer suitable support for these trades affected and they may even be allowed to join some of the plans to minimize the adverse impact of development on these trades. Then we can expect to gain a win-win result from development.

In addition, another focus of sustainable development is the balance between conservation and development. The Government should therefore give serious considerations in this respect. For example, many people have suggested that the project may cover the Lei Yue Mun area and make use of the unique culture there to drive the development of Kowloon East. I would think that this is a desirable direction of work because the typhoon shelter there has got

shipyards and also the Kwun Tong Fisheries Wholesale Market. Together they bear testimony to the fishing culture. I therefore suggest that when the Government undertakes fresh planning of the district, it can consider preserving the shipyards which are still in operation and, on the premise of preserving the architectural features of these shipyards, revitalize the facilities for the purpose of housing local artists. This can hopefully promote the creative industry and reduce the financial burden of such workers. Also, the local culture associated with the typhoon shelter should be developed, that is, to integrate and revitalize the fisheries wholesale market, the local seafood restaurants and other ancillary facilities, especially those in sewage disposal and hygiene. The aim is to enable patrons to buy, cook and savour seafood on the spot. In other words, it is the promotion of the "one-stop" service of seafood retail business and dining. This will make our typhoon shelter culture more attractive. As I have just said, the idea behind all these is to integrate conservation, creative industry and economic development. The key to success lies in whether or not the Government has got the determination.

In sum, if we are to turn Kowloon East into a commercial district with sustainable development, and as we are to promote environmental protection and commerce, we must preserve and give regard to the multifarious nature of the local culture and fully consult the views of stakeholders so that Energizing Kowloon East can become a stepping stone to galvanizing the whole of Hong Kong.

MS STARRY LEE (in Cantonese): President, I am very grateful for Mr WONG Kwok-kin for proposing this motion and I know very well that the residents of Kowloon East do hold great expectations for the Kai Tak planning to tally with Energizing Kowloon East. Earlier on when I heard Mr WU Chi-wai talk about the feelings of the residents in Wong Tai Sin, I was greatly moved. This is because for these residents of Wong Tai Sin, Energizing Kowloon East seems to be not related to them in any way.

I would like to share my thoughts with Members on this issue. As a member of the District Council of Kowloon City and a resident there, I am very disappointed to note that the Government has been unwilling to extend the scope of Energizing Kowloon East to cover at least Kowloon City. President, in terms of administrative demarcations, the old Kai Tak Airport still belongs to Kowloon City; and speaking of history and whenever people think about the former airport, the old areas of Kowloon City would come to their mind. The residents of

Kowloon City or residents of the whole of Hong Kong have been waiting anxiously for more than a decade and at least they can see that the planning related to Kai Tak can take effect. However, to their dismay they find that the scope of the project does not include Kowloon City which is the administrative area concerned, not even those areas in closest proximity to it. Would you not think that this is ironical? And would the residents not feel very disappointed? When Energizing Kowloon East was first proposed by the former-term Government, I already suggested to the then Secretary for Development, that is, the incumbent Chief Secretary, in this Chamber, to change Energizing Kowloon East into Energizing Central Kowloon. At least the scope should be made to cover Kowloon City. But unfortunately, the Government did not heed this piece of advice.

Today, a proposal was made in the Establishment Subcommittee to extend the posts related to the Energizing Kowloon East Office. The DAB will certainly lend its support to this. But the scope of duties of the officials concerned is only limited to matters in Kwun Tong, Kowloon Bay and the new Kai Tak area. The Secretary also says that one of the functions is to co-ordinate and monitor the infrastructure development in Kwun Tong and Kowloon Bay as well as the development strategy for Kai Tak. President, I really do not understand this. Why should these officials, tasked with matters concerning the development strategy of Kai Tak, not also be tasked with handling matters in the adjacent areas or at least the area in closest proximity to it or that which belongs to the same administrative district? Why is Kowloon City not included? So I asked your colleagues today about this and they responded. I would think that as we consider the development strategy applicable to Kai Tak, we cannot rule out the adjacent areas, especially Kowloon City. I would like to ask the Secretary to confirm this point when he gives a reply later so that I can explain it to the residents there.

I gave many reasons in the same place as I am now standing in the last term of this Council on why the scope of Energizing Kowloon East should be expanded. However, as the Director of Bureau has changed and now Mr CHAN is in office, I think I must talk about the feelings of the residents of Kowloon City, that is, on their hope of extending the scope of the project. Secretary, actually, the scope of the project should not just be extended to include Kowloon City. This piece of land in Kai Tak is the last piece of land in the urban area which has not been subject to any planning and it is the best piece of land available. In theory, all the people of Hong Kong would want to energize Kai

Tak, implement the planning for Kai Tak and at least see the whole of Kowloon energized.

On the last occasion I cited four major reasons as to support why the scope of the project should be expanded. First, historical reasons. In the mind of the people, the old Kai Tak Airport and Kowloon City have very close historical ties. If they are to split up or be developed separately, it would not be tenable for historical considerations. Second, geographical reasons. The old Kai Tak Airport was situated in Kowloon City. If we can include Kowloon City and the areas near To Kwa Wan for synchronized development, I believe the synergy so achieved will be far greater. Third, speaking from the perspective of integrating the old with the new, there are many old buildings in Kowloon City and with the development of the new area, it is hoped that the renewal process for Kowloon City can speed up. Fourth, the expectations of the residents certainly. As I have just said, people living in Kowloon City can see the business opportunities brought about by the old Kai Tak Airport back in the past to Kowloon City and they can also see that the old Airport has been deserted for more than a decade. Now when they know that the Kai Tak planning is to take effect but the project does not include Kowloon City, no wonder they are very disappointed.

The Kowloon City District Council passed a motion last February to strongly demand that the Development Bureau should include the Kowloon City area, in particular the old areas in Kowloon City, To Kwa Wan and Hung Hom, into Energizing Kowloon East. I think Members can sense that this demand is very strong. But it is unfortunate that the Government has to date not given any firm reply and the papers for the meeting of the Establishment Subcommittee today also disappoint me very much.

Another issue which local residents are unhappy about is the alignment of the light rail. The Secretary has said earlier that the alignment will link up Kowloon City and Kwun Tong will also connect with the stations in the Shatin to Central Link. And certain parts of Kowloon City will be included. In the planning proposal on the new Kai Tak proposed by the DAB sometime ago, it is hoped that the old Kai Tak Airport can be linked with To Kwa Wan and Kowloon City. I hope that in the second phase of the consultation exercise, the authorities can come up with some concrete proposals, not to rule out the possibility of linking the light rail to To Kwa Wan, and enable the residents' participation in such discussion.

Actually, sometime ago I already put forward these views to the Chief Secretary, that is, the former Secretary for Development. At that time, her response was that since Kowloon City was a residential area, the nature was different because the main purpose of this project was to develop the commercial areas. However, I would like to point out that I believe the commercial areas will need comprehensive development. As the Secretary has said earlier, the Kowloon City area has got abundant resources in fine food, tourism and historical and cultural attractions and the area compares well with other areas in Hong Kong. I hope that all these can be pooled together and through the Kai Tak Development, all other adjacent areas can also be developed into a better and more comprehensive development area.

President, another deficiency of the energizing project, one which has been mentioned by Dr Priscilla LEUNG earlier and I wish to stress once again, is the coherence of the harbourfront promenade. According to Energizing Kowloon East, the harbourfront promenade will stop in To Kwa Wan. For residents from other districts in Kowloon, they would very much want an uninterrupted harbourfront. The proposed design is very unfair to them. We have been advocating a new harbourfront for Kowloon. The residents of Kowloon East want such a harbourfront, and so do residents of Kowloon West. The residents of Kowloon want a new and uninterrupted harbourfront in Kowloon. As a matter of fact, the residents of Hong Kong Island would want to have such a harbourfront promenade built as well. So we have put forward this concept of having harbourfronts territory-wide embracing both sides of the Victoria Harbour. I hope the Energizing Kowloon East Office will tie in with the work to be done by the new Harbourfront Authority as announced in the Policy Address to work for the realization of a long and uninterrupted harbourfront promenade.

MISS CHAN YUEN-HAN (in Cantonese): President, I am very much moved. Later on, I add some points to the speech made by Ms Starry LEE just now. Speaking for me personally, and for the Wong Tai Sin District Council and the Kwun Tong District Council, ever since the relocation of the airport, these two District Councils (DCs) have been working persistently on the related issues. On the development of Kowloon East, starting from the 1990s, as the Planning Department wanted to conduct a consultation exercise, so it had kept in touch with us. Now as many terms of the DC have passed, we can see that DC members are still pursuing the Government on the related issues. This accounts

for my feelings when I heard the speech made by Ms Starry LEE. I will talk about this in detail later on.

President, the contents of this motion are clear enough. The motion proposed by Mr WONG Kwok-kin is very clear: "Implementing the Kai Tak Planning to dovetail with Kowloon East development". We have been following up this matter for some 10 to 20 years. Both we and the local residents have witnessed many developments. Some people always ask me, "Miss CHAN, can we walk over there in future?" If Members have gone to the Kai Tak area, they will know that we cannot walk over there. What will be the situation in future? So the early planning stage, we already requested the Government to build an underground street in Sa Po Road near the Regal Oriental Hotel. The idea is like what the Secretary said, that a beautiful underground street will be built so that people can walk all the way to the old airport in Kowloon East.

In addition, when planning was being done at that time, that is, before the property developments of The Latitude and Rhythm Garden had started, we made the demand known to Raymond LEE then that a connecting flyover be built. It was back in the 1990s. In other words, in the whole process, the two DCs have been working non-stop to follow up the related issues. In such a process and as Mr Frederick FUNG has just said, this is one of the better things done by the Government in the consultation exercise. But when I heard the speeches made respectively by Dr Priscilla LEUNG and Ms Starry LEE earlier, I noticed a problem. For me this is my constituency and like the other long-time residents there, I hope very much that the district can become one very significant energized and revitalized district. It is very important that work should be done and done well for this area which covers some 320 hectares.

But I would like to focus now on my concerns. In this meeting, originally we thought that we should support the amendment by Mr Alan LEONG. But after listening to his speech, I am worried. He says that it would be all right if the location of the main stadium and the secondary stadium of the Multi-purpose Sports Complex were removed to a location not very far from the original location. But can he see why for more than a decade we have been very eager to follow things up? This Sports Complex needs settlement and according to a study done by a university, it is found that the place is the spot where the winds would blow into the area. The situation is like the vertical line starting from the coast of Wan Chai up to Lee Tung Street and all the way up the hills. This wind line goes all the way up the hills. We have studied with the Government on

many occasions and we consider that this should not be done. We are doing all these because we approach the problem by looking at different locations, that is, the skyline and the Lion Rock, as well as the coast line, the waterline and the wind passage. All these are our concerns.

I therefore agree very much with the remarks made by the Secretary earlier. He says that the process of planning a major project with some 300 hectares in area is very complicated and countless consultation exercises have been conducted. I have taken part in such exercises and I can say that I have witnessed the entire process. I would think that for any suggestion made, it could be a well-intended move. But we must be very careful about it. The case is like when I criticized CHOI Ngai-min. I said that he was talking nonsense because he was only concerned about finding land for housing construction. But this will never work. We must look at every study very carefully. So I think the Government should not just listen to the views put up by those pro-government people or fans of the Chief Executive. It must never do that. We have been following up the issues for more than a decade and there are professional bodies and civilian groups as well. They are all very concerned.

I wish to stress one more point. The so-called Bike Goddess of Lower Ngau Tau Kok Estate who has won many honours in international cycling competitions comes from this district. If some suggestions are made in an off-hand manner, I believe many people in the district will raise objection. I have another worry, which is about the issue of plot ratio. I wish to stress one point and I also agree with what some Honourable colleagues have said, that is, since Kowloon East is a very important and beautiful place in Hong Kong and it can rightly be called an icon, so the development of this icon and how it would become is very important. It has strong ties with both sides of the Victoria Harbour. I think that we should be very careful about this and the Government should not take any action rashly in its blind scramble for land in much the same way as some people used to snap up salt in those days because of the fear for radiation leakage.

I wish to stress one point in particular. This project is about a piece of land which is some 300 hectares in area and more than a decade's planning has been done on it and under the leadership of many heads of department and one Director of Bureau. The Government must be careful when it comes to the issue of determining the plot ratio. We do not oppose the Government making decisions on the plot ratio. But it must not do so rashly. It must undertake

relevant studies and make careful considerations based on the original findings. We have put forward our views to the Director of Planning. I think that there must be sound planning. Now that planning for this piece of land has been undertaken for some 10 to 20 years and if someone makes some suggestion offhandedly and especially when this new Government is desperately searching for land everywhere, I am very worried that it would do a disservice out of good intentions.

I have just called up a professor. He told me that since planning for this project has been undertaken for such a long time, if some people now want to revise it and other people will also want to do the same, he is not sure what will become of it eventually. As some Members and the Secretary have said, if work for the entire district is done well and so is the planning, the project can drive the development of the three districts nearby, that is, Kwun Tong, Wong Tai Sin and Kowloon City. In the past we used to think that Kowloon City was such a wonderful place, but why has it become so desolate after the removal of the airport? If there is a road which goes to the old airport, the place can be revitalized. When we discussed this with the officials, we were all very happy. This is because if planning is done well, many places can be connected. In the end, residents can have access to that place and there will be more pedestrian flow and economic activities can be promoted. So I hope very much that the Government should not just be concerned about grabbing land, but it should be very careful in this matter.

I wish to stress once again. When we discussed this issue with the Government in the 1990s, the atmosphere was not amiable during discussions on some matters. But now many people, including officials like the Deputy Director of Planning, Ophelia WONG, and so on, have all become our friends. We can tell them whatever we have in our mind. I wish to emphasize again that after going through more than a decade of work in this, the Kwun Tong DC and the Wong Tai Sin DC are persistently urging the Government to revise its plans. As for Kowloon City, I know very well the disappointment expressed by Ms Starry LEE in her speech earlier. This shows exactly the problems in planning which the Government has not considered. When planning is undertaken by the Government for a piece of land of 320 hectares, it can go to the extreme of thinking that the districts nearby are unrelated to the land. This is really a shortcoming. So when the Government wants to go ahead with Energizing Kowloon East, as the Secretary has just said, there are many valuable cultural

relics in Kowloon City and we should consider how we can improve the cultural aspects, monuments and heritage, the environment, living conditions and ecology. I think these matters in Kowloon City should be considered by the Government.

President, I hope that with this motion debate, we can perfect our original design. I also think that we should be very careful when we make any suggestions. With respect to the view of Mr Alan LEONG, I must say that I am quite worried. Thank you, President.

MR CHARLES PETER MOK (in Cantonese): President, the importance of the Kai Tak New Development Area to Hong Kong is beyond doubt. It is the largest new development project in the urban area and it can lead to a better quality of life of the people, provide more leisure facilities and drive the development of Kowloon East and other districts. This is an opportunity not easy to come by.

We know that the measures proposed in the Policy Address on increasing land and housing supply are mostly post-dated cheques and we cannot expect these long-term measures to address urgent problems. Hence the Government can only resort to using some short-term means to curb the property market. But despite the many initiatives taken by the Government, property prices remain high and the housing needs of the grassroots and middle class people will not be addressed for a long period of time to come.

The importance of the Kai Tak Development Area owes to the fact that land is getting very scarce and especially when it comes to a large urban development project which can house a population of 100 000. For other new planning projects such as those in the North New Territories and reclamation outside the Victoria Harbour, and so on, there are simply not enough matching facilities available. Even if these projects can proceed smoothly, we might have to wait 20 years before they are completed. For those projects of a shorter timeframe, those urban renewal projects are plagued by problems like fragmented ownership and compensation. In the urban renewal project in Kwun Tong, for example, more than a decade has been spent on acquisition of the properties and new buildings are not yet constructed despite the long time lapsed.

I therefore agree with Mr WONG Kwok-kin who proposes in his original motion that the Government should expeditiously give the public a full account of

any plan to revise and adjust the planning for Kai Tak. Of greater importance is point (6) in Mr Alan LEONG's amendment which is "to actively study and respond to community proposals on fine-tuning the layout of the Multi-purpose Sports Complex at Kai Tak". About proposals from the community, Mr Alan LEONG has just talked about one, an alternative plan came out at the end of last year from a study team formed by The Professional Commons and other local groups such as Local Research Community and Harmonic HK. We propose that the original plan should be revised and it is estimated that more than 10 000 public housing units can be provided within a short period of time.

The key planning principles found in the alternative plan are consistent with the planning direction of the Government. These include: increasing housing supply in the Kai Tak Development Area without affecting the environmental quality, original development themes and regional functions remaining unchanged, and the provision for the Sports City and Metro Park remaining intact.

The key changes to the existing plan proposed by us include the following: While the site area of the Sports City is slightly reduced, the Secondary Stadium is moved to south of the Main Stadium, and the Indoor Arena is moved slightly south towards the Main Stadium and built on top of the D2 Road. With these changes, residential units can be built in the northwestern corner of the current Sports City site. It is estimated that around 5 000 HOS flats and 4 000 private residential units can be provided. In the sites zoned "Residential (Group B) 1", 7 100 units of public rental housing can be developed in the northwest portion of Kai Tak in the short term. The commercial (hotel) site south of the runway area is to be replaced by the Metro Park extension, which will be turned into an elevated green space of about one storey tall with an extra provision of around 150 000 sq ft of retail/restaurant and community/art space underneath.

The key benefits of the alternative plan are: First, increasing the total population in Kai Tak to about 120 000 and this is an increase of about 31 000 compared to the existing plan and there is an opportunity to increase the ratio of public/private housing mix to around 60:40; second, providing more quality housing for the redevelopment of To Kwa Wan/Ma Tau Wai so as to meet residents' demand for in-district rehousing and relocation and help accelerate the pace of redevelopment; third, imposing no additional plot ratio or greater density of development in current residential plots, thus maintaining the environmental

quality throughout the entire area; fourth, proposed changes to the five plots of "Residential (Group B) 1" north of the Sports City zoned for public housing will not slow down the building of residential units in Kai Tak.

Owing to the time constraint, I do not think I can go into other details. However, in general, the alternative plan is consistent with the planning direction of the Government. If the planning can be revised according to the alternative plan, it can increase the population in Kai Tak by 30%. I urge and hope that the Government can consider the plan seriously and make public the findings of the review of the current plan as soon as possible. The alternative plan should be carefully considered.

In addition, I would also like to propose a new approach to urban development and this can be called "eCity". In many of our rivals in the region, such as Korea and Singapore, an important part of their supporting measures in innovative technology and information technology is to apply these in their new plans in urban development. This can be seen from a small district to a whole new city — such as the new capital of Korea. In these countries, they will incorporate information technology and communications technology, together with electronic applications into planning. They will not auction land only for the purpose of selling properties or selling the land itself. They will adopt electronic planning and such applications as a key at the beginning stages of infrastructure and design, hence providing new testing grounds for local scientific research and the product service market. I hope that this kind of successful planning experience can be introduced to the planning for Kai Tak and Kowloon East so that Kai Tak and Kowloon East can become the first "eCity" in Hong Kong.

President, I so submit.

MR CHEUNG KWOK-CHE (in Cantonese): President, news reports on the Kai Tak Cruise Terminal to be commissioned in this June are hotly discussed in the community this week. After the relocation of the Kai Tak Airport in 1997, this plot of some 320 hectares has been left idle in the sun for more than a decade and at last a major project in it is to commence, hence people are all overjoyed. We hear officials and businessmen making bold and ambitious remarks like "turning Hong Kong into the hub of cruise liners in Asia", striving to become the "homeport from which cruise liners set sail", "speed up visa formalities for

Mainland visitors so that they can come to Hong Kong for cruises", and "after the pier is completed, the number of Mainland visitors can increase by 10%", that is, 5 million visitors will come here every year. All in all, the cruise terminal implies boundless business opportunities.

It is obvious that the Government strives to paint this rosy picture to boost public confidence and popularity. If Members are not forgetful, they should remember that the SAR Governments of the last few terms have been trying to forge a Cyberport and in the end the plan becomes nothing but a property project. It is also said that a Chinese medicine port would be built, but nothing is heard about it now. Then there are calls that the education industry be developed. But the result is that only the education institutions reap the profits while the local students suffer. When it is said that healthcare is to be turned into an industry, the result is that the private hospitals are making huge profits and local pregnant women are denied maternity beds. All these are lessons to be learnt and so we should be on guard and keep our heads cool. When we talk about development and planning, we should not just look at the macro figures and we should not become happy just because there is growth in GDP by a certain percentage. We should look at the so-called benefits. Is it another case where the giant consortia are reaping grossly indecent profits while the grassroots have nothing to gain other than paying a heavy price?

Last week, I read from the newspaper a short article written by the CEO of a real estate group. The article seems to have adopted a neutral stand and says that the Government should focus first on Hong Kong society as a whole. But in fact this is a call on the Government to focus its work on the so-called economic matters and this will create jobs for the people. This kind of vague and insubstantial argument is actually saying that the major goal for the Kai Tak New Development Area is to put an emphasis on business and the Government should not change the land use of more plots of land for building residential units. In the end, this CEO says frankly that if more residential properties or public housing blocks are put into the original planning, this will certainly dampen the sentiment of visitors. And the central business district there will lose its lustre, thus running counter to the long-term interest that our society is pursuing. This kind of argument which stresses the so-called overall interest is, in my opinion, very common among the consortia and it is also something which the people of Hong Kong should be on alert.

When we Members of the Council discuss the Kai Tak planning, we must approach the issue from the perspective of the development of Kowloon East as a whole. We should also detach ourselves from commercial considerations and adopt a perspective of people's living. We should see what the effects on the people at large are in the initial, middle and later stages of planning and what actual benefits they can get.

If we look around the areas near the Kai Tak New Development Area, that is, from Hung Hom and To Kwa Wan, all the way through Kowloon City and San Po Kong to Ngau Tau Kok and Kwun Tong, we will find there are many areas which are traditionally the homes of the grassroots. These are, for example, the areas along Lion Rock Road and Hau Wong Road where they are filled with old buildings built during the 1950s. And in To Kwa Wan and San Po Kong, there are also numerous sub-divided units. But the Government has never told the people clearly how the Kai Tak new area with all its modern buildings and posh lifestyle is going to fit in with the old areas on its periphery. In fact, all these projects to improve the old urban areas have not made any substantial progress. Moreover, irrespective of projects like the Kai Tak planning or the building of an extension to the Island West line in Western District, provided that planning work has commenced, the developers will use all kinds of unscrupulous means to acquire properties and encroach on the rights of the ordinary masses. My social worker colleagues have been working alone to help these tenants and small property owners, organizing them to fight for their rights such as *in situ* rehousing, and so on. But the Government, including the police and the Home Affairs Department, and so on, has been very passive and even stands aloof and cares nothing. In sum, in these so-called major planning projects, the ordinary masses have been placed in a disadvantaged position, not getting due attention.

President, when the Government proposes a development plan for Kai Tak, with all these talks about a brand new waterfront, merging history with culture, greenery and features in sports and tourism and the building of a Sports City, a cruise terminal, tourist centre, harbourfront promenade, and so on, these should not be regarded as everything to this development zone. It should also include considerations about whether residents of the old urban areas nearby can stay on living in the communities familiar to them, whether or not shops run on a small scale or as family businesses can continue to serve the residents, whether or not local relics or lifestyle can be preserved and given conservation, and whether or not small manufacturers can continue to operate in factory buildings with lower

rents, and whether or not tourist activities in the Kai Tak area can be spared of being reduced to a fat meat for the consortia and instead can really drive the local economy. In view of all this, I urge the Government to, besides implementing all projects in the planning of the New Development Area and the relevant matching work concerning the nearby communities, ensure that the living and housing needs of the grassroots are taken care of and give consideration to the conservation and inheritance of local community culture. The planning should be used as an opportunity to better the environment and facilities in the community and upgrade the quality of life of the people.

President, as a member of the Labour Party, we support the original motion and all the amendments. However, with respect to one suggestion made in the amendment by Dr LEUNG Ka-lau, that is, on reserving the sites in the Kai Tak planning for the construction of private hospitals, we have to say that we oppose it. We oppose the reserving of sites in that area as land for commercial use for the construction of private hospitals. Thank you, President.

MR MA FUNG-KWOK (in Cantonese): President, first of all, I would like to thank Mr WONG for moving this motion as he has given us a chance to discuss the planning and development of Kai Tak. In the following speech, I would like to speak on the Multi-purpose Sports Complex (MPSC) at Kai Tak, the policy on revitalization of industrial buildings and community issues, particularly the planning requests of the Kwun Tong District.

The MPSC is the centrepiece of the Kai Tak New Development Area (NDA). The general public is keen to see Kai Tak become the sports and leisure centre of Hong Kong. While the large MPSC will definitely be used for different sports activities to ensure a certain percentage of usage, it must also be used to promote sports development. The sports sector is very concerned about whether the facilities in the MPSC can satisfy the needs and expectation of both the sector and the public. They hope that the facilities can be enhanced to meet the standards required for hosting major international sports events. It will help make Hong Kong a city of mega sports events in Asia, enhancing the attractiveness of Hong Kong as a vibrant city.

In the motion, it is stated that "to ensure that the recreational and sports facilities in the Multi-purpose Sports Complex at Kai Tak are open for public use at all times in the future, so as to resolve the long-standing shortage of public

sports facilities in Kowloon". Kowloon East has a population of more than 2 million people but its public sports facilities have long been in shortage. I am gravely concerned about this problem, and I believe the construction of the MPSC at Kai Tak can ease the demand. Yet, in addition to the construction of the MPSC, it is very important to renovate the existing public sports complexes in the district, improve their facilities and encourage the people to take part in sports.

The MPSC at Kai Tak is a key infrastructure in the sports development of Hong Kong. Apart from being a place for sports activities, it can be developed into a centre of sports administration and sports industries. The Government should encourage sports groups to set up offices in the MPSC. Although a multitude of sports associations have already established offices elsewhere, non-competitive sports associations, such as district sports associations and associations serving retired elite athletes, have all along been lacking support. The authorities may consider providing them with offices at concessionary rents. Also, the Government may attract sports industries to operate in the MPSC at Kai Tak by providing various incentives in respect of training, supply of sports equipment, venues and activity management. This suggestion can promote the development of local sports activities.

Besides, as the Kai Tak Development is the largest urban waterfront development project in Hong Kong, the Government may consider linking up the Kai Tak NDA with the promenade along Tsim Sha Tsui and Hung Hom to make the promenades connected and provide facilities like cycling tracks. Furthermore, the Government should wisely use the Kai Tak Typhoon Shelter for the development of a water sports centre in the Victoria Harbour and promote aquatic activities like rowing and dinghy sailing. The Typhoon Shelter may also be used to ease the shortage of berths for small-sized vessels in other districts. In fact, following the removal of the Kwun Tong Public Cargo Working Area, the enhancement project to build the second section of the 700-m Kwun Tong Promenade will soon be commenced. The Government may consider beautifying the existing Tsui Ping Nullah so that visitors may conveniently travel between the centre of Kwun Tong and Lei Yue Mun by water taxi. As regards the enhancement works for the Kwun Tong Promenade (Stage 3), the Government should make early announcement of its concrete plan for public consultation.

In the original motion, Mr LIAO has suggested using the sites of the Tai Hom Village, San Po Kong Industrial Area, Kwun Tong Industrial Area, and so on, to develop cultural and creative industries, so as to develop Kai Tak and the relevant areas into tourist spots related to Hong Kong movies and culture. As far as I remember, when the Government proposed revitalizing industrial buildings years ago, its wish was also to support the development of cultural and creative industries through revitalization. However, several years down the line, the revitalization policy has yet to make any progress. The revitalization of industrial buildings has been reduced to a policy to "commercialize" industrial buildings and release industrial premises for commercial use. The goal of supporting cultural industries remains elusive. Worse still, this policy has been turned into a way to drive away cultural and creative undertakings operating in industrial buildings.

Recently, I have come across some cases which concern operators of indoor football pitches in the industrial buildings in Kwun Tong. They are accused by the Lands Department (LD) of violating the land use of those buildings. The LD has ordered them to restore the relevant premises before the Town Planning Board grants its approval for the change of land use. I do not approve of illegal operation, but the enthusiasm of these operators in promoting football is commendable. I also believe these privately-run sports venues will help promote sports activities and ease the shortage of public sports facilities and huge demand. Unfortunately, government policies do not provide these business operators with the slightest support.

There are many other examples to show the great disappointment of the industries with the current policy of revitalizing industrial buildings. In my view, the Government should take the development of Kowloon East as an opportunity to consider, from the perspective of town planning, how it can truly promote the revitalization of industrial buildings to support different industries. For example, it may review relevant ordinances from the viewpoint of cultural and recreation industries, and process applications for change of land use in a flexible manner, so as to add diversity to the industrial area in Kowloon East.

President, lastly, I would like to speak on community issues, particularly the two points of view from Kwun Tong District on the planning of Kai Tai. The first point is about the connection between Kwun Tong and Kai Tak. One

should note that the fairway between Kwun Tong and the ex-runway tip in Kai Tak is indeed narrow. However, if the two places are not connected by a bridge, Kwun Tong residents will have to make a long detour to go through Kowloon Bay before reaching the Cruise Terminal. Similarly, it will be difficult for the tourists at the Cruise Terminal to go to the centre of Kwun Tong. Therefore, this bridge is indispensable to Kwun Tong. Previously, the Kwun Tong District Council already endorsed the proposal for building this bridge. Therefore, I think Mr CHAN Kam-lam's amendment of requesting the early construction of a bridge connecting Kwun Tong Ferry Pier and the ex-runway tip is very important.

Next, I would like to make the point that on-shore power supply facilities should be expeditiously installed at the Cruise Terminal, and the cruise industry should be urged to switch to low-sulphur diesel. This is because the air pollution caused by the Kai Tak Cruise Terminal will pose health hazards to the 280 000 residents living nearby. While the Government has stated that it will seek funding approval from the Legislative Council for the installation of on-shore power supply facilities, it takes time to invite tender and complete the installation. What is more, the Government has made little progress in urging the industry to switch to low-sulphur diesel. I hope the Government can step up its efforts and complete the installation works of on-shore power supply facilities as soon as possible.

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

MR TONY TSE (in Cantonese): President, Kai Tak sits in the heart of urban areas. Its unique geographical location hence gives it the potential to be developed into a metropolitan centre or a "City within City" by the Victoria Harbour. As its planning and development will have long-term impacts on the whole territory, the Government must give thoughts to this project from different angles, including a strategic viewpoint, and examine it in its entirety and with foresight. When we discuss and monitor the Kai Tak Development (KTD), we cannot simply ask the Government to speed up its works and increase the building density because this mindset may render the whole development plan defocused and mundane. It may also make us overlook the value of quality and innovative designs to Hong Kong. However, my concerns over KTD are not

limited to its hardware. I am also concerned about whether the land use, industrial development and operation of facilities in KTD can work well to create synergy, and whether the quality of its buildings and facilities can reach the global first-class standard.

Members of the public generally accept and support the development of Kai Tak on the premise of "zero reclamation". Yet, its plans and Outline Zoning Plan were finalized in 2007, which was more than five years to the day. Do they still meet the present needs? If the existing plans have to be revised or improved as appropriate, how should we perfect the KTD and add diversity to it to bring it in line with the mindset of "change amid stability"? Take transportation as an example. In future, the Shatin to Central Link and Route 2 will run through the Kai Tak New Development Area (NDA). There is also a proposal to construct a monorail in the area at a cost of \$12 billion. However, the need to connect Kowloon East, Kai Tak and the West Kowloon Cultural District by means of railway has been overlooked. The Government does not even have the vision to connect Kai Tak with the Express Rail Link Station. In my view, if the Government is to adopt the proposal on building a monorail in Kai Tak, it should seriously consider the feasibility of extending the monorail service to Lei Yue Mun and Yau Tong to promote tourism.

President, I have no objection to the suggestion of developing the site of the Tai Hom Village and other areas into tourist spots related to movies. However, as Kai Tak is well-known for its aviation history and close to the waterfront, in my opinion, it will be enormously viable to develop tourist spots on the themes of aviation and the Victoria Harbour in the Kai Tak NDA. In addition, these tourist spots should work well with the sports complex of world-class standard to be built in the area. It is believed that the theme of sports will facilitate the development of aviation and sports industries and hence greatly increase the economic benefits brought by the Kai Tak NDA.

In taking forward the KTD, a large development project with strong uniqueness, the Government should adopt a strategic and creative mindset. It must impose stringent control on the costs of major public works in the area and the recurrent expenditure to be incurred by the operation of facilities in future. It should also adopt more green designs and technologies in the construction process. Meanwhile, it should strongly promote the "local professions first"

policy to give local professionals and companies, especially small and medium enterprises, more opportunities of taking part in the KTD, which will in turn improve local professional competence. Given that the KTD will interact with the development of Kowloon East, the Kai Tak Office and the Energizing Kowloon East Office, which are the respective agents responsible for the development projects in Kai Tak and Kowloon East, should work closely and in a collaborative manner. An appropriate degree of integration between the two offices should be considered, if necessary, to enhance their operational efficiency.

President, the KTD has caused the old districts nearby to be placed under the redevelopment plan. No doubt the small traders in these old districts will somehow be affected. However, community development does not aim at driving away small traders but to afford the entire community better development. Therefore, the Government should take care of the needs of small traders operating near Kai Tak, give them as much assistance as possible, and preserve the valuable economic and cultural features in the area. Besides, different government bureaux should actively participate in the advance work of the KTD planning to perfect the whole plan.

President, I so submit.

MR CHAN CHI-CHUEN (in Cantonese): President, the second point of today's original motion urges the Government to ensure that small business traders and even workers in the creative and cultural sector in the district can continue with their operation amidst the transformation of Kowloon East. I find that this line is not deleted in any of the amendments, so it means that all Members agree very much with this point. I wish to take this opportunity today to relate to Members the history, stained with blood and tears, of how workers in the creative and cultural sector struggle for survival in Kowloon East.

To implement the planning of Kai Tak and tie in with the development of Kowloon East, it is necessary to overhaul and redevelop the entire Kowloon East, so as to merge Kai Tak, Kowloon Bay and Kwun Tong to create a large core business area that would become an economic hub second in size only to the Central District in Hong Kong. The Government has repeatedly put forward proposals to increase the amount of floor areas for offices and enhance the appeal

of the area to tourists. However, has the Government's idea of the so-called development taken into account the *status quo* in Kowloon East?

The revitalization of industrial buildings is a case in point. In the old days, Kwun Tong was an important industrial area in Hong Kong but with Hong Kong's economic restructuring, various industries were relocated across the boundary. Since then, the industrial buildings there have fallen into disuse. Therefore, one of the first and foremost tasks in the redevelopment of Kwun Tong is to change the original use of industrial buildings in Kwun Tong or redevelop them into commercial buildings. This is precisely the focus of the Government's policy in carrying out the planning of Kowloon East. However, I wonder if our senior government officials are aware that Kowloon East, in particular, the industrial buildings in Kwun Tong, has long since been revitalized by a group of young people. Due to the fact that some time ago, the rents of these industrial buildings were cheaper than those in other places, these industrial buildings became places for young music lovers to form their musical bands. In a span of several years, they became the stronghold of independent musical bands in Hong Kong and band rooms could be found in practically all industrial buildings. In the heydays, a quarter of all independent musical bands were concentrated in the industrial buildings in Kwun Tong and some musical bands even created live houses in which performances could be staged.

I wonder if Members or officials have ever visited a venue called Hidden Agenda. It is the most famous underground musical live house in Hong Kong. No only does it provide a venue to local musical bands for putting on performances, it also became the venue for independent musical bands worldwide to give performances when visiting Hong Kong in their performing tours. Without any government assistance, old and dark industrial buildings are lit up by dazzling lights and captivating music can be heard on coming in from the dead-quiet streets outside. However, the so-called revitalization of industrial buildings is carried out by senior government officials lacking in vitality, who have racked their brains in trying to achieve this end. However, Hidden Agenda only had a short life of one year in Kwun Tong. Subsequently, it was forced to relocate to Kowloon Bay.

The Government has shown total disregard for the development of civil society and upon the comments made by it concerning its so-called policy, the industrial buildings that used to be of little value have become much sought-after

commodities that are very precious in the eyes of property developers. The district experienced drastic changes almost overnight and rents have soared, or the buildings have been shuttered and the people inside driven out. After the launch of Energizing Kowloon East, the band rooms and performance venues may become a thing of the past.

Most ironically, it turned out that the "Fly the Flyover Operation — Youth Band Marathon" concert, organized by the Energizing Kowloon East Office and originally scheduled to be held in January, was "ambushed" by the very musical bands that had been driven out of the industrial buildings in Kwun Tong by the Government. They did not take part in the official activity organized by the Government but organized "guerrilla-style" band shows on their own. People in the music and arts sector often say that they dislike politics but now, it is politics that seeks to give them trouble. In the end, they used music as their weapon against the Government and as a result, the band show called "Fly the Flyover Operation" was aborted. This is different from the struggles waged by the political groups to which we belong, but it is also very meaningful.

The two subject matters for the debates today are very interesting and interrelated. In recent years, the Government has constantly stressed the need for diversified development and of the six industries where we enjoy clear advantages, one of them is the cultural and creative industry. In all new development projects, we can find such terms as the promotion of public art, the cultural and creative industry, and so on, but all these are just empty words. The Government's direction of development has never taken into account the pluralistic creative industry and it has abandoned the cultural industry as though it were weeds, considering it to be completely worthless.

The so-called development advocated by the Government is only concerned with the development of hardware. This is the case with the West Kowloon Cultural Development and also the case with the Sports City in Kai Tak now under discussion. However, with regard to the software, that is, the training of people, which is the most substantial element, there is little support and members of the sports sector have all made a name for themselves through self-reliance and industry. Although they cannot obtain a great deal of government assistance, they have repeatedly achieved excellent results in international events. For example, the Hidden Agenda mentioned by me just now was driven out of an industrial building by the Government, all the way to the bottom of a flyover. Eventually, by working hard on its own, it is now able

to grow robustly. At present, band shows are still held in industrial buildings and bands still play to full houses.

The aim of development is not to exterminate all the people who have been doing well in a place. This is what happens in the development of North East New Territories and also the case with the development of Kai Tak and Kowloon East. Although development can conjure up a veneer of prosperity, it cannot whitewash stability.

I so submit.

MR JAMES TO (in Cantonese): President, I am grateful to Mr CHAN Chi-chuen for his speech just now because the speech drafted by me is very similar to his in terms of our ideas, so I fully agree with the comments made by Mr CHAN Chi-chuen and also hope that the Government would care about creative and cultural activities rather than eradicate them because of Energizing Kowloon East.

President, I wish to raise an issue that has drawn relatively little attention and on which other Honourable colleagues may not comment tonight, that is, the planning and complementary facilities for the former Kai Tak area. President, recently, I have had some discussions with some senior members of the cruise industry. Personally, I am worried that in the future, the cruise terminal would become a disastrous "white elephant". Members will recall that several years ago, the Government actually wanted to put the cruise terminal project up for tender and operate the terminal through the participation of private consortia. However, in the end, the tender was aborted and at that time, persuaded by the Government's argument that the cruise terminal was crucial to Hong Kong's future economic development and that it could attract high-class visitors coming here in cruise liners, we eventually earmarked billions of dollars for the construction of the cruise terminal, even though the private sector considered this investment to be commercially not viable.

President, it is not my intention to open a debate on the viability of the cruise terminal this evening but I am really worried that if, in the future, there are no facilities whatsoever in the vicinity of the cruise terminal and no facilities whatsoever to complement the cruise terminal, or there is only a small number of such facilities, in the end, this would make people unwilling to use the cruise

terminal, or to use it infrequently. I was told that at present, there are about 100 000 sq ft of shop space for commercial activities in the cruise terminal. However, 100 000 sq ft is actually a small space for a cruise terminal. Moreover, some of the space is intended for basic facilities. Therefore, if there are no complementary facilities whatsoever in the vicinity, in the future, it is possible that Although one of the operators of the terminal is the Royal Caribbean International and hopefully, the companies under it would choose to berth in Hong Kong, if the word-of-mouth reputation is ultimately not that good, to put it vulgarly, this may be a beeping screw-up and in that event, this would be disastrous as no one would be willing to come because they would be all shy as a burnt child dreads the fire.

In that case, what kind of planning and complementary facilities are being discussed today? At this stage, is it still possible to make major changes to the plan for the former Kai Tak area? I believe that it would not be easy to do so because many sites have been earmarked for various purposes. However, if there is still some room for adjustment — of course, even if there is really room for adjustment, it would still be necessary to consider various competing needs — can we conduct planning afresh for the complementary facilities of the cruise terminal, in the hope of salvaging it, not to mention bringing it back to life, or to prevent the situation from becoming too bad? Otherwise, it would really look as though billions of dollars were dumped into the sea. In view of this, is there any room for carrying out planning again? At the same time, if adjustments to the plan were made, would they tie in or conflict with the original plan or Members' proposals, or even with what I am going to say in the next two minutes? The former Kai Tak area is a subject matter drawing little interest because Members may have already put this issue aside. In particular, recently, a cruise vessel has berthed at the cruise terminal as a trial — of course, there are no facilities whatsoever at the terminal now — and the cruise operator is aware of this, so the purpose is just to berth the vessel there. However, even the washrooms at the terminal were not yet built, so all passengers were carried away in coaches after the vessel had been berthed. This is no cause for celebration because recently, I have also looked at this matter in detail, so I am very worried about this.

President, the second subject matter is I wish to talk about a long-standing issue, that is, has any land been reserved when carrying out planning for the former Kai Tak area for the redevelopment of the adjacent old areas, such as Kowloon City, Ma Tau Wai, Hung Hom and Whampao, as well as for rehousing? In fact, in the past, I also debated this age-old problem with the

Secretary for Development, Mrs Carrie LAM — that is, the incumbent Chief Secretary for Administration — on several occasions, that is, has the Government ever agreed to reserve land for this purpose? In fact, now, I no longer care about this problem and do not wish to argue anymore. However, President, as one of the non-executive directors of the Urban Renewal Authority (URA), I also know that in rehousing or redevelopment, if land can be reserved in adjacent areas, the whole matter can be dealt with much more easily. Since residents in old districts are used to living in their respective districts, they actually hope very much that they can be rehoused in places near their districts. Therefore, if there are sites nearby that can be used as the sites for rehousing residents in old districts, the future redevelopment of such old districts as Kowloon City and Ma Tau Wai can be greatly facilitated.

Therefore, even though at a rather late stage of planning, I still asked once more if it would be possible to allocate some "seed land" since originally, the URA has the Flat-for-Flat (FFF) Scheme — but the Government said that it had to scour for every inch of land, so the land is used for "Hong Kong property for Hong Kong residents" initiative instead. As a non-executive director of the URA, I agree with the overall approach of the Government but I believe that this can only be a temporary measure. In fact, has the Government identified other sites suitable for the FFF Scheme or rehousing when redeveloping old areas? I hope that even though we have reached a rather late stage of planning, the Government can still take this factor into consideration.

MR LEUNG KWOK-HUNG (in Cantonese): President, this is very simple. Just now, I went out for a cigarette and found this bag. It was left next to a rubbish bin and what is the name on it? Is it "Salvatore Ferragamo"? The product was made in Italy, was it not? I do not know whose bag it was. Was it an Honourable colleague of ours who left it by the side of the rubbish bin immediately after shopping? Frankly, merely holding this bag would hurt one's hand because it is really heavy. This bag can be reused and is worth at least some \$10. Well, the brand name is "Salvatore Ferragamo". What is "Salvatore Ferragamo"? What kind of business does "Salvatore Ferragamo" run? Is it fashion? I wonder which Member present is wearing the fashion designed by Salvatore Ferragamo and discarded the bag immediately after shopping. President, is it you? No, you are wearing a Chinese tunic suit

PRESIDENT (in Cantonese): Mr LEUNG, what is the relevance of your remarks to the question?

MR LEUNG KWOK-HUNG (in Cantonese): They are definitely relevant because "Salvatore Ferragamo" is the essence of the so-called development of Kai Tak and Kowloon East. It is about "Salvatore Ferragamo", that is, to specialize in running this kind of businesses. Do you get it? The whole issue President, you also know that before TUNG Chee-hwa got his leg ailment, it was the special favour extended by him to LI Ka-shing in relation to the West Kowloon Cultural Development that led to his downfall, so this is most unfair. Naturally, Kowloon East is a kind of compensation. It is said that "he who gets West Kowloon gets the world", so if you can secure West Kowloon President, you also know that a station of the Express Rail Link is being built in West Kowloon, so this is to claim land and link up West Kowloon by making use of the MTR. Despite the opposition from Members, who said that it was necessary to be fairer in distributing the land in West Kowloon, they were bent on building the MTR line right in the middle and occupy this piece of land to link it with Jordan and the waterfront. All the sites command high prices, so it is said that "he who gets West Kowloon gets the world".

However, perhaps it is also possible to "get the world" by "getting Kowloon East"? That means this is also a kind of compensation. Over this matter, the FTU and DAB have constantly in fact, back then, they wanted to get something back on behalf of another consortium because LI Ka-shing really had gone too far. It is said that "life is full of ups and downs". It was 2005 back then and it is 2013 now. Eight years later, Mainland capital has become fully fledged and since China's accession to the World Trade Organization in 2010, capital is flowing into Hong Kong all the time and this is only natural. Of course, this is to take advantage of Hong Kong people. He said that a second Central District would be built, but is one not enough? Is one Canton Road not enough and is it necessary to build a "Toncan Road"? Buddy, don't be kidding. Secretary Paul CHAN, you are always looking for land and you have developed so much land over there, yet it would only be inhabited by 89 000 people. That was a place of strategic importance to the FTU and the DAB as the great majority of residents there are either elderly people or new migrants. If you build such a beautiful place there, how possibly would they go there? Buddy, this is a matter of "Salvatore Ferragamo".

President, they are only finding some "Salvatore Ferragamo" items to sell but they surely cannot make it "Salvatore Ferragamo". President, you also know that this thing What did MARX say about capital? It was the massive accumulation of commodities and there, one can find the massive accumulation of commodities. They are being accumulated all the time. Buddy, you even said here that you wanted to combine the north and south aprons with Kowloon Bay, so that Kwun Tong, Wong Tai Sin and Kowloon Bay can form an axis and be redeveloped into a new district. Please stop kidding. Now, before reaching that stage, residents in Kwun Tong already have to bear high rents, yet the Government is unwilling to introduce rent control. It is said that "provisions should be ready before any army mobilization" and this is exactly what they are doing. Just buy up the properties. What is this called? This is called "preying on the people before development has started". Buddy, this bad guy called Barry CHEUNG is a fan of all fans of LEUNG Chun-ying and a member of the senior management of the Urban Renewal Authority (URA), as well as the central figure in the redevelopment of Kwun Tong — Mr James TO, you are a non-executive director of the URA, but he was once the Chairman of the United Company RUSAL. Chairman, the United Company RUSAL is a listed company, so do you know what kind of business it carries on? Do you think that it really sells aluminum? Can it do any real estate business? Is there any conflict of interest? The Hong Kong Government allocated \$10 billion and complemented it with a piece of legislation, so that the threshold for the compulsory auction of properties can be set at 80%. There is also a piece of legislation on land resumption. It is still grabbing land there, then the royalist party came up with a plan to create a Kowloon East. If this is not collusion between the Government and business, what is it?

Mr James TO queried if the project would end up uncompleted. I can tell him that it would not. These abandoned projects would not end up uncompleted. I once visited the Canary Wharf — John MAJOR and Margaret THATCHER regarded it as their pet project — it was also a place consisting of ruins but after a lot of speculative activities, a bubble formed and it became prosperous again. However, what kind of people was victimized? People were victimized when a bubble emerged and people were victimized when the bubble burst. Those people can surely make money, President, can they not?

President, do you know that there are figures on this? This year, the place with the highest property prices is Hong Kong, followed by Basil and India. Since 2008, what are the places with the highest rents? Hong Kong ranks first,

India ranks second and Taiwan, third. Whenever and wherever there are speculative activities involving communist capital, they would be intense. On the Mainland on the other side, there are the Loop and Qianhai, and there is also the development of North East New Territories proposed by the Secretary and there are speculative activities involving all of them. All those "damn-the-whole-family" industries are being developed there. The six types of "damn-the-whole-family" industries that can be developed have all but disappeared and have been transformed into the Economic Development Commission. You are setting the wilderness on fire and the entire Hong Kong has been set alight. In our Budget, 7% is spent on helping the poor but our non-recurrent revenue is all spent on infrastructure, so as to sustain the trend of speculation. How much money is involved? The amount of money that can be accounted for stands at \$70 billion, so if this is not collusion between the Government and business, what is it? The DAB and FTU are still blabbering here, so has Henry Cheng paid you? Henry Cheng is a member of your party and he is the one making money from this. You are still blabbering here, so I have no choice but to filibuster here.

President, if this is not collusion between the Government and business, what can it be? This is to be generous at our expense, but they are making money. They are enjoying their feast, but the bill is footed by us.

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

MR PAUL TSE (in Cantonese): President, colleagues have almost said everything that I wish to say, and I absolutely agree with most of their views. However, what Mr LEUNG Kwok-hung said just now has lifted our spirits. It is because when we talk about achieving a relatively balanced development, everyone will agree with it, but if we must conduct studies to find out exactly who will gain benefits in each and every development and then engage in heated arguments by "pounding on tables and chairs", I think most Hong Kong people would not wish to see this happen. In fact, the development of Hong Kong over the years has been taken forward in an appropriate, orderly and fair manner.

The original motion proposed by Mr WONG Kwok-kin is basically complete as it has clearly given an account of various issues relating to Kowloon East, especially the Kai Tak New Development Area (NDA). Coupled with the

amendments proposed by a number of Members and the supplementary information provided, I am afraid it is difficult to put forward any new idea to further add anything without making repetitions.

Having said that, I would try to make a few points. One of these points concerns our traditional concept of the harbour. Sometimes when I drive past areas near Yau Tong, I will find that our harbour is actually very beautiful. If the public can take a stroll at the harbourfront to appreciate the beautiful scenery and even wade through the water for pleasure, that would be most wonderful. However, it seems that traditionally we are afraid of letting the public come into touch with water as there are always railings or walls erected at the harbourfront to keep out the public, or the relevant land lots are sold to private property developers for constructing luxurious residential flats or shopping malls.

Some Members of the last term of the Legislative Council had the opportunity to visit places like New York, Boston and Vancouver, and they found that in overseas cities with a beautiful harbour, people could often come up with novel ideas and practices insofar as their concept of water is concerned. Their overall design allows people to connect with water, embodying the clear, beautiful water in the people's living. This certainly does not mean those beaches such as the Castle Peak Beach and Cafeteria Beach where we went for pleasure and fun when we were young, but the aim is to allow people to come into touch with water safely in a planned manner. In this connection, I think the authorities can try to incorporate the concept of water as far as possible into the detailed design of the Kai Tak development plan.

Besides, for environmental reasons or for the reason of rapid sea currents according to some members of the public, the operation of ferries as a means of cross-harbour transport has been shrinking in recent years, and Dr Priscilla LEUNG has also mentioned this. With regard to the idea of water taxis, we have discussed it many times and the former Secretary for Development even said that she very much liked the idea of water taxis. Of course, we must be careful in choosing the type of vessels in order to have regard to environmental pollution and facilitate effective control. However, I wonder if the Secretary has visited the harbourfront areas in Vancouver before. The small-scale water taxis there are really exquisite and convenient. As road traffic has become increasingly congested and among the three harbour crossings, only the Western Harbour Crossing is better for even the Eastern Harbour Crossing cannot be spared from congestion. If this type of marine transport could be provided, I believe people

who are in a rush will be happy to patronize it, and the proposal of making water taxis a tourist attraction is also worthy of consideration. Given the lack of transport connecting the old airport site in Kai Tak and Kwun Tong, this type of marine transport may as well be a measure that can be implemented in a short time to address the problem.

Speaking of connectivity, some colleagues, especially Mr CHAN Kam-lam, strongly emphasized in their speeches earlier the proposal of developing a monorail system. I wonder what the Secretary's latest position on this issue is, as it has been learnt that there are some changes in the plan and there seems to be some opposition. This view was put forward by Mr CHAN Kam-lam and the DAB many years ago and has been repeatedly studied and discussed. I hope that the proposal of developing this connecting system can be implemented expeditiously.

Mr LEUNG Kwok-hung mentioned the Canary Wharf just now. In fact, whether it is the Canary Wharf in London or the Darling Harbour in Sydney with which I am more familiar, it involves the redevelopment of dilapidated piers, warehouse areas or industrial areas into world-class or highly popular business districts and tourist spots. Therefore, the issue of connectivity that we are talking about now is one of the most important factors on which the success of the entire plan will hinge. If we cannot effectively connect Kai Tak and Kwun Tong, even though it may not result in the serious situation of the operation of the Cruise Terminal turning out to be a fiasco, just as Mr James TO is worried about — I will explain the reasons later — it is indeed most crucial to energizing the entire district truly.

Why is it that the serious situation concerning the Cruise Terminal as cautioned by Mr James TO will not arise? If Mr James TO has time to go on a cruise, he will find that in many places and even in places famous for cruise tourism, such as the Caribbean or Santorini in Greece, the cruise terminals for cruise liners to berth are all rather bare and the facilities lacking. So long as the place is attractive to tourists and connecting transport facilities are provided, there will not be any problem at all. It is not the case that the terminal must be surrounded by many facilities, business districts or lots of retail shops similar to those in Canton Road in order for it to be attractive to tourists. So, this is not a big problem. Rather, the key lies in whether Hong Kong is attractive as a whole and whether we can attract cruise liners to berth at our terminal. In this

connection, let me stress once again that connectivity is pivotal to the success of the entire plan. I hope that the authorities will expeditiously study or provide the relevant connecting facilities.

President, many friends have said that when it is my turn to speak, our debate tonight will soon come to a close and so, I have tried my best to be brief. However, I hope that the authorities can show the people as early as possible that the Kai Tak site, which has remained idle for so many years, can achieve certain results expeditiously. Thank you, President.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): Mr WONG Kwok-kin, you may now speak on the amendments. The speaking time limit is five minutes.

MR WONG KWOK-KIN (in Cantonese): President, first of all, I thank the several Members who have proposed a total of five amendments to my motion today, and I also thank the Member for proposing an amendment to amendment. I think it is quite rare that almost 20 colleagues have spoken even though it is very late at night now.

Basically, I think all the amendments have expanded the scope of and improved my original motion. Therefore, I have to thank them in the first place, and I support most of their amendments. For example, we support expanding the scope of the energizing project and enabling complementarity between the districts. We think that these are the right things to do and so, we consider the amendments by Mr Frederick FUNG and Ms Starry LEE reasonable. Besides, with regard to the monorail system, we certainly support it, but should there be another more suitable transport system, we actually do not mind it and we can also throw weight behind it. Certainly, the bridge that connects the ex-runway tip and Kwun Tong Ferry Pier is a very important facility, but we understand that the typhoon shelter is also needed. With regard to how a balance can be struck between them, I suggest that the Government should consider the construction of

an openable bridge, similar to those many bridges that we see in such places as the Netherlands in Europe and look into whether there is any problem in the costs or technical aspect. When I was a seaman, I had been to the Netherlands and passed under many openable bridges. On the question of whether it is suitable to build such a bridge at the ex-runway tip, I hope that the Government can present some evidence for discussion or engage experts to conduct studies. It is because it may also be necessary to strike a balance between the bridge and the typhoon shelter.

There is also the question of on-shore power supply facilities. Given the popular concern about possible air pollution caused by the Cruise Terminal in future, there are calls for the use of low-sulphur diesel by vessels. But as an experienced seaman, I think the use of low-sulphur diesel can achieve only limited results. It is because from our past experience, we find that ocean-going vessels will generally switch to light fuel oil when berthed at the terminal. They will not use heavy fuel oil for berthing, but power and energy supply for the vessels after berthing will rely on the burning of fuel oils. It is actually best and most thorough to use on-shore power supply facilities. Therefore, I hope that the Government can work actively and expeditiously to provide on-shore power supply facilities.

Besides, I would like to provide some information to Mr Alan LEONG. In fact, on-shore power supply facilities are not required onboard, because every ship is basically equipped with such facilities. It is often the case that when a ship moors at a dockyard for repair and maintenance, it will stop all the engines onboard and use the power supplied by the dockyard. So, every ship is almost certainly equipped with facilities for connecting with on-shore power supply and the provision of these facilities is unnecessary.

We basically support all the amendments, except Mr Alan LEONG's proposal of moving the Sports Complex in the Kai Tak NDA slightly away from its original location for more public housing construction. This is actually a good thing and if this can really be achieved, I think it is all very good. However, Miss CHAN Yuen-han has a group of friends who are enthusiastic about Energizing Kowloon East, including some professors of the University of Hong Kong. She has just called them to ask for their views and they said that this proposal might affect the volume of wind flow in the Kowloon City District and hence affect the circulation of air in the district. For this reason, we dare not

support this proposal because we have yet made clear of its effects, and his proposal is too specific. Therefore, on this proposal, we dare not support it for the time being at this stage, but we support the other amendments.

Thank you, President.

SECRETARY FOR DEVELOPMENT (in Cantonese): President, I would like to once again thank Mr WONG Kwok-kin for his motion and the other six Members for their amendments. Also, I would like to thank the other 13 members who have given speeches. I will try my best to respond to the concerns just raised by Members.

Mr WONG Kwok-kin has asked whether the expansion of the United Christian Hospital can be expedited. As this expansion project involves complicated major works, we have to consider various objective issues like maintaining the daily operation of the Hospital unaffected. Therefore, the Hospital Authority must carry out the expansion project in phases. Meanwhile, a series of closely-linked procedures in the expansion project make it difficult to shorten the required time. However, we will relay this view to the relevant authorities and consider whether the works planning can be improved to achieve early completion. According to the present estimation, it will take nine years to complete the entire project.

The second point is about the monorail system. This issue has been raised by Mr WONG and some other Members, and they have just given their own views. As stated in my opening speech, we will later carry out a consultation which, I believe, will provide a good platform for in-depth discussion.

Members are also very concerned about the space provided to cultural, art and creative workers. We note this concern and will take care of their needs as far as possible. Under the Economic Development Commission, there is indeed a working group responsible for studying cultural and creative industries and high technology. It aims at identifying the government support required for the development of these industries.

Regarding on-shore power supply, as we all know, it has been included in our works programme. Mr WONG has just asked us to keep an eye on the

relevant works progress. We appreciate his view and will relay it to the relevant authorities.

Mr CHAN Kam-lam has asked whether the Government can step up its efforts in the conversion of industrial buildings. In fact, the Government has offered a number of financial incentives after proposing the revitalization of industrial buildings. A number of planning permissions have also been granted. Recently, the Policy Address has also proposed some minor improvement initiatives. We will announce these initiatives when we are done with the preparation.

As for the question of whether the Urban Renewal Authority (URA) will assume a more active role in revitalizing industrial buildings, last year, it already launched two pilot projects, with one being in Kowloon and the other one on Hong Kong Island. One of these projects is to redevelop industrial buildings into residential buildings, and the other one involves the redevelopment of industrial buildings into office buildings. We must first observe the progress of these pilot projects before considering the role of the URA in the next stage.

Mr WU Chi-wai has asked whether there is room for improving the consultations on the development of Kowloon East and Kai Tak. I have taken note of his observation and we will strive to improve our consultations in future.

Besides, Mr WU has mentioned that, as compared to the introduction of the "Hong Kong property for Hong Kong residents" policy, it is better to allocate more land in the Kai Tak New Development Area (NDA) for the provision of public rental housing units, Home Ownership Scheme flats and Sandwich Class Housing Flats. On this point, I must say that we have to strike a balance between public and private housing. As a matter of fact, many Hong Kong people are not eligible for public housing. Yet, their housing needs must be addressed. Therefore, we have to look after their need in land allocation.

Mr Alan LEONG and Mr Charles Peter MOK have both made very concrete suggestions about the layout of the Kai Tai NDA. In their view, the proposed fine-tuning can make room for an additional 10 000 residential units, and they queried why the Government has not made such fine-tunings. President, I know that it is now very late and we are all tired. However, I must give a more detailed clarification about this point.

The Kai Tak Development (KTD) started from the Feasibility Study for South East Kowloon Development in 1992. At that time, the proposed site area was 580 hectares in total, including some 300 hectares of land to be obtained by reclamation. After public consultation, the Government proposed in 1998 the reservation of 123 hectares of land for housing development to accommodate a population of 320 000. In 2001, the Government revised the total site area to 460 hectares and reduced the reclamation area to 133 hectares. The population to be accommodated was hence reduced to 260 000. Meanwhile, the Government reserved land for the construction of facilities like a cruise terminal and a multi-purpose stadium. Subsequently, due to the ruling of a court case on reclamation, the Government had to take "zero reclamation" as the starting point to conduct planning afresh for the Kai Tak NDA and review all the relevant works programmes. At present, the Kai Tak NDA has a total site area of over 320 hectares which is sufficient to accommodate a population of 89 000. I have mentioned this point earlier. In 2007, the Chief Executive in Council approved the Kai Tak Outline Zoning Plan (OZP), which gave a mix of community, housing, business, tourism and infrastructural uses. The Government then started to seek funding and commenced various studies for the works projects. It took 15 years in total to finalize the Kai Tak development plan. During this period, the Government had repeatedly consulted the Legislative Council and the relevant District Councils (DCs). Local residents and stakeholders had also made active participation in the process. Between 2004 and 2006, the Government carried out three rounds of wide public engagement on the premise of "zero reclamation" before finalizing the development plan which we now see. It also announced the Kai Tak OZP. In view of this, if we revise the layout of the Multi-purpose Sports Complex (MPSC) as suggested by Mr LEONG and Mr MOK to provide an additional 10 000 public and private housing units, it means that we will have to make use of the sites originally planned for the construction of the MPSC, parks and medium-density residential development. This change is not fine-tuning as imagined but a major revision to the plan.

First of all, the MPSC will take up quite a lot of space. If we keep all of its facilities as originally planned, we will have to draw up a new layout for the MPSC to cope with the geographical limitations. The technical feasibility has yet to be established. Besides, on the planning of ancillary facilities, an anticipated increase in population implies that adjustments have to be made to the provision of infrastructure and community facilities. For example, we will have

to work out a new plan for the transportation network, water supply, sewage treatment and power supply. We will also have to reassess the needs for schools, parks and other community facilities, as well as air circulation in the area. In addition, we will have to reconsider the integration with the neighbourhood. Apart from considering the technical feasibility as mentioned, we will also have to conduct public consultation. New planning must go through a series of consultation procedures. Not only do we have to consult the public but also the Legislative Council, stakeholders, DCs and local residents. Furthermore, we must go through the statutory rezoning procedure in town planning, and it will take at least years to complete. In the process, all relevant development will be frozen. We will not be able to provide housing, land and ancillary facilities in a timely manner to meet the pressing needs of the public. What is more, the Government is now inviting expressions of interest from the private sector and other stakeholders to help determine the arrangements for the procurement and financing of the MPSC. If the planning is revised at this stage, the completion of the MPSC will be delayed. It also explains why I have stated in my earlier speech that the technical and planning studies underway are conducted on the premise that they will not affect the land supply and works progress in the next five years.

Besides, the MTR Corporation Limited is now using a residential site in the northwestern part of the Kai Tak NDA for the construction of the Shatin to Central Link. This works project is expected to complete in mid-2017. While this site will be vacated for housing construction by then, we cannot make use of it within five years.

Therefore, the KTD can only be revised to the greatest extent possible within a limited scope. We will later consult Members and proceed with the town planning procedure. President, we must not be armchair strategists in our discussion on planning.

Dr LEUNG Ka-lau has raised the issue of elderly health centres. According to the information provided by the Food and Health Bureau, elderly health centres are provided in all 18 districts across the territory. Therefore, we do not have any plan to build more elderly health centres for the time being. As for Dr LEUNG's suggestion, that is, a specified floor area should be reserved in

future development projects for the provision of elderly health centres, I will relay it to the relevant bureaux, including the Labour and Welfare Bureau. I will also ask colleagues in the Planning Department to study this suggestion.

President, regarding the issue of Government, Institution or Community (GIC) sites, a number of Members have raised some criticisms earlier. I would like to take this opportunity to make a clarification. Detailed study is required before a site is rezoned by the professional department. We will consult various bureaux and departments within the Government. In the process, professionals in different fields within the Government will give their objective and detailed advice. After that, we will consult the communities concerned and seek approval from the Town Planning Board (TPB). In reviewing these rezoning proposals, the TPB will consider the representations and views given by members of the public as required by the statutory procedure and make careful decisions.

Moreover, planning is a continuous process. Recent social situations or public aspirations will not stop the Government from improving our planning proposals. In reviewing whether the site in question is suitable for residential use, we will consider a number of relevant factors, including whether the GIC site is no longer needed for its original purpose, whether there is any specific development plan and whether the site is vacated or left idle. We will also consult relevant government departments for confirmation if the site has to be reserved or if the relevant facilities have to be preserved. Meanwhile, we will refer to the standards on the provision of community facilities set out in the Hong Kong Planning Standards and Guidelines to ensure that the proposed rezoning will not have any implications on the community facilities required by the relevant communities.

Also, we have to consider in entirety the location of the site, local situation, transportation support, environmental, recreational and community facilities, urban design and other relevant factors to avoid squeezing buildings into available space. In seeking rezoning, we will endeavour to prevent such change from causing negative impacts on urban areas. As a matter of fact, many of these rezoning proposals were supported and passed by DCs in the last two months.

Just now, some Members have criticized us for placing sites under the rezoning process into the Land Sale Programme, saying that this practice will do harm to the system and procedure. President, that is not true. In fact, what we are doing now is no different from what we did in the past. Our purpose is to increase transparency so that market participants can know in advance which sites will be put to tender. They can then make assessments and prepare for tender submission. In fact, this is a well-established practice. Take for example two pieces of newly created land at the former Lingnan School on Stubbs Road and at Kwun Fat Street in Siu Lam, Tuen Mun. This also applies to unexpired short-term tenancy sites or sites which are under construction when they are included in the Land Sale Programme.

President, imagine this: If we have to wait for all procedures to be completed in sequence before including sites in the Land Sale Programme rather than working concurrently as far as it is reasonable to do so in order to shorten the time needed for completing the procedures, in the end it will slow down supply and the community will suffer.

President, Mr Albert HO has just suggested that the Government should construct green buildings in the Kai Tak NDA and create the best green community. I totally agree with him on this point, and we are heading in this direction.

Ms Starry LEE asked why Energizing Kowloon East is not extended to Kowloon City. President, although the project has not been extended to Kowloon City, we attach great importance to the urban renewal and redevelopment of Kowloon City. The Kowloon City District Urban Renewal Forum has already held a lot of public engagement activities. In the last couple of weeks, I also attended its meetings to discuss the urban renewal plan of the Kowloon City District and the measures to be taken.

Ms LEE and Mr James TO have asked whether a portion of land in the Kai Tak NDA can be reserved for rehousing residents living nearby who are affected by urban redevelopment. We have taken note of this point.

As a matter of fact, a site in the Kai Tak NDA has been reserved for the Flat-for-Flat Scheme operated by the URA. However, there is no room for us to use the remaining sites under planning for this purpose. We are now conducting

a review and will re-examine whether it is feasible to do so. Of course, at this juncture, I cannot tell whether it is feasible or not. However, even if there is no room to do this in the Kai Tak NDA, we will pay attention to this point in the future urban renewal plans of the adjacent areas, including Kowloon City and To Kwa Wan. Particularly, in To Kwa Wan, some housing estates are very suitable for redevelopment. The main reason for their redevelopment to stand still is that there is difficulty in identifying suitable sites for rehousing affected residents *in situ*. The redevelopment is hence impeded.

Mr MA Fung-kwok mentioned earlier whether sports associations will be allowed to set up offices in the MPSC. I will relay this suggestion to the Home Affairs Bureau.

President, my response and supplement to Members' questions raised earlier will stop here. Thank you, President.

PRESIDENT (in Cantonese): Mr Frederick FUNG, you may now move your amendment to the motion.

MR FREDERICK FUNG (in Cantonese): President, I move that Mr WONG Kwok-kin's motion be amended.

Mr Frederick FUNG moved the following amendment: (Translation)

"To add ", given that" after "That"; to delete "as" after "320 "; to delete "overall development of Kowloon East" after "drive the" and substitute with "development of the whole Kowloon Peninsula"; to delete "Kowloon East" after "rent hikes in" and substitute with "the adjacent areas"; to delete "of Kowloon East" after "the transformation"; to add "in June" after "Cruise Terminal"; to add "overall" after "to review the"; to delete "Kowloon East" after "transport network of" and substitute with "Kowloon"; to delete "Kowloon East" after "of Kai Tak and the various areas in" and substitute with "Kowloon"; to delete "with the various areas in Kowloon East" after "connect Kai Tak" and substitute with ", the various areas in Kowloon East and Kowloon City District"; to add "and Kowloon City District" after "and development of Kowloon East"; to add

", Kowloon City District" after "old areas of Kowloon East"; to delete "the construction of cycle tracks along the waterfront and in the communities of Kowloon East to connect with the cycle track in the Kai Tak New Development Area" after "to study" and substitute with "and implement the construction of cycle tracks along the coastline of Kowloon East to the waterfront of Kowloon West via the Kai Tak New Development Area and Kowloon City District and linking the adjacent communities"; to delete "and the various areas in Kowloon East" after "art in Kai Tak" and substitute with ", the various areas in Kowloon East and Kowloon City District"; and to delete "and Kowloon East" after "areas in Kai Tak" and substitute with ", Kowloon East and Kowloon West"."

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

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Mr CHAN Kam-lam, as Mr Frederick FUNG's amendment has been passed, you may now move your revised amendment.

MR CHAN KAM-LAM (in Cantonese): President, I move that Mr WONG Kwok-kin's motion, as amended by Mr Frederick FUNG, be further amended by my revised amendment.

President, there are mainly two key points. Firstly, we have not kept the initial part of the original amendment as well as the amendment in point (4) and the proposal of extending the monorail system to To Kwa Wan in point (6) of the original amendment. But secondly, we have kept the proposal of constructing a bridge connecting Kwun Tong Ferry Pier and the ex-runway tip proposed in point (6) as well as the proposals of constructing a harbourfront promenade from Lei Yue Mun to Sham Shui Po and constructing a berthing area for yachts at the Kwun Tong Typhoon Shelter and increasing leisure water sports facilities in point (14) of the original amendment. Meanwhile, we have made some amendments to the wording or textual refinements and also some changes to the numbering of paragraphs.

Thank you, President.

Mr CHAN Kam-lam moved the following further amendment to the motion as amended by Mr Frederick FUNG: (Translation)

"To add "; (14) to construct a bridge connecting Kwun Tong Ferry Pier and the ex-runway tip; and (15) to construct a new Kowloon harbourfront promenade from Lei Yue Mun to Sham Shui Po, construct a berthing area for yachts at the Kwun Tong Typhoon Shelter, and increase leisure water sports facilities, so as to perfect the planning for Kai Tak" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr CHAN Kam-lam's amendment to Mr WONG Kwok-kin's motion as amended by Mr Frederick FUNG, be passed.

PRESIDENT (in Cantonese): I now call upon Mr Frankie YICK to move an amendment to Mr CHAN Kam-lam's amendment.

MR FRANKIE YICK (in Cantonese): President, I move that Mr CHAN Kam-lam's amendment be amended.

Mr Frankie YICK moved the following amendment to Mr CHAN Kam-lam's amendment: (Translation)

"To add ", with a headroom allowing the passage of all marine working vessels," before "as well as"; to delete "construct" before "a berthing area" and substitute with "and study the feasibility of constructing"; to delete ", and increase" before "leisure water sports facilities" and substitute with "and increasing"; and to add "on the condition that the continued provision of enough berthing spaces for various types of marine working vessels will be guaranteed" before ", so as to perfect".

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

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): I now put the question to you and that is: That Mr CHAN Kam-lam's amendment, as amended by Mr Frankie YICK, to Mr WONG Kwok-kin's motion as amended by Mr Frederick FUNG, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Mr WU Chi-wai, as the amendments of Mr Frederick FUNG, Mr CHAN Kam-lam and Mr Frankie YICK have been passed, you may now move your revised amendment.

(Mr WU Chi-wai did not know which page in the script was)

PRESIDENT (in Cantonese): We are now in page 34 of the script.

MR WU CHI-WAI (in Cantonese): President, I move that Mr WONG Kwok-kin's motion, as amended by Mr Frederick FUNG, Mr CHAN Kam-lam and Mr Frankie YICK, be further amended by my revised amendment.

Mr WU Chi-wai moved the following further amendment to the motion as amended by Mr Frederick FUNG, Mr CHAN Kam-lam and Mr Frankie YICK: (Translation)

"To add "; (16) to expedite the progress of building the Trade and Industry Tower in Kai Tak, and enable government building clusters to move into Kai Tak expeditiously, so as to drive the economic development of the adjacent areas and create employment; (17) to develop waterborne transport, to enable Lei Yue Mun to dovetail with the Kai Tak Cruise Terminal development, and promote the development of local featured tourism projects; (18) to expedite the development of the commercial facilities near the cruise terminal and inside the Kai Tak Development Area, and encourage the development of local creative industries and shopping facilities, so as to support local culture and create employment; (19) through improving the population planning criteria, to appropriately relax the plot ratios in Kai Tak and increase land supply, so as to construct more subsidized housing; (20) to retain the two government factory buildings in Kowloon Bay for promoting the development of creative industries and meeting the needs of persons in the creative industry; and (21) to expeditiously implement the expansion of Our Lady of Maryknoll Hospital" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr WU Chi-wai's amendment to Mr WONG Kwok-kin's motion as amended by Mr Frederick FUNG, Mr CHAN Kam-lam and Mr Frankie YICK, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Mr Alan LEONG, as the amendments of Mr Frederick FUNG, Mr CHAN Kam-lam, Mr Frankie YICK and Mr WU Chi-wai have been passed, you may now move your revised amendment.

MR ALAN LEONG (in Cantonese): President, I move that Mr WONG Kwok-kin's motion, as amended by Mr Frederick FUNG, Mr CHAN Kam-lam, Mr Frankie YICK and Mr WU Chi-wai, be further amended by my revised amendment.

Mr Alan LEONG moved the following further amendment to the motion as amended by Mr Frederick FUNG, Mr CHAN Kam-lam, Mr Frankie YICK and Mr WU Chi-wai: (Translation)

"To add "; " (22) to request ocean-going vessels to switch to low-sulphur diesel, install on-shore power supply facilities at the Kai Tak Cruise Terminal, and encourage cruise companies to deploy cruises equipped with on-shore power supply systems to Hong Kong, so as to reduce the air pollution in Hong Kong caused by cruises at berth; (23) to actively study and respond to community proposals on fine-tuning the layout of the Multi-purpose Sports Complex at Kai Tak, on the premises of not reducing any public space under the original plan and retaining the original facilities of the Multi-purpose Sports Complex at Kai Tak, to build more public housing and Home Ownership Scheme units; and (24) to find ways to prevent large chain enterprises from monopolizing all business spaces and reserve some areas for the development of small and medium enterprises, so as to create a diversified business environment; and at the same time, to conduct public consultation and make reference to foreign experience such as Covent Garden in London for the formulation of rules to enable street arts performers to stage performances freely and orderly, so that all can share the gaiety" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr Alan LEONG's amendment to Mr WONG Kwok-kin's motion as amended by Mr Frederick FUNG, Mr CHAN Kam-lam, Mr Frankie YICK and Mr WU Chi-wai, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr LEUNG Kwok-hung rose to claim a division.

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung has claimed a division. The division bell will ring for five minutes.

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

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

Functional Constituencies:

Mr James TO, Mr Frederick FUNG, Mr CHAN Kin-por, Dr LEUNG Ka-lau, Mr CHEUNG Kwok-che, Mr Frankie YICK, Mr YIU Si-wing, Mr MA Fung-kwok, Mr Charles Peter MOK, Mr IP Kin-yuen and Mr POON Siu-ping voted for the amendment.

Mr Abraham SHEK, Mr Jeffrey LAM, Mr Andrew LEUNG, Ms Starry LEE, Mr Steven HO, Mr KWOK Wai-keung, Mr TANG Ka-piu, Ir Dr LO Wai-kwok and Mr Tony TSE abstained.

Geographical Constituencies:

Mr LEE Cheuk-yan, Ms Emily LAU, Ms Cyd HO, Mr Paul TSE, Mr Alan LEONG, Mr Michael TIEN, Mr WU Chi-wai, Dr Kenneth CHAN, Dr KWOK Ka-ki, Mr SIN Chung-kai and Dr Helena WONG voted for the amendment.

Mr LEUNG Kwok-hung and Mr CHAN Chi-chuen voted against the amendment.

Mr CHAN Kam-lam, Mr TAM Yiu-chung, Dr Priscilla LEUNG, Mr WONG Kwok-kin, Mr CHAN Han-pan, Miss Alice MAK, Dr Elizabeth QUAT and Mr Christopher CHUNG abstained.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 20 were present, 11 were in favour of the amendment and nine abstained; while among the Members returned by geographical constituencies through direct elections, 22 were present, 11 were in favour of the amendment, two against it and eight abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Dr LEUNG Ka-lau, as the amendments of Mr Frederick FUNG, Mr CHAN Kam-lam, Mr Frankie YICK and Mr WU Chi-wai have been passed, you may now move your revised amendment.

DR LEUNG KA-LAU (in Cantonese): President, I move that Mr WONG Kwok-kin's motion, as amended by Mr Frederick FUNG, Mr CHAN Kam-lam, Mr Frankie YICK and Mr WU Chi-wai, be further amended by my revised amendment.

Dr LEUNG Ka-lau moved the following further amendment to the motion as amended by Mr Frederick FUNG, Mr CHAN Kam-lam, Mr Frankie YICK and Mr WU Chi-wai: (Translation)

"To add "; and (22) to reserve sites in Kai Tak for planning the construction of private hospitals, Integrated Community Centres for Mental Wellness, elderly health centres, residential care homes for the elderly and residential care homes for persons with disabilities" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Dr LEUNG Ka-lau's amendment to Mr WONG Kwok-kin's motion as amended by Mr Frederick FUNG, Mr CHAN Kam-lam, Mr Frankie YICK and Mr WU Chi-wai, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Mr WONG Kwok-kin, you still have three minutes 24 seconds for your reply.

MR WONG KWOK-KIN (in Cantonese): President, I would like to thank the Members who have spoken and proposed amendments today to enrich the contents of my motion.

However, I have to denounce Mr LEUNG Kwok-hung here for part of his speech delivered just now because of his accusation against the FTU and the DAB without any factual evidence that it was for the sake of a consortium that we participated in the work of Energizing Kowloon East. President, the effort by Miss CHAN Yuen-han of the FTU in promoting the conservation and development of Kowloon East was made well before the emergence of the expression "Energizing Kowloon East". The effort was made not by her alone, but also by many conservation and development groups around her as well as academics, including conservation groups with which the pan-democratic camp is familiar with. Members may wish to look into it. In my opinion, Mr LEUNG Kwok-hung warrants denunciation for making such irresponsible remarks and accusing the FTU of acting for the consortium.

Originally, I had never paid any attention to the remarks made by Mr LEUNG Kwok-hung because I did not understand what he meant most of the time. Moreover, I had often turned a deaf ear to his remarks because they were usually irresponsible and not supported by factual evidence. As it is unacceptable for him to make such accusations against us, the FTU and the DAB, today, I have to take this opportunity to express regrets at him and denounce his speech delivered just now.

As regards the first response made by the Secretary just now

(Mr LEUNG Kwok-hung stood up)

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, what is your point?

MR LEUNG KWOK-HUNG (in Cantonese): Point of order. Is he allowed to question my integrity?

PRESIDENT (in Cantonese): Mr LEUNG, this is not a point of order. Your speaking time is up. Please sit down.

MR LEUNG KWOK-HUNG (in Cantonese): No, President. I would like to ask

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

MR LEUNG KWOK-HUNG (in Cantonese): How are you supposed to chair the meeting?

PRESIDENT (in Cantonese): Your speaking time is up. According to the Rules of Procedure (RoP), each Member can speak only once in a motion debate.

MR LEUNG KWOK-HUNG (in Cantonese): Can he question the integrity of his colleague casually?

PRESIDENT (in Cantonese): Mr LEUNG, I have stated many times that a Member who has already spoken is not allowed to rise again to refute the views expressed by a Member who speaks after him, even if he disagrees with such views. Your speaking time is up, so please observe the RoP.

Mr WONG Kwok-kin, please continue with your reply.

MR WONG KWOK-KIN (in Cantonese): President, we are very pleased with the response given by the Secretary in his first speech just now, that the Government has already earmarked land for the construction of a general hospital in the Kai Tak New Development Area. I hope the Government can put this

plan into implementation expeditiously because the residents in Wong Tai Sin, Kowloon City and To Kwa Wan have already waited for a very long time.

Certainly, I am disappointed that the monorail system cannot be connected with the housing estates on the hill, but still I hope the authorities concerned can look into the technical problems again. If it is really impossible to resolve the problems, I hope the authorities concerned can examine if other facilities can be provided to link the housing estates on the hill with the major trunk roads at the foot of the hill to facilitate the commute of the people living there.

Thank you, President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr WONG Kwok-kin, as amended by Mr Frederick FUNG, Mr CHAN Kam-lam, Mr Frankie YICK, Mr WU Chi-wai and Dr LEUNG Ka-lau, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr LEUNG Kwok-hung rose to claim a division.

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung has claimed a division. Since no motion was moved previously to curtail the duration of the ringing of the division bell, it will ring for five minutes.

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

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

Functional Constituencies:

Mr James TO, Mr Abraham SHEK, Mr Frederick FUNG, Mr Jeffrey LAM, Mr Andrew LEUNG, Ms Starry LEE, Mr CHAN Kin-por, Dr LEUNG Ka-lau, Mr CHEUNG Kwok-che, Mr Steven HO, Mr Frankie YICK, Mr YIU Si-wing, Mr MA Fung-kwok, Mr Charles Peter MOK, Mr KWOK Wai-keung, Mr IP Kin-yuen, Mr POON Siu-ping, Mr TANG Ka-piu, Ir Dr LO Wai-kwok and Mr Tony TSE voted for the motion as amended.

Geographical Constituencies:

Mr LEE Cheuk-yan, Mr CHAN Kam-lam, Ms Emily LAU, Mr TAM Yiu-chung, Ms Cyd HO, Dr Priscilla LEUNG, Mr WONG Kwok-kin, Mr Paul TSE, Mr Alan LEONG, Mr Michael TIEN, Mr WU Chi-wai, Mr CHAN Han-pan, Dr Kenneth CHAN, Miss Alice MAK, Dr KWOK Ka-ki, Mr SIN Chung-kai, Dr Helena WONG, Dr Elizabeth QUAT and Mr Christopher CHUNG voted for the motion as amended.

Mr LEUNG Kwok-hung and Mr CHAN Chi-chuen voted against the motion as amended.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 20 were present and 20 were in favour of the motion as amended; while among the Members returned by geographical constituencies through direct elections, 22 were present, 19 were in favour of the motion as amended and two against it. Since the question was agreed by a majority of each of the two groups of Members present, he therefore declared that the motion as amended was passed.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 11 am on Wednesday, 27 March 2013.

Adjourned accordingly at nine minutes to Twelve o'clock.