

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 14 November 2012

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 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

MEMBER ABSENT:

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

PUBLIC OFFICERS ATTENDING:

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

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

THE HONOURABLE RIMSKY YUEN KWOK-KEUNG, S.C., J.P.
THE SECRETARY FOR JUSTICE

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

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

MS JULIA LEUNG FUNG-YEE, 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

THE HONOURABLE RAYMOND TAM CHI-YUEN, G.B.S., J.P.
SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS

THE HONOURABLE LAI TUNG-KWOK, S.B.S., I.D.S.M., J.P.
SECRETARY FOR SECURITY

THE HONOURABLE EDDIE NG HAK-KIM, S.B.S., J.P.
SECRETARY FOR EDUCATION

THE HONOURABLE PAUL TANG KWOK-WAI, J.P.
SECRETARY FOR THE CIVIL SERVICE

DR THE HONOURABLE KO WING-MAN, B.B.S., J.P.
SECRETARY FOR FOOD AND HEALTH

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

PRESIDENT (in Cantonese): Clerk, please ring the bell to summon Members to the Chamber.

(The summoning bell was ringing)

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, please move aside the cardboard you put on the bench because I cannot see you when you are seated.

MR LEUNG KWOK-HUNG (in Cantonese): Well, should I stand up so that you can see me?

(Mr LEUNG Kwok-hung stood up)

PRESIDENT (in Cantonese): It is not your turn to speak now, please sit down.

MR LEUNG KWOK-HUNG (in Cantonese): But I have stuck the cardboard here.

PRESIDENT (in Cantonese): Please sit down and move aside the cardboard.

MR LEUNG KWOK-HUNG (in Cantonese): Is it alright for me to sit this way?

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

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>
Allowances to Jurors (Amendment) Order 2012	170/2012
Public Health and Municipal Services Ordinance (Cemeteries) (Amendment of Fifth Schedule) Order 2012	171/2012

Other Papers

- No. 19 — Hong Kong Science and Technology Parks Corporation
Annual Report 2011/12
Report of the Directors and Financial Statements 2011/12
- No. 20 — Hong Kong Productivity Council
Annual Report 2011-2012
- No. 21 — Consumer Council
Annual Report 2011-2012
- No. 22 — Director of Social Welfare Incorporated
Financial statements for the year ended 31 March 2012
- No. 23 — Report of the Director of Audit on the Accounts of the
Government of the Hong Kong Special Administrative
Region for the year ended 31 March 2012
- No. 24 — Report No. 59 of the Director of Audit on the results of value
for money audits — October 2012

No. 25 — Accounts of the Government of the Hong Kong Special Administrative Region for the year ended 31 March 2012

Report No. 3/12-13 of the House Committee on Consideration of Subsidiary Legislation and Other Instruments

ORAL ANSWERS TO QUESTIONS

PRESIDENT (in Cantonese): Questions. First question.

Retirement Protection Scheme

1. **MR LEUNG KWOK-HUNG** (in Cantonese): *According to a survey report published by the "Alliance for Universal Pension" in September 2010, over 90% of the respondents urged the Government to expeditiously carry out comprehensive planning and public consultation on the establishment of a universal retirement protection system. On the other hand, the Secretary for Labour and Welfare has indicated earlier that a task force on social security and retirement protection under the soon-to-be re-established Poverty Commission will be set up and headed by the Chief Secretary for Administration to conduct in-depth studies on the issues concerned, and to examine proposals for enhancing the existing retirement protection system. In this connection, will the Government inform this Council:*

- (a) how it will build consensus in the community regarding the implementation of a universal retirement protection system, and of the specific timetable for conducting public consultation;*
- (b) when the aforesaid task force will be set up and of the roadmap of its work; and*
- (c) regarding the enhancement of the existing retirement protection system, whether the authorities have considered implementing systems such as public trustee for Mandatory Provident Fund (MPF), public annuities and "MPF Full Portability", and considered such proposals as combining the Comprehensive Social Security*

Assistance (CSSA) payments for the elderly and the Old Age Allowance, and made projections of the sustainability of these proposals; if they have, of the estimated expenditure of various proposals; if not, the reasons for that?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, my reply to the question raised by Mr LEUNG Kwok-hung is as follows:

(a) and (b)

The retirement protection system in Hong Kong comprises mainly three pillars: the MPF system, voluntary private savings and the non-contributory social security system (comprising CSSA, Old Age Allowance (commonly known as the "fruit grant") and Disability Allowance at present). This model was adopted in the 1990s in the last century after lengthy discussion by different sectors of the community.

The Central Policy Unit (CPU) is conducting studies on the sustainability of the existing three-pillar system, and had completed five relevant studies between 2007 and 2010. A summary of these studies was appended to the Administration's paper submitted to the meeting of the Subcommittee on Retirement Protection on 19 July 2011 in the previous term of the Legislative Council. As the socio-economic environment in Hong Kong has undergone many changes after the financial tsunami and there have been adjustments to relevant policies, the CPU has commenced a new round of territory-wide household survey to update the relevant data. The initial findings are expected to be available by the end of 2012 at the earliest for reference by relevant Policy Bureaux.

Nonetheless, I must clarify that the CPU's studies on the subject of retirement protection are about the financial sustainability of the existing three pillars, and are not studies on a universal retirement protection system. "Universal retirement protection scheme" is a very complex and controversial issue, and there has not been a consensus on this subject, especially on issues like whether or not

benefits should be paid to contributories only. The newly-formed Commission on Poverty will be underpinned by a Social Security and Retirement Protection Task Force, with the Chief Secretary for Administration as chairman and the Secretary for Labour and Welfare as vice-chairman, to follow-up on ways to strengthen and improve the social security and retirement protection systems.

As a pragmatic way forward, the Government has proposed to introduce the Old Age Living Allowance, pitched at \$2,200 per month, to supplement the living expenses of needy elders aged 65 or above. It is estimated that this new allowance will benefit over 400 000 elders, and can effectively strengthen the social security system as one of the pillars of the retirement protection system.

- (c) The Government is determined to enhance the MPF system and promote reduction in MPF fees. For example, the Government has requested the Mandatory Provident Fund Schemes Authority (MPFA) to study supporting measures to facilitate the implementation of a full portability arrangement in future, while preparing for the implementation of the Employee Choice Arrangement. Moreover, the MPFA will shortly release the results of its consultancy study on the cost of trustees, which will include proposed measures to lower their administration cost. Drawing reference from the cost study, the MPFA will also put forward proposals on some reform direction. The Government will carefully consider the effectiveness and implications of each proposal.

The MPF system is a privately managed system designed to help the working population accumulate retirement savings, with contributions from both employers and employees. Its ongoing operation within the current parameters therefore will not have major direct impact on public finance.

MR LEUNG KWOK-HUNG (in Cantonese): *Secretary, you are downright ridiculous. I asked in part (c) of my main question if the Government has made projections, but you have not replied, meaning that the Government has not made*

any projections, and that there are no basis at all. In that part of the question, I asked for reasons if the Government has not made projections, Secretary, you have to give me reasons, but you only said that there are sufficient funds.

Secretary, you have specifically replied that all changes are based on the existing three-pillar system and will not consider universal retirement protection scheme as the issue is very complex. I now raise a very simple supplementary question: As I have asked in part (b) of my main question, does the Government have any plans to provide a roadmap in 2017 before the expiry of the term of LEUNG Chun-ying's Government, for discussion by the community and public consultations? I would like the Secretary to answer "yes" or "no".

PRESIDENT (in Cantonese): Mr LEUNG, you have stated your supplementary question, please sit down and let the Secretary reply.

MR LEUNG KWOK-HUNG (in Cantonese): *I have already stated my question. My main question comprises three parts but he is really cunning, and I have to repeat my questions.*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, my answer is very simple. In fact, in the course of our discussions about the Old Age Living Allowance in the past few weeks, I have restated the Government's position time and again; that is, the current-term Government is seriously concerned about retirement protection in Hong Kong. President, we announced the establishment of the Commission on Poverty last week. It will be underpinned by a task force which will focus on two matters, namely social security and retirement protection.

At present, the main task of the CPU is to study the sustainability of the three pillars. This is natural as the three pillars are under the existing system, and we need to examine if the existing system is sustainable. But, I have repeatedly said that we remain open in the course of study and we will take on board the views and messages of the public to decide on our way forward. At this stage, we have not ruled out the feasibility of considering a universal retirement protection system. The most fundamental point is that we should

candidly consider the sustainability of the three pillars because our aim is to consolidate and optimize these three pillars. Even so, we will not confine ourselves and refuse to accept other views in the process. We will definitely be open minded and take on board the views of the public, so as to explore the best direction for the future.

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

MR LEUNG KWOK-HUNG (in Cantonese): *President, do you think the Secretary has answered my question? I asked him if a consultation will be conducted in 2017 to build consensus in the community regarding the implementation of a universal retirement protection system, but he has not mentioned anything about this issue; he just talked about the three pillars. President, I know what he has replied. Let me tell you why he has not answered me. My supplementary question is not about whether the three pillars are enforceable and sustainable.*

PRESIDENT (in Cantonese): Mr LEUNG, the question session is not meant for a debate, and you have very clearly repeated your supplementary question.

MR LEUNG KWOK-HUNG (in Cantonese): *If you give someone a bowl of rice every day, can you still give him a bowl of rice 20 years later? Does that make sense?*

PRESIDENT (in Cantonese): Mr LEUNG, do not make any more comments and please sit down.

MR LEUNG KWOK-HUNG (in Cantonese): *No, President, you are so smart, please ask him again. Buddy, he has not replied, you are downright ridiculous.*

PRESIDENT (in Cantonese): Let me see if the Secretary has anything to add, please sit down. Mr LEUNG, please move aside the cardboard in front of you because it blocks my sight and I cannot see you.

(Mr LEUNG Kwok-hung sat down)

PRESIDENT (in Cantonese): Secretary, do you have anything to add about the roadmap before 2017?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, I have answered very clearly that the focus at present is to study the feasibility of the three pillars. This is our starting point and we must first complete this task. I reiterate that the task force will take on board the views and wisdom of the community in the process so as to explore the best way forward in future. Certainly, we will not rule out any feasibility including a universal retirement protection system, and we will definitely consider these options as well.

MR LEUNG KWOK-HUNG (in Cantonese): *Bullshit, he is the most inept official!*

PRESIDENT (in Cantonese): Mr LEUNG, sit down. The Secretary has replied in accordance with the existing policy. If you have different views, please express your views on other occasions.

MR WONG KWOK-KIN (in Cantonese): *The Secretary's answer is really disappointing. He still brags about the three pillars though we have said long ago that the three-pillar model did not work. The Secretary has said that people can rely on their savings, but with such a low income at present, they can hardly make ends meet, how then can they have savings to support themselves after retirement? We just want to know whether the Government will help the community reach a consensus and explore whether it is necessary to implement retirement protection, yet he has not given an answer.*

I would like to ask the Secretary a specific supplementary question. Secretary, you said that one of the three pillars is the MPF, but the existing MPF is riddled with problems and has been widely criticized, in particular the offsetting mechanism, but you have not said a word on this issue. The offsetting mechanism has most seriously affected MPF account holders because

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

MR WONG KWOK-KIN (in Cantonese): *President, excuse me, I would like to talk about the background first.*

PRESIDENT (in Cantonese): Mr WONG, you have used up your speaking time, please state your supplementary question right away and stop making comments.

MR WONG KWOK-KIN (in Cantonese): *I am stating my supplementary question. President, I would have stated my supplementary question if you have not interrupted me. My supplementary question is: The offsetting mechanism under the MPF system has affected the interests of many contract employees; can the Government specifically conduct a review on this mechanism and abolish it?*

PRESIDENT (in Cantonese): Which Secretary is going to reply? Secretary for Financial Services and the Treasury, please reply.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): The Government understands that there are different views on the offsetting mechanism in our society, the business sector also has different views; it is thus necessary to build a consensus. All changes require comprehensive consideration.

DR FERNANDO CHEUNG (in Cantonese): *We have not reached a consensus about the current-term Government, so, let us ask the Secretary to step down first.*

President, the MPF is in fact "mandatory loss fund". The administrative fees were \$6.6 billion last year and \$7 billion this year, this is, over \$10 billion in four years. According to the Consumer Council, nearly half of the funds incurred losses in the past five years.

Mr LEUNG Kwok-hung has asked very explicitly in part (c) of his main question about how the authorities should reform the MPF system. Should they, at least, consider implementing systems such as public trustee for MPF and public annuities? It is a pity that the Secretary has not given an answer. What does he intend to do? Hong Kong people are paying administrative fees, amounting to billions of dollars to the intermediaries and even more than \$10 billion each year, how dare the authorities say that the MPF should be used for retirement, how ridiculous! How will the authorities consider improving this system? We have talked about improvements for 12 years, yet we have got nothing in the end.

PRESIDENT (in Cantonese): Dr CHEUNG, you have stated your supplementary question, please sit down.

DR FERNANDO CHEUNG (in Cantonese): *I would like to ask the Secretary to specifically answer part (c) of Mr LEUNG Kwok-hung's main question.*

PRESIDENT (in Cantonese): Dr CHEUNG, please sit down. Secretary for Financial Services and the Treasury, please reply.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): The Government is firmly committed to improving, perfecting and reforming the MPF system, and we agree that the existing fees are unsatisfactory. Actually, the MPFA has engaged a consultant to carry out detailed studies on the MPF fees and costs. The report will be published soon which will include recommendations on fee reduction. Based on the studies carried out in the past

few months, the MPFA will also make recommendations on the direction of reform, including the proposals made by Mr LEUNG in his main question. After the announcement of the recommendations, the Government will consider them in detail and respond after extensive discussions have been held.

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

DR FERNANDO CHEUNG (in Cantonese): *I hope she can provide a specific timetable, rather than just say that a consultant has been commissioned, and a report will be published later. Twelve years have passed.*

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

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): As far as I understand, the MPFA planned to publish the consultant's report and some recommendations by the end of this month, but prior endorsement by the Management Board is required before the release.

MR TAM YIU-CHUNG (in Cantonese): *President, concerning the administrative fees, will the report to be published consider enacting legislation on the ceiling of fees to be charged, so as to get the best result? Furthermore, can products that will not incur losses to wage earners be introduced? At present, many wage earners opine that the amounts in their MPF accounts continue to incur losses. Can the authorities such as the Monetary Authority provide capital preservation products and even inflation-linked products?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): In respect of the direction of reform, there are many different recommendations, and the MPFA has also said that the recommendations include setting an upper limit to the administrative fees, but with different modes of

operation. We should initiate discussion after the announcement of more comprehensive recommendations.

Concerning Mr TAM's question about whether there are any products that can better preserve capital or will not incur losses, in fact, we are now encouraging different schemes to provide more passive investment products and the fees can be as low as 0.7%. As regards whether some products will be provided by the Exchange Fund, the statutory function of the Exchange Fund is to maintain the stability of Hong Kong dollar, and its investment products are designed for this purpose and not for meeting the purpose of the MPF.

MR POON SIU-PING (in Cantonese): *I fully support the fight for universal retirement protection. The Secretary has just mentioned in her main reply that the Commission on Poverty (CoP) will follow up the retirement protection system. In fact, a CoP was also established in 2005, chaired by the Financial Secretary, but its work was not effective. Has the Government summed up the past experience of the former CoP? With regard to the timetable, can this CoP make some specific recommendations on retirement protection within its two-year term? Has the Government made any evaluation in this respect?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): I would like to thank Mr POON for his question. First, the work of the CoP established by the last-term Government in 2005 was completed in 2007. Its term of reference at that time did not include retirement protection. The current-term Government is determined to make long-term plans for retirement protection and do some real work for the elderly in Hong Kong.

Second, about the timetable just asked by the Member, the so-called two-year term refers to the first two-year term of members of the CoP. We hope that this CoP will not be of a short span but it becomes a standing commission. This CoP will certainly operate fully and comprehensively within the term of the current-term Government. It is too early to say whether a timetable can be provided within two years but we will surely focus on and give priority to dealing with retirement protection.

MR FREDERICK FUNG (in Cantonese): *President, it is not mentioned in the main reply how to handle the problem of retirees. The Secretary's remarks have not covered certain people such as housewives who are not employed or have not made contributions, moderately or severely disabled persons and those who contributed for less than 30 years. Based on the existing contribution amounts, if a person contributes for less than 30 years, the monthly payments that he will receive after retirement will be less than the CSSA payments. Can the Secretary tell me how the authorities will protect these people? What can be done if a universal retirement protection scheme is not established?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): My thanks to Mr FUNG. The coverage mentioned by Mr FUNG is precisely the scope of work to be undertaken by the Task Force. As regards improving social security protection under the three pillars, the newly proposed Old Age Living Allowance is important as it can benefit more than 400 000 elderly in need. I hope Members can expeditiously approve funding for the implementation of the allowance this Friday, so that hundreds of thousands of people will immediately be benefitted.

Other issues will also be dealt with by the Task Force in the future. We will consider the coverage mentioned by the Member just now to see how those people can be protected. Our focus is to address these issues.

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

MR FREDERICK FUNG (in Cantonese): *President, he is advertising about the Old Age Living Allowance rather than answering my supplementary question.*

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

MR FREDERICK FUNG (in Cantonese): *I asked him how the authorities will protect these people, all he has said is that he will show concern and concern again, and he keeps advertising.*

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

MR FREDERICK FUNG (in Cantonese): *My supplementary question is: for housewives, moderately or severely disabled persons and those who have contributed for less than 30 years, they do not have any contributions to draw on or the amount they can draw on is less than the CSSA payments. These problems can well be addressed under the universal retirement protection scheme; yet, he just focused on advertising.*

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

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, I have already explicitly answered that we would examine the coverage.

(Mr LEUNG Kwok-hung spoke in his seat)

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, I remind you again not to yell in your seat; or else, I have to ask you to leave the Chamber.

MR WONG KWOK-HING (in Cantonese): *The Secretary has stated in his main reply that the CoP will be underpinned by a Social Security and Retirement Protection Task Force. I would like to ask the Secretary through the President, will the Task Force make arrangements or establish procedures in future to communicate or interchange directly with the Panel on Manpower and the Panel on Welfare Services of the Legislative Council in discussing the relevant issues, so that members of the Panel on Manpower and the Panel on Welfare Services of the Legislative Council who are concerned about this issue can participate in the discussion, and the issue of retirement protection which is a public concern can be reflected in the Legislative Council?*

PRESIDENT (in Cantonese): Please let the Secretary reply.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): I would like to thank Mr WONG for his views and question. Regarding various aspects of the work of the CoP, we will certainly maintain communication and interaction with the Legislative Council. In fact, the Legislative Council has also set up the Subcommittee on Poverty and I attended its meeting last week; and I will also attend the meeting to be held next month. President, in the course of discussing the relevant issues, we will surely continue to maintain communication with the Panel concerned.

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

Remuneration Package for District Council Members

2. **MRS REGINA IP** (in Cantonese): *President, at the meeting of this Council on 17 October, the Chief Executive stated the following policy direction of "addressing district issues at the district level and capitalizing on local opportunities" so as to "gradually relax the Government's 'all-embracing' hand on district affairs". On the other hand, some members of the District Councils (DC members) have reflected to me that at present members of the public have increasingly high expectation of DC members and seek assistance from DC members on various district issues, big or small. Thus, DC members have to work around the clock to serve the public. These DC members consider that an honorarium of \$22,090 per month for a DC member fails to reflect the important role shouldered by DC members in district administration, and can hardly attract talents to become full-time DC members. Furthermore, the Operating Expenses Allowance of only \$292,428 per year (or \$24,369 per month) makes it difficult for DC members to recruit sufficient number of talents and talents of higher quality to be their assistants, thus affecting the quality of services provided to the public. In this connection, will the Government inform this Council:*

- (a) *given that the role, functions and composition of District Councils (DCs) were last reviewed in 2006, and in view of the aforesaid*

policy direction stated by the Chief Executive, whether the authorities have plans to examine afresh its long-term stance of regarding the nature of work of DC members as a public service, as well as comprehensively review the nature of work and the remuneration package of DC members, so as to reflect their role in district administration and their status as representatives of public opinion; if they have, when the review will be conducted;

- (b) whether it has assessed the importance of the DCs as a platform for nurturing political talents in addition to serving the public; and whether the authorities will increase the honorarium for DC members so that more talents who aspire to serve the community will become full-time DC members; and*
- (c) whether it has assessed the importance of assistants to DC members in facilitating DC members' discharge of their duties; whether the authorities will increase the Operating Expenses Allowance for DC members to employ assistants to enable them to build higher quality teams to serve the public?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, thanks to Mrs Regina IP for her question.

The DCs are key partners of the Government in policy implementation and district administration. The Government has attached great importance to the DCs' significant role in the above areas.

Regular reviews on DC members' remuneration package are conducted to ensure that the package is appropriate and in line with time. Although the remuneration of DC members is financed by public fund, there is no employment relationship between DC members and the Government. The level of remuneration depends on the acceptability by the community. In conducting the review, we will consult DC members, the Independent Commission on Remuneration for Members of the DCs, and the Legislative Council Panel on Home Affairs on the proposed package. After the completion of the consultation exercise, we will seek the Legislative Council Finance Committee's approval for the proposed enhancements to the remuneration package.

The objective of the remuneration package is to attract a broad spectrum of individuals from different sectors and all walks of life to be DC members to serve the public. It is an established practice that any proposal involving substantial changes to the remuneration package for DC members shall only take effect from the beginning of the next term.

The recommendations put forward in the last two reviews were implemented between 2007 and 2012.

My reply to the various parts of Mrs Regina IP's question is as follows:

- (a) The Government's last review on DC's functions and composition was conducted in 2006. The relevant recommendations were fully implemented in 2008, which included involving the DCs in the management of some district facilities and providing additional resources to the DCs for carrying out community involvement activities and district minor works.

Over the past years, the role of the DCs has become increasingly important, and there has been higher public expectation on DC members' work.

We agree that district administration should be further enhanced. We aim to foster community cohesiveness and mobilize district resources, such that district issues can be addressed at district level and local opportunities can be capitalized locally. We will also enhance our support to the DCs in a bid to provide better services to district residents.

In the light of this broad direction, we are considering a series of policy measures to strengthen district administration. We aim to draw up relevant measures by early next year.

- (b) We fully agree that the primary objective of becoming a DC member is to serve the community and that the DCs are major platforms for nurturing political talents. We trust that those aspiring to serve as DC members aim to assist in addressing residents' problems and make contributions to the community. These are the reasons

attracting people with quality and passion to take up the significant task as DC members.

Regarding the honorarium for DC members, in addition to annual adjustments in accordance with the Consumer Price Index (CPI)(A), it was increased by 10% in January 2008. Currently, the monthly honorarium for a DC member is \$22,090. We will continue to follow the established principles in keeping the honorarium under regular review.

- (c) As for DC members' operating expenses, in addition to annual adjustments in accordance with the CPI(A), the Operating Expenses Reimbursement (OER) was increased by 10% and a further 15% in January 2007 and January 2011 respectively. The current annual OER for a DC member is some \$292,000 (that is, a monthly average of some \$24,000), which covers various expenditure items, such as office rental and other expenses, salary for assistants, audit fees, printing costs, expenses on publicity items and communication expenses. DC members may have flexibility in utilizing the OER according to their individual needs and office requirements. DC members may also contemplate an appropriate increase in the proportion of expenses on staff employment according to their needs.

The Government will continue to listen to DC members' views, and consider adjusting the ceiling of the OER having regard to actual circumstances.

MRS REGINA IP (in Cantonese): *President, although the Secretary said that there is no employment relationship between DC members and the Government and that the former's remuneration level depends on the acceptability by the community, the constitutional status of DC members in the community have become increasingly important. Whenever the Chief Executive visits the district, he is always accompanied by DC members.*

May I ask the Secretary why many executive officers of the District Council Secretariat receive higher remunerations than DC members? The former only

serve the DCs and are not representatives of the people, but why there is such a big difference in remuneration? Is this a covert trick to channel talents to the Government and prevent them from becoming DC members, so as not to make the work of civil servants more difficult?

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, there is no covert trick at all. As I have said in the main reply, the honorarium for DC members has increased by 10% in 2008, and the current-term Government is willing to favourably consider the need to further increasing the honorarium for DC members.

PRESIDENT (in Cantonese): We notice that some talents have preferred to remain in this Council to serve the public and receive lower pay.

MR MA FUNG-KWOK (in Cantonese): *President*

PRESIDENT (in Cantonese): Mr MA Fung-kwok, please hold on, it should be Mr Christopher CHUNG's turn to raise a supplementary question.

MR CHRISTOPHER CHUNG (in Cantonese): *President, I have to declare interest. I am the Chairman of the Eastern District Council. My supplementary question is: Given that the Government has proposed to "address district issues at the district level", may I ask the Secretary how district issues can be addressed at the district level? Regarding the role of the DCs, can the Secretary disclose something about the proposal though he said earlier that it will be drawn up by early next year?*

Furthermore, DC chairmen and local District Officers

PRESIDENT (in Cantonese): Mr CHUNG, you can only raise one supplementary question. What is your supplementary question?

MR CHRISTOPHER CHUNG (in Cantonese): *My supplementary question is: How can the role and responsibilities of various districts be enhanced?*

PRESIDENT (in Cantonese): You have raised your supplementary question, please let the Secretary reply.

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, regarding how the role of the DCs can be further enhanced to assist in "addressing district issues at the district level and capitalizing on local opportunities", a proposal has mooted in the Government. The basic approach is to further increase resources in a bid to support the DCs to give play to their functions. As the proposal is still in the embryonic stage, we are not in a position to disclose any details of the proposal at this stage.

MR MA FUNG-KWOK (in Cantonese): *President, as far as I understand, it is the wish of DC members to set up offices in their constituencies to facilitate their contacts with the residents. With the help of the Housing Department, DC members serving the public housing estate areas are able to identify more reasonable, accessible and spacious places to set up their offices. However, DC members serving the private housing estate areas have encountered great difficulties in setting up their offices, especially members whose constituencies have mega private housing estates (and also shopping malls managed by The Link Management Limited), as the space available for lease is very limited and the rent is very high. I am aware that some DC members serving in these constituencies are paying a rent which accounts for more than two thirds of their allowances. If the remaining allowance is used to hire a full-time assistant, the pay will fall below the minimum wage.*

May I ask the Secretary if the Government has compiled relevant statistics to understand the support required by various DC members in their practical work, such as the reasonable size of their offices? For DC members serving the private housing estate areas, will the Government consider providing them with additional and reasonable subsidies so as to ensure that they have a proper office space?

SECRETARY FOR HOME AFFAIRS (in Cantonese): I thank Mr MA for his supplementary question. There are currently 507 DC members in Hong Kong and 479 of them have set up 514 offices, meaning that some DC members have more than one office. There are 28 DC members who have yet to set up their offices. If DC members have difficulties in identifying places for setting up offices, the Home Affairs Department will provide assistance by all means.

MR IP KWOK-HIM (in Cantonese): *President, as a representative of the DC constituency, I am very thankful to Mrs Regina IP for raising a question in this respect, which speaks the hearts of DC members.*

In the main reply, the Secretary said that the OER was increased by 15% in January 2011, and that the actual operating expense of DC members is currently \$24,369 per month. Mr MA Fung-kwok, on the other hand, highlighted the operational problems encountered by DC members serving the private but not public housing estate areas. I nonetheless hope that the Secretary would consider one point. Regarding the existing operation of DC members, especially in respect of office accommodation, while the data provided by the Secretary earlier seems to show that many DC members have set up their offices, many DC members still cannot identify a proper place to meet the public. It is essential for DC members to meet the public. If they cannot even set up an office which is a basic requirement, or if the high rental has affected other expenses

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

MR IP KWOK-HIM (in Cantonese): *Is it possible to make substantial adjustment to the office rent allowance so as to enable DC members to carry out their duties?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): I thank Mr IP for his supplementary question.

As a Legislative Council Member representing the DC functional constituency, Mr IP did make proposals to the last-term Government to adjust DC

members' medical allowance, miscellaneous expenses allowance and the ceiling of operating expenses. When the current-term DC started, adjustments have been made in accordance with the outcome of the discussions. After the current-term Government took office, Mr IP had discussed with staff of the Home Affairs Department on the direction on adjusting DC members' honorarium, and we indicated that proactive considerations would be made. It is our established practice to conduct discussions in the current term for implementation in the following term.

On the operating expenses, especially office rental, can the Government be flexible in providing support in the current term? The Government is fully aware that DC offices are set up to serve the public, thus if any DC member wants to serve the public but cannot identify a place to set up an office, we will definitely provide active support and consideration. For the current-term DCs, we will discuss with DC members to come up with a flexible solution by all means. If a DC member really cannot rent an office in private buildings or privately-owned shopping malls, we will see what kind of subsidies can be provided.

MR RONNY TONG (in Cantonese): *President, I do not quite understand why the Secretary for Constitutional and Mainland Affairs did not come to answer this question. I hope that the Secretary can answer my supplementary question.*

President, there is actually one solution, and that is, to expand the coverage of a district represented by a DC member. At present, there are many cases that the residents of mega housing estate are represented by a couple of DC members, who may even belong to different political parties. There are frequent disputes among them in the Council and they fail to foster a viable consensus. My supplementary question is: Will the Government consider examining afresh the delineation of DC constituencies, with a view to reducing the number of constituencies and increasing the honorarium and rights entitled to each DC member, thereby enabling them to better represent local residents and carry out their duties in the district?

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, as Mr TONG has said, this actually falls under the policy portfolio of the Secretary for

Constitutional and Mainland Affairs. As to whether the size of DC constituencies should be enlarged to minimize the number of DC members, this involves a revision of the election system. I am aware that the Secretary for Constitutional and Mainland Affairs is examining the DC structure, but prior consideration should be given to the abolition of appointed DC members. He is now focusing all his attention on this issue. Concerning whether the next move is to change the size and number of DC constituencies, I will have to seek the advice of Secretary Raymond TAM.

MR RONNY TONG (in Cantonese): *President, his presence at this meeting actually represents the entire Government but not his Policy Bureau alone. Should he answer my previous question in a more specific way?*

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

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, the question which I am replying today is concerned with the honorarium for DC members but not the constitutional design of the DCs.

DR KWOK KA-KI (in Cantonese): *President, in response to Mrs Regina IP's earlier supplementary question, the Secretary said that there is no covert trick at all, so I guess it must be some "overt" tricks to "drive the electors away". And yet, this is not the question that I am going to ask.*

As Members may be aware, the Government's determination to combat property speculation has pushed up the rents of offices and shops, particularly those located in districts served by elected DC members. The so-called allowances currently provided by the Government, as many Members have said, are only sufficient to pay for the rent but not wages, not even if it is the minimum wage. Should the Government consider providing some special rental allowances or office rental allowances in the face of high land price and skyrocketing rents? Otherwise, I believe many DC offices will be forced to cease operation once the lease expires.

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, both Mr MA and Mr IP have already raised similar questions earlier. We are aware that the high rental does have a certain effect on DC members whose offices are located in privately-owned buildings. Nonetheless, just now I have quoted some figures to show that the majority of DC members have successfully set up their offices. For DC members serving the public housing estate areas, the Housing Department will certainly provide assistance to them. We will look squarely into the effect of the high shop rental on the setting up of DC offices, and expeditiously draw up counter-measures.

DR KWOK KA-KI (in Cantonese): *President, my question to the Secretary earlier is whether additional rental allowances will be provided; whether the Secretary has any timetable and whether this is an undertaking.*

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

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, according to our present thinking, we still wish to subsidize the overall operating expenses of DC members. We have no intention of establishing a special fund to subsidize the office rental of DC Members, on the consideration that DC members can enjoy greater flexibility in operation.

DR KENNETH CHAN (in Cantonese): *President, a reform of the election system definitely falls under the terms of reference of the Constitutional and Mainland Affairs Bureau, but district administration should be overseen by the Home Affairs Bureau. Therefore, on this issue, the Secretary cannot shirk his responsibility on the excuse that he is unable or unwilling to deal with matters of other Policy Bureaux. The Secretary may assume a leading role in the relevant discussions. Secretary, the system was last reviewed in 2006. There is no point of discussing if we can only talk about the resources but not the organization, functions or relationship with district administration. Without a reform of the system, increase in resources will only be limited. Therefore, I wish to specifically ask the Secretary one question: In part (a) of the main reply, it is stated that a series of policy measures is being considered and will hopefully*

be drawn up by early next year, so will the Secretary inform this Council whether large-scale public consultation exercise similar to that of 2006 will be carried out to seek public views on the direction of the reform of district administration in respect of those measures?

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, we consider that under the existing framework, there is a large room for the DCs to assume a greater role in building the local districts and providing services for members of the public.

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

DR KENNETH CHAN (in Cantonese): *I raised a concrete supplementary question but did not get a concrete reply. I hope that the Secretary will try harder to answer it again.*

PRESIDENT (in Cantonese): Dr CHAN, please repeat your supplementary question.

DR KENNETH CHAN (in Cantonese): *Will the Secretary inform this Council whether large-scale public consultation exercise similar to that of 2006 will be carried out on the functions, resources and structural reform of the DCs and their relationship with district administration in respect of the measures to be drawn up early next year?*

PRESIDENT (in Cantonese): Will the authorities conduct public consultation?

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, our consideration is to ensure that the relevant measures to be implemented early next year will expeditiously serve local residents. As the objective of the

current-term Government is to serve the practical needs of the people, we hope that the actual effects can be seen as soon as possible.

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

Linked Exchange Rate System

3. **MR ALBERT CHAN** (in Cantonese): *President, the exchange rate of Renminbi (RMB) against Hong Kong Dollars (HKD) has hit record high time and again in recent months and, at the same time, funds amounting to tens of billions of HKD have flowed into Hong Kong, causing the exchange rate of HKD against the United States Dollars (USD) to touch the strong-side Convertibility Undertaking (CU) on several occasions. As such, the Hong Kong Monetary Authority (HKMA) injected funds to buy up USD by selling HKD a number of times, so as to maintain the linked exchange rate (LER). Quite a number of people have pointed out that one of the major reasons for the inflow of funds is the LER System (LERS) which makes it impossible for HKD to appreciate, and the inflow of funds in turn is the major cause for the asset bubbles, nullifying the anti-property speculation administrative measures. They have therefore proposed that in view of the continuous appreciation of RMB and continuous depreciation of USD, the authorities should not maintain the LERS anymore but should allow HKD to appreciate. In this connection, will the Government inform this Council:*

- (a) *of the reasons for continuing to maintain the LERS at present; whether it has assessed the negative impact of maintaining such System on the economy of Hong Kong; if it has, of the details; if not, the reasons for that;*
- (b) *whether measures are in place to alleviate the negative impact of the continuous price rises caused by the continuous depreciation of HKD against RMB on the economy of Hong Kong; if so, of the details; if not, the reasons for that; and*

- (c) *whether it has assessed the impact of delinking HKD with USD on the economy of Hong Kong; if it has, of the details; if not, the reasons for that; and whether the authorities will consider abolishing the LERS in the light of the current economic situation in Hong Kong; if so, of the details; if not, the reasons for that?*

FINANCIAL SECRETARY (in Cantonese): President, the LERS has been the cornerstone of Hong Kong's monetary and financial stability in the past three decades. Hong Kong has neither the need nor the intention to change the LERS.

My four-part reply to the questions is as follows:

First, we have been assessing the impact of the LERS on the Hong Kong economy. The results are that for Hong Kong as a small and open economy and an international financial centre, where economic growth is driven mainly by external factors, the LERS is the most appropriate system that serves the long-term interests of Hong Kong. Indeed, the LERS has helped Hong Kong weather numerous financial crises, maintain monetary and financial stability through various economic cycles and sustain economic development.

Second, the LERS is not the main cause of fund inflows into Hong Kong dollar. Amid ample global liquidity, other currencies in the Asian region have been facing upward pressures in the first three quarters of this year, with their exchange rates against USD rising by 2% to 6%. This notwithstanding, their foreign reserves went up by 3% to 9%, representing some US\$4 billion to US\$16 billion. This reflects that economies which adopt an exchange rate regime different from the LERS are also faced with fund inflow pressures.

Third, asset price inflation is not solely driven by fund inflows. Taking the equity market as an example, economic growth and prospects for future profitability are also important factors affecting the performance of equity prices. As for property prices, factors such as interest rates, demographic structure, land and housing supply as well as household income likewise have a role to play.

Fourth, neither the LERS nor the appreciation of RMB exchange rate is the main cause for pushing up inflation in Hong Kong. The increase in the inflation rate in recent years has been mainly driven by the surge in global commodity

prices, in particular, food prices. In fact, HKD depreciated by 4.7% against RMB in 2011, whereas the global commodity prices increased by 26% over the same period. As global commodity prices have stabilized to some extent, inflation has gradually gone down from 5.3% in 2011 to 4.2% in the first nine months of 2012. It should be noted that neighbouring economies, which adopt different exchange rate systems, have encountered significant inflationary pressures as well in recent years. For example, the inflation rate in Singapore in 2011 is 5.2%, which is similar to that in Hong Kong. While the Singaporean dollar appreciated by more than 5% against USD in the first nine months of this year, the average inflation rate of Singapore over the same period is 4.8%, which is even higher than that of Hong Kong. As such, neither the LERS nor the appreciation of RMB exchange rate is the main reason for pushing up inflation in Hong Kong.

MR ALBERT CHAN (in Cantonese): *President, the Financial Secretary's reply gives the impression of "an idiot talking in his dream" with his continuous self-talking and complete disregard for the prevailing objective environment. Many academics including some former "big shots" of the HKMA have suggested that the LERS should be abolished. Will the Financial Secretary take stock of the actual situation now — he has said nothing about the negative impact of the LERS — will the Secretary wake up and consider the factor about the negative impact of the LER on the Hong Kong economy, in order to revisit the Government's stance and attitude on the LER?*

FINANCIAL SECRETARY (in Cantonese): *President, I have already stated very clearly in the main reply that all along, we have been assessing the impact of LER on the Hong Kong economy. When choosing an exchange rate system appropriate for Hong Kong, we should not only consider the negative impact of that system; instead, we should choose a system most suitable for Hong Kong from the perspective of long-term benefits. That is what we have achieved in this regard.*

MR JEFFREY LAM (in Cantonese): *President, we all know that the LERS has been implemented for almost 30 years, and it has helped Hong Kong deal with numerous financial crises. For example, during the financial turmoil in*

2008-2009, the HKMA had injected funds into the market on a number of occasions in order to guard against the inflow of hot money and reduce the impact of exchange rate fluctuations on Hong Kong. Nonetheless, the LER is a double-blade sword such that for every 1 000 enemies killed, 500 soldiers of its own were lost. Moreover, it must have the backing of solid foreign exchange reserves.

My question to the Financial Secretary is that supposedly the prevailing economic conditions in the external environment are even worse than that in 2008-2009 as the QE3 in the United States has become some sort of irresponsible and unchecked policy which may result in the large inflow of hot money to attack Hong Kong's LERS. In the event that HKD comes under speculative attacks again, and coupled with the prevailing economic situation, can our foreign exchange reserves endure such attacks; and whether the Government has studied — I am talking about studying — the linking of HKD with RMB or a basket of currencies? Albeit not the right time to delink HKD with USD now, but has the Government conducted studies and made due preparations?

FINANCIAL SECRETARY (in Cantonese): President, Mr LAM's supplementary question covers several aspects. First, the HKMA honoured the CU (that is, strong-side CU at 7.75 and weak-side CU at 7.85) by conducting market operations in accordance with the Currency Board system so that the exchange rate of HKD will stay within the zone of 7.75 to 7.85. The HKMA buys or sells HKD according to the strong-side or weak-side CU involuntarily. This is different from the active trading in the foreign exchange market by other central banks for the purpose of affecting the exchange rate of their own currencies.

In respect of the strong-side CU, the Currency Board's ability to create HKD, that is, expanding HKD monetary base, is virtually limitless. Regarding the Member's suggestion about linking HKD with RMB, substantial difficulties are involved now. At present, as RMB is still not freely convertible, and RMB capital account has yet to be fully liberalized, foreign currency capital cannot go in and out freely. In addition, the breadth, width and liquidity of RMB in the financial market are still insufficient to allow the Exchange Fund to hold RMB assets to support HKD monetary base.

Regarding a link with a basket of currencies, we consider that this option is not as good as the current arrangement of linking HKD with USD under the Currency Board system. By comparison, this option is much less transparent, more complex and not readily understandable. Linking HKD with a basket of currencies is still a fixed exchange rate system and likewise, Hong Kong will not be able to pursue an autonomous monetary policy.

In terms of interest rates, judging from the current situation, the level of interest rates will not be substantially different from the current level, but exchange rate fluctuations brought by a link with a basket of currencies may also attract an even greater inflow of capital into Hong Kong.

MR ANDREW LEUNG (in Cantonese): *President, as just pointed out by Mr Jeffrey LAM and as mentioned in the main question, funds exceeding HK\$10 billion have flowed into Hong Kong recently. This is not the first time, it had happened many times a few years ago. I would like to ask the Government that given the projection of an uncertain economic outlook in future, and the expectation of continuous inflow of large amounts of hot money, what actions will it take to monitor the situation, and whether this situation is good or bad for Hong Kong?*

FINANCIAL SECRETARY (in Cantonese): President, within this period of the present QE3 — from October to 2 November recently — about US\$4.2 billion has flowed into Hong Kong. Compared with the relevant period of QE1, the amount is much less because in the said period, some US\$82.9 had flowed into Hong Kong. As I have just said in my reply to Mr Jeffrey LAM, in respect of the strong-side CU, we have strong ability to maintain and sustain our action.

PRESIDENT (in Cantonese): Mr James TIEN It should be Mr James TIEN's turn, but he is not in the Chamber now.

MR CHUNG KWOK-PAN (in Cantonese): *President, we understand that by linking HKD with USD, Hong Kong's interest rates would have to follow the United States. The Financial Secretary has pointed out on many occasions that*

the prevailing economic situation of Hong Kong is very strange because despite the challenging external environment, property prices, and so on, keep spiraling in Hong Kong, and there is an inflow of large amounts of hot money. But most importantly, as a result of the link between HKD and USD, we cannot control interest rates. In other words, if interest rates cannot be changed, I believe that no matter how many tough measures are introduced by the Government, property prices will continue to rise after the market has digested the news. What actions can be taken by the Government in terms of interest rates?

FINANCIAL SECRETARY (in Cantonese): President, when it comes to interest rates, virtually nothing can be changed at this moment because interest rates of USD, Euro and Japanese Yen are all close to zero. Hence, no matter with which currency HKD is linked, the difference should be minimal.

MR LEUNG KWOK-HUNG (in Cantonese): *President, in the words of Chairman MAO, "the imperialists are bullying us in such a way that we will have to deal with them seriously". The Government's reluctance to delink HKD with USD has created dire consequences for us because while RMB continues to appreciate, HKD must depreciate with USD. I recall that some 30 years ago when the Sino-British Joint Declaration had yet to be signed, members of the public scrambled for toilet rolls because HKD was depreciating and the exchange rate was US\$1 against HK\$10. The LER is no longer effective now and there are only adversities.*

Financial Secretary John TSANG, you must really bring us justice. The simple act of exchanging HKD to RMB would incur a loss of 30% for us because eight times eight equals 64. I have done the calculations with pen and paper. The exchange rate used to be 0.8:1 between HKD and RMB, but now it is the other way round, that is, 0.8:1 between RMB and HKD. Financial Secretary, why don't you ask the Central Authorities whether HKD would be allowed to delink with USD? In fact, it is meaningless to ask the people here. You have to ask the Central Authorities. I now entrust you — no, I entrust the President to entrust you — to ask the Central Authorities that they should no longer take advantage of Hong Kong people, and whether we could be given an escape? Will you do so?

PRESIDENT (in Cantonese): Mr LEUNG, you have already asked your supplementary question. Please sit down.

MR LEUNG KWOK-HUNG (in Cantonese): *The CPC, not the Central Authorities, the CPC Government.*

FINANCIAL SECRETARY (in Cantonese): President, as I have said in the main reply, we have been assessing the impact of the LER on the Hong Kong economy. We consider that the existing system is best suited to the interests of Hong Kong.

MR LEUNG KWOK-HUNG (in Cantonese): *Will he tell the CPC Government that the LER has already become dysfunctional causing suffering to Hong Kong people, and it is our hope that the CPC Government can give us a chance to untangle?*

(Mr LEUNG Kwok-hung remained standing)

PRESIDENT (in Cantonese): You sit down.

MR LEUNG KWOK-HUNG (in Cantonese): *He has not answered. Will he do so?*

FINANCIAL SECRETARY (in Cantonese): The LERS is within our own purview.

MR NG LEUNG-SING (in Cantonese): *President, the financial sector notes from the relevant information that countries and places around the world would always introduce major changes to their exchange rate systems without forewarning. For example, when the United States withdrew from the gold-standard system in 1971, and more recently, when the United Kingdom*

delinked Pound Sterling with Deutschemark, the decisions became effectively immediately as and when they were announced. Hence, I would like to ask the Financial Secretary, if the Government's stance on the abolition or otherwise of the LER of HKD is debated in the Legislative Council or discussed openly, whether assessments have been made on its impact on the market?

FINANCIAL SECRETARY (in Cantonese): As I have already pointed out in detail in the main reply, we consider that the LER has helped to maintain Hong Kong's monetary and financial stability in the past three decades. Therefore, our conclusion is very clear, Hong Kong has neither the need nor the intention to change the LER.

MS CLAUDIA MO: *President, I would like to point out that even before our dollar peg was introduced, there were calls for link to a basket of currencies and the idea was to let it reflect Hong Kong's trade with Asia and Europe as well as the United States. Or there is also this suggestion that we should have a link instead to the International Monetary Fund's unit of account, the Special Drawing Rights (SDR) which is a basket of several currencies. Surely in the crisis of 1983, it was decided that a US dollar peg was much simpler, even if it was more volatile to a basket. But a lot has changed, I am sure.....*

PRESIDENT (in Cantonese): Ms Claudia MO, please ask your supplementary question.

MS CLAUDIA MO: *..... OK. My question is: Is the Government actually considering doing anything? What action are you going to take in respect of the peg? Should the Renminbi rise by another 10% or more against the US dollar which is not an unlikely scenario?*

FINANCIAL SECRETARY: The Renminbi's rise has nothing to do with what kind of currency that we should employ in Hong Kong. It has no relation whatsoever. And I have already answered the supplementary question as to why at this point, linking with the Renminbi is not a reasonable choice for us.

DR KWOK KA-KI (in Cantonese): *President, given the importance of the LER, we should of course proceed with utmost caution. My supplementary question is: Given the Financial Secretary's statement that the Government has been reviewing the LERS in the past three decades, does he review the system on a daily basis? Or is there a mechanism in place such that reviews would be carried out at certain intervals? If such reviews have indeed been carried out, can he tell us the relevant periods, so as to convince the public that the Government has already carefully and thoroughly taken into account the then prevailing economic situation when considering the LER?*

FINANCIAL SECRETARY (in Cantonese): *President, we will review the system periodically. In the past three decades, we have been reviewing the system periodically.*

DR KWOK KA-KI (in Cantonese): *President, he has not answered my supplementary question. I asked him whether he conducts such reviews on a daily basis. Is he saying that he will review the system once after he wakes up each morning?*

FINANCIAL SECRETARY (in Cantonese): *President, I can only say that we will review the system periodically.*

MR JAMES TIEN (in Cantonese): *President, though rarely, I concur with the question raised by Mr Albert CHAN. I consider that the decision to link HKD with USD was made at a time when the United States was Hong Kong's major trading partner; as the settlement currency was USD, it would be useless to adopt other currencies. My specific supplementary question is: If a suggestion is made today to link HKD with a basket of currencies — not free floating — but a basket of currencies including USD, RMB, Euro and Japanese Yen, why does the Government consider this arrangement not feasible?*

FINANCIAL SECRETARY (in Cantonese): *President, if the Member considers that we should delink from a relatively weak currency — that is, USD under the*

current LERS — and switch to a basket of several weak currencies such as Japanese Yen and Euro, I think that is not a very reasonable suggestion.

MR SIN CHUNG-KAI (in Cantonese): *President, the Government pointed out in the last paragraph of the main reply that the appreciation of RMB is not a major cause of Hong Kong's inflation because that is mainly driven by surging prices. However, many foodstuffs in Hong Kong come from the Mainland. An increase of 26% in commodity prices together with the appreciation of RMB will create great pressures for Hong Kong's inflation, that is, their contribution towards inflation is substantial. It is likely that the 4.2% inflation rate is caused by the appreciation of RMB and the increase in food prices. As such, has the Government conducted some relatively comprehensive assessments on the extent of influence caused by the appreciation of RMB on Hong Kong's inflation?*

FINANCIAL SECRETARY (in Cantonese): *President, foodstuffs imported from the Mainland account for one fourth of our total major imports. We note that the appreciation of RMB does create certain impact on Hong Kong, but it is indeed not much. On the contrary, the surge in global commodity prices, in particular, food prices, has created greater impact on Hong Kong. At present, the Government will contemplate its corresponding measures primarily on the basis of surging global commodity prices.*

PRESIDENT (in Cantonese): *This Council has spent almost 23 minutes on this question. Fourth question.*

Further Measures to Address Overheated Property Market

4. **DR LAM TAI-FAI** (in Cantonese): *President, the Government announced on the 26th of last month that it would amend the Stamp Duty Ordinance to increase the duty rates and extend the property-holding period in respect of the Special Stamp Duty (SSD), and introduce a Buyer's Stamp Duty (BSD) equivalent to 15% of the property price payable by all companies and non-Hong Kong permanent residents acquiring residential properties. In this connection, will*

the Government inform this Council, before introducing the aforesaid measures, whether:

- (a) it has consulted legal professionals or experts outside the Government on whether BSD should apply to residential properties acquired by buyers in the names of companies; if it has, of a detailed list of the names of such persons and their legal advice; if not, the reasons for that;*
- (b) it has assessed the amount of capital that will flow to places outside Hong Kong for property investment because of the implementation of such measures by the Government; if it has, of the details; if not, the reasons for that; and*
- (c) it has assessed the impact of such measures on the small and medium enterprises (SMEs) using residential properties as collateral to seek financing from banks; if it has, of the details; if not, the reasons for that?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese):

President, in the midst of a continuous exuberant state of the property market, as well as a tight supply of residential flats, it is apparent that the overheated property market and the economic fundamentals are heading in different directions, and property prices are rising beyond the affordability of the general public. The risk of a property bubble has increased substantially. In view of this, the Financial Secretary announced, on 26 October 2012, a new round of demand-side management measures, namely, to adjust the duty rates and extend the coverage period in respect of the existing SSD, and to introduce a BSD which will be charged for all residential properties acquired by any person except a Hong Kong Permanent Resident (HKPR). BSD will be levied at a flat rate of 15% on top of the existing stamp duty and SSD, if applicable. Purchase of flats by HKPR will not be subject to BSD. The Government envisages that the adjusted SSD will dampen the incentive of short-term investors to purchase properties, and that the BSD will have the same effect on non-HKPRs and companies, hence according priority to addressing the housing needs of HKPRs.

There is no doubt that the fundamental issue to tackle in addressing the current housing situation is land supply. We will continue with our efforts to increase land supply to tackle the problem at source. However, under the current exceptional circumstances, we need to introduce exceptional measures to manage the housing demand, with the aim of preventing the risk of a property bubble from hampering the stability of the macro-economy and the financial system, and eventually affecting people's livelihood. We will consider withdrawing these measures after the demand-supply situation of the property market has regained its balance. Property prices are influenced by many evolving factors. We will continue to monitor closely the situation of the property market and make appropriate adjustments as and when necessary. To respond more speedily to the development in the property market, we plan to propose, during the process to amend the Stamp Duty Ordinance, that in future the rates of SSD and BSD be revised by way of subsidiary legislation subject to negative vetting. We will provide further details in the relevant Amendment Bill to be introduced, and will listen to Members' views on this issue.

Subsequent to the Financial Secretary's announcement of the new measures on 26 October 2012, the Administration has arranged to meet with the Consulate-Generals, The Law Society of Hong Kong, the Real Estate Developers' Association of Hong Kong, the Estate Agents Authority, the estate agency trade, as well as local and international chambers of commerce, and so on, to brief them on the new measures. We would like to emphasize the Government's unwavering determination in upholding the free market principle and the market mechanism.

Our reply to the various parts of the question raised by Dr LAM Tai-fai is as follows:

- (a) The proposals to adjust the existing SSD and to introduce BSD on residential properties acquired by any person and company except a HKPR are highly market-sensitive information. In accordance with the established practice, the Government had not involved any party outside the Government in the process of formulating taxation-related proposals. Even the deliberation within the Government was confined to a few senior government officials on a strictly need-to-know basis. In the past few months, we have been

taking heed of different views of the community on the property market, including those from experts, academics, think tanks and the trade. In formulating the proposals, we have also fully taken into account the general calls from the public for further measures to combat speculative activities, cool down the exuberant property market, and ensure that the housing demand from HKPR-buyers be accorded priority.

- (b) The international flow of capital is affected by various factors, including the global macroeconomic outlook, financial market developments and investors' risk appetite, which are subject to considerable uncertainty over time. Since there are no restrictions on capital flows into and out of Hong Kong, it is not possible to assess or project the capital inflow or outflow. We believe that the enhancement of the SSD regime will increase the cost of speculation and thus a significant portion of such transactions would disappear following the announcement, especially short-term resale cases. As to BSD, it should be effective in reducing demand from non-HKPR buyers, thereby according priority to meeting the housing needs of HKPRs under the current tight demand/supply balance in the housing market.
- (c) As mentioned above, the two measures are introduced for the purpose of managing demand and further curbing speculation amidst the current tight supply and exuberant state of the residential property market, thereby facilitating the healthy and stable development of the property market in Hong Kong, helping to reduce the risk of a property bubble and maintaining the stability of the macro-economy as well as the financial system, which are of vital importance to the overall business environment.

As to whether the measures will have impact on SMEs using residential properties as collateral to seek financing from banks, as a matter of fact, banks will take into account various factors, such as their relationship with the SMEs, as well as the reputation, operation, repayment ability, liquidity demand and business plans of the SMEs, in processing their loan applications. Banks will not rely solely on the value of collateral (such as properties, machinery, securities and

deposits) to decide whether or not to offer loans to SMEs. As such, we consider that the relevant measures would not have any real impact on SMEs in seeking financing from banks.

DR LAM TAI-FAI (in Cantonese): *President, the Government has hastily introduced this new BSD without thorough consideration, it can be said that the disadvantages have come ahead of the advantages. The Government has undermined the principle of free market which is the cornerstone of Hong Kong's success. In fact, I do not see how this measure can improve the living environment of the middle and lower classes and young people and help them in home ownership. It can be said that the approach of the Government is rather reckless.*

The Government explained in the main reply that BSD is introduced to combat speculations by non-HKPR but not to go against the commercial operations in Hong Kong and HKPR who purchase residential properties in the names of companies. The Government even indicated that because it could not curb such tax evasion tactics as purchasing through trust, property holding and transfer of shares, it regulated all companies indiscriminately, including registered companies in Hong Kong. Of course, this approach is very sloppy and unwise.

If a certain Hong Kong company applies for exemption from taxation, the Government can require all shareholders and directors of this company to make a statutory declaration to confirm that they are all holding shares of the company instead of holding shares for others through trust when they stamp the required documents at the Stamp Office; and at the same time, the Government can include an additional clause providing that if the company is granted tax exemption, all its shareholders cannot transfer any of the relevant shares within a certain number of years. Should the statutory declaration or the additional clauses be violated, the assignor and assignee have to pay the stamp duty required and a fine immediately, and they are also liable to legal responsibilities.

There is also a precedent under section 45 of the Stamp Duty Ordinance
.....

PRESIDENT (in Cantonese): Dr LAM, you have spoken for a long time.

DR LAM TAI-FAI (in Cantonese): *My supplementary question is: Will the Government draw reference from section 45 of the Stamp Duty Ordinance? I would like to ask the Secretary whether the points I just mentioned are practicable, enforceable and acceptable; if not, whether the Secretary can explain to me why my ideas cannot work.*

PRESIDENT (in Cantonese): Which Secretary will reply? Secretary for Transport and Housing, please reply.

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, I would like to reply first and the Secretary for Financial Services and the Treasury may provide additional information later.

During the conception of BSD, the Government had fully considered several factors, including the policy intent and the problems that might be encountered in the implementation. The policy intent is, of course, as I have mentioned in the main reply, to cool down the exuberant property market because we considered that the supply and demand in the local property market should be dampened. However, when formulating the policy, we also wished to address the housing needs of HKPRs, hence HKPRs are exempted from BSD.

Before the implementation of any taxation arrangements, we have to consider whether there will be obvious loopholes. Therefore, in respect of Dr LAM's proposal of granting exemption to certain companies, after an internal deliberation, the Government considered that it was highly likely that there would be loopholes, which could lead to the failure of the entire taxation proposal in achieving the expected effect in implementation. Therefore, having balanced the various factors, we still considered it desirable to apply BSD to all companies.

PRESIDENT (in Cantonese): Secretary for Financial Services and the Treasury, do you have anything to add?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Actually many companies employ various means to change the ownership every day. Regarding the methods suggested by the Member just now, can they ensure that a company, after changing the ownership, will not purchase properties for non-HKPRs? The Inland Revenue Department has conducted many studies and concluded that, as Secretary Anthony CHEUNG has said, there are many loopholes and there is no foolproof measure to easily plug all these loopholes.

DR LAM TAI-FAI (in Cantonese): *The two Secretaries are not answering to the question. I wonder if they do not understand what I asked or if they are evading my supplementary question. They have not answered my supplementary question. President, either I repeat my supplementary question, or they tell me whether they understand my question*

PRESIDENT (in Cantonese): Dr LAM, you have spent two minutes asking your supplementary question.

DR LAM TAI-FAI (in Cantonese): *No matter how long the supplementary question is, it is still a question. The two government officials cannot evade it. My supplementary question concerns all registered companies in Hong Kong.*

PRESIDENT (in Cantonese): The two Secretaries have answered your question concerning the Government's current policy.

DR LAM TAI-FAI (in Cantonese): *President, how did the Secretaries answer my supplementary question? Of course I am not satisfied, and President, you must do me justice in this matter.*

PRESIDENT (in Cantonese): Dr LAM, you have spent a long time asking the main question and supplementary question. Please leave some time for others to raise their questions.

MR CHRISTOPHER CHEUNG (in Cantonese): *President, the Government's upward adjustment of the stamp duty may affect SMEs in financing. Do the authorities have other plans to help SMEs who have financing difficulties?*

PRESIDENT (in Cantonese): Which Secretary will reply? Secretary for Financial Services and the Treasury, please reply.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, as regards the financing difficulties of SMEs, SMEs can apply for the Loan Guarantee Scheme provided by The Hong Kong Mortgage Corporation and the Scheme is quite successful and popular. So, if SMEs have difficulties in obtaining funds, they can consider applying for those guarantees.

MR CHAN CHI-CHUEN (in Cantonese): *President, SSD is an "apply-to-all" and a heavy-handed policy. Whether this policy is effective in combatting speculative activities has yet to be seen but before that, the disadvantages have surfaced. The rights of non-speculators and small property owners are in particular compromised. Small property owners no longer have the flexibility to handle their financial problems when they run into financial difficulties or when they have urgent needs for capital, as in the case of Mr Franklin LAM.*

I would like to ask the Bureau whether studies have to be conducted on the feasibility of granting exemptions to property owners, say owners who sell their properties for the first time, or can those owners who have not engaged in property trading over the past few years be exempted?

PRESIDENT (in Cantonese): Which Secretary will reply? Secretary for Transport and Housing, please reply.

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, when SSD was introduced in 2010, it was effective in suppressing some short-term speculative activities. However, of course, as the Financial Secretary said when he announced the strengthening of SSD on 26 October, in the

last year of the implementation of this two-year plan as scheduled, such kind of reselling activities did increase. In view of that and in consideration of the prevailing housing market, the Government decided to increase SSD and extend the coverage period in respect of SSD.

As regards whether the Government will consider granting exemption to affected property owners who have urgent needs to resell their properties, this question has been thoroughly discussed by the Bills Committee of the Legislative Council during the scrutiny of an Amendment Bill relating to the implementation of the last SSD. The final decision then was that in considering that any taxation system had to be clear, simple and relatively objective, it was not suitable to grant exemptions, as that would create many loopholes that could not be rectified during the implementation if there were too many judgments that needed to be made in relation to the different cases and human factors involved.

MR CHAN CHI-CHUEN (in Cantonese): *The Government suddenly increases the tax rate substantially and extends the coverage period, it*

PRESIDENT (in Cantonese): Mr CHAN, this question session is not meant for a debate. The Secretary has answered your question. If you have any resentment towards the current policy, you can follow up in the relevant Panel or through other channels.

MR ABRAHAM SHEK: *President, in reply to Dr LAM Tai-fai's supplementary question, the Administration has reflected their ignorance of the financial market's measures. They did not understand the difference between investment and speculation.*

My supplementary question is very simple. Will the Administration inform this Council whether it has assessed the impact of BSD on the free market economy of Hong Kong; if it has, why does it need to consult the foreign consuls? If assessments have been made, will the Administration inform this Council of the details; if not, how can it ensure that the policy will not impair Hong Kong's status as one of the freest economies in the world with its blatant intervention in terms of the BSD?

PRESIDENT (in Cantonese): Which Secretary will reply? Secretary for Transport and Housing, please reply.

SECRETARY FOR TRANSPORT AND HOUSING: President, Hong Kong has always been highly regarded as a very free economy, and despite the exceptional measures that the Government has introduced, namely the Special Stamp Duty and the Buyer's Stamp Duty, Hong Kong remains to be one of the freest economies in all aspects.

Of course, as the Financial Secretary has remarked when announcing the new measures on 26 October, these measures are exceptional measures under exceptional circumstances, for what we are facing is a residential property market that is overheated.

Given the current very low interest environment as well as the inflow of capital, I think the Government has to be very careful about the overall state of the economy. So, when the Government decides to launch the measures, we have already given due regard to the need to safeguard the operation of the market on the one hand, and the need to maintain the overall stability of our economy in macroeconomic aspects (the financial aspects of our economy) on the other, so that we can strike a balance that is in the overall interest of the people of Hong Kong.

MR ABRAHAM SHEK (in Cantonese): *President, the Secretary has not answered my supplementary question. I only asked him the impact of these measures on the free market because he has not distinguished investment from speculation. If he, concerning BSD He has not answered my question, President.*

PRESIDENT (in Cantonese): Mr SHEK, the Secretary has already answered. If you have any objections on the Secretary's reply, please follow up through other channels.

MR KENNETH LEUNG: *President, I would like to know why the Administration still has not enacted the anti-avoidance legislation and made good*

use of the Stamp Duty Ordinance to stop people from using overseas holding companies to own Hong Kong real estate properties, if the purpose of the Special Stamp Duty is to combat speculation and investors can use overseas SPV to own Hong Kong properties through share transfers and avoid the Special Stamp Duty completely.

If the Administration's answer to this question is that such transactions only account for 1% of the total number of transactions, as I was told by the Commissioner of Inland Revenue, this is a totally unacceptable answer because the percentage doesn't reflect the value of the transactions concerned.

PRESIDENT (in Cantonese): Which Secretary will reply? Secretary for Financial Services and the Treasury, please reply.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY: President, I do understand Mr LEUNG's question about the loophole which allows the overseas companies to purchase Hong Kong real estate properties and his concern that the lack of stamp duty requirements on overseas companies would enable them to evade the Special Stamp Duty through transfer of shares.

As we have mentioned in our reply to his written question, what we have seen in this market is that such transactions account for only 1% of the total residential property transactions. As regards the new Buyer's Stamp Duty, companies would be required to pay the Buyer's Stamp Duty only when they are purchasing properties.

PRESIDENT (in Cantonese): Mr LEUNG, what is your problem?

MR KENNETH LEUNG: *The point I have raised is that the 1% answer is not an acceptable answer. The Secretary has circumvented the question in her answer because I want to know the value of the stamp duty being saved in the circumstances.*

PRESIDENT: I have to remind Honourable Members that if you find the public officer's answer unacceptable, it is for you to raise your objections elsewhere. This question session is not meant for a debate. The Secretary has already answered your question.

MS STARRY LEE (in Cantonese): *President, the enhanced SSD and the newly introduced BSD can indeed suppress speculations. But these are pain-killers which will only have short-term effects. In the long run, the problem needs to be tackled by increasing land supply. However, although these are pain-killers, we still have to observe the capital flow after the subscription of the medicine.*

It has been reported that after the introduction of these new measures, the capital has flowed to the markets of parking spaces, taxi licences and other commodities. Recently there was a parking space sale in a housing estate in Tai Wai and the price reached \$1 million. The price for a taxi licence together with the vehicle is \$7 million. It has been reported that the transaction prices of many parking spaces have reached the maximum.

I would like to ask the Government whether it has monitored the flow of capital after the new measures were launched; and whether it has noticed the excessive or abnormal transactions of parking spaces, taxi licences and shop premises in the market.

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, perhaps I will respond first and then the other Secretary can provide additional information later.

Ms LEE mentioned that the two newly introduced stamp duties may be pain-killers. As I have pointed out in my reply to Dr LAM Tai-fai's main question, the Government agrees that the ultimate solution is to increase land supply. However, in the face of the impact brought by a heated market on the stability of our macro-economy and the financial system, as well as on the overall livelihood of the people, the Government indeed could not turn a blind eye. As such, we introduced these measures on stamp duties.

It has been pointed out in the community that if there is really an surge in foreign capital or social capital inflows, will the money flow into the

non-residential market, such as parking spaces or other non-residential properties, as mentioned by Ms LEE just now?

In this regard, the Government has all along closely monitored the trend of the overall market, including the residential or non-residential property markets. Of course, we may adopt different attitudes in dealing with residential properties versus non-residential or commercial properties, as residential properties have a direct bearing on the living conditions of the general public, and living in contentment is an urgent and basic need. However, no matter what, if there are abnormal activities in any markets which affect the stability of the macro-economy in general, as the Financial Secretary has openly pointed out, the Government does not rule out the possibility to take measures accordingly.

PRESIDENT (in Cantonese): Secretary for Financial Services and the Treasury, do you have any points to add?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): I will be brief. The Monetary Authority has also noticed that more capital may flow into buying parking spaces or non-residential properties, and has thus reminded the banks about this situation in recent weeks. The banks will, in approving loan applications for the purchase of parking spaces, adhere strictly to the loan-to-value ratio, so as to help in reducing the risks affecting the overall and macro-economy.

PRESIDENT (in Cantonese): This Council has spent almost 25 minutes on this question. Fifth question.

Disputes on Building Management

5. **MR RONNY TONG** (in Cantonese): *President, since the commencement of the Building Management (Amendment) Ordinance 2007 (BM(A)O 2007), I have been receiving complaints from owners' corporations (OCs) and owners, saying that the BM(A)O 2007 could not help resolve disputes between the owners*

and OCs nor those between owners and property management companies. Moreover, they consider that the Home Affairs Department (HAD) is unable to provide needed assistance to them. On the other hand, mediation service has been used by the Lands Tribunal (LT) since 1 July 2009 as a standard practice for the disposal of building management cases in an efficient, expeditious and fair manner. In this connection, will the Government inform this Council:

- (a) of the total number of cases received in each of the past five years by the HAD and its various District Offices (DOs) from owners or members of OCs seeking assistance in issues concerning compliance with the BM(A)O 2007; the mediation work carried out by the HAD on the disputes involved in these cases; the number of cases involving breaches of the BM(A)O 2007; and the number of cases in which legal proceedings have been instituted by the authorities as well as the respective issues involved in such cases;*
- (b) as some members of the public have pointed out that there are inadequacies in the BM(A)O 2007, whether the Government has considered amending the relevant legislation; if it has, of the specific legislative timetable; if not, the reasons for that; and*
- (c) of the financial and other resources currently allocated to the mediation service scheme under the LT each year; whether it has assessed the results achieved by this scheme so far and compared them with the authorities' expectations; if there is a discrepancy between them, how the authorities will improve the scheme?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, building management is the responsibility of property owners. The policy of the Administration is to play the role of a facilitator to, through multi-pronged measures, encourage and assist owners to form OCs and provide appropriate support to assist owners in discharging their building management responsibilities. The Building Management Ordinance (Cap. 344) (BMO) provides a legal framework for building management, formation and operation of OCs, and other related matters. The BM(A)O 2007 primarily aims to further assist OCs in performing their duties, safeguard the interests of property owners,

enhance the clarity and rationality of the appointment procedures of members of management committees (MCs).

My reply to Mr TONG's question is as follows:

- (a) The HAD and its DOs have been actively providing assistance and support to OCs to enable them to handle building management matters effectively. Such assistance and support include sending staff to attend meetings upon invitation, handling enquiries on building management and giving advice on procedures of the meetings convened under the BMO and procedures pertaining to procurement, repair and financial management, and so on. If there are disputes among owners, OCs and management companies, the DOs will make every effort to assist in mediation in an impartial manner, which includes arranging negotiation meetings between the two parties in dispute. However, staff of the DOs have no authority to determine on the matters in dispute.

The number of requests for handling disputes on building management received by the DOs in the past five years are as follows:

<i>Year</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>
Cases	1 801	1 768	1 590	1 749	1 479

Most of the disputes over building management are caused by different understanding and interpretation of the provisions of the BMO by the owners and the OCs. Therefore, staff of the DOs will give advice to them with reference to relevant provisions of the BMO and precedent cases. Most of these cases can be settled through communication and co-ordination.

If the dispute persists, the HAD will refer them to the Panel of Advisors on Building Management Disputes set up under the Department to meet a team of experts for professional advice. The DOs will also refer them to a voluntary professional mediation service scheme launched by the HAD in collaboration with the Hong Kong Mediation Council and the Hong Kong Mediation Centre to

receive free professional mediation services, provided that both parties are willing to try and accept to deal with their dispute by mediation. If the dispute remains unsettled, the DOs will advise the OCs or owners to seek legal advice and refer the case to the LT for judgment.

In the past five years, the HAD has handled a total of 14 cases of suspected non-compliance of the BMO. Upon receipt of the cases, the HAD will thoroughly examine them and conduct investigation. So far no prosecution has been instituted under the BMO, mostly because there was insufficient evidence, the provisions of the BMO were inapplicable, or active remedial actions had been taken by the OCs to rectify the irregularities, and so on.

- (b) In order to ensure the BMO keep pace with changing circumstances, the HAD is conducting a review on the BMO. The Review Committee on the Building Management Ordinance (the Review Committee), comprising members from relevant sectors, has been established. The Review Committee has examined the various common building management problems in its first stage of work. In its second stage of work, the Review Committee will focus on the more complicated issues and conduct an in-depth study on them, with the aim of submitting its recommendations to the Administration next year.
- (c) To tie in with the LT's adoption of mediation services as a standard practice since 1 July 2009, the Building Management Mediation Co-ordinator's Office (BMMCO) was set up in the LT by the Judiciary in January 2008 to help litigants in building management cases to consider using mediation to resolve their disputes. The role of the BMMCO is to act as a focal point for the litigants to seek information relating to building management mediation. The BMMCO conducts information sessions on mediation and reports attendance of the parties concerned to the Court. It also provides pre-mediation consultation with a view to facilitating those litigants who are willing to seek mediation to select suitable mediator. Mediation is conducted by independent and professional mediators outside the Judiciary.

The BMMCO is staffed by a Mediation Affairs Officer, with professional and clerical support. In 2012, the salary expenses of the BMMCO is approximately \$1,330,000.

The Judiciary had conducted an in-house mediation user satisfaction survey for the period of three years from January 2008 to end of December 2010. On the whole, the users gave very positive feedback about the service of the BMMCO. Of the 329 respondents surveyed, 77% were "very much satisfied" or "satisfied" with the service they received from the BMMCO.

During the four-year period from 1 January 2008 to 31 December 2011, a total of 500 cases have been referred to mediators by the BMMCO. As at 31 December 2011, 441 mediation cases had been conducted and completed, of which 191 cases had been settled. The success rate, based on the number of completed cases, is 43%. The Judiciary would continue to monitor the service provided by the BMMCO.

MR RONNY TONG (in Cantonese): *President, I am greatly disappointed with the Secretary because he has not responded to a number of issues raised in the question. However, as I am only allowed to raise one supplementary question, I have to leave other issues to my colleagues to follow up.*

I am mainly concerned about an important issue that I am appalled at, that is, according to part (a) of the main reply, the HAD has only handled 14 non-compliant cases out of a total of 8 387 cases in the past five years. It is really shocking. President, for this kind of disputes, the most common issue in question is that owners want to dismiss their current OCs or replace the management companies. However, for most of the time, these disputes cannot be settled through mediation. The main concern of owners is that if they resort to the LT to resolve their disputes through legal means, they may have to pay for the legal costs out of their own pocket when they lose the case, while OCs or management companies may pay these costs by using the reserves or funds of the OCs. In view of this, many owners do not dare to seek assistance from the LT for settling disputes.

I would like to ask the Secretary a simple question: Given the serious situation mentioned above, will the Government consider making legislative amendments to allow the legal costs incurred by individual owners in lawsuits to be paid by the reserves or funds of OCs?

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, Mr TONG may have some misunderstanding. In the main reply, the some 1 000 cases so listed for each of the past five years were disputes on building management; they were completely different from the 10-odd suspected non-compliance cases referred to the HAD for handling. For disputes on building management, they can usually be settled through negotiation, communication and co-ordination. Yet, if these disputes involved problems which cannot be resolved, such as when one party considers the other party has violated the law, he will lodge a complaint. All of those 10-odd complaint cases involved this kind of problems and hence must be referred to me, the Secretary for Home Affairs, to recommend whether prosecution should be made. Therefore, these two types of cases are completely different.

As for whether the existing BMO will be reviewed and amended to strike a right balance between the interests of owners and OCs, as well as give them protection when they exercise their legal rights, we are now reviewing the BMO and will consider these two points in amending the legislation.

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

MR RONNY TONG (in Cantonese): *Perhaps it is because the Secretary has never conducted any district visits so that he does not understand what the problems are.*

PRESIDENT (in Cantonese): Mr TONG, please repeat the part that you think the Secretary has not answered.

MR RONNY TONG (in Cantonese): *President, I asked the Secretary whether the Government will make legislative amendments to allow OCs to pay for the costs incurred by owners in handling the disputes. If not, what are the reasons for that?*

PRESIDENT (in Cantonese): The Secretary has already answered this question. Secretary, do you want to add anything?

SECRETARY FOR HOME AFFAIRS (in Cantonese): No, President, I do not have anything to add.

IR DR LO WAI-KWOK (in Cantonese): *President, my supplementary question is: Since the formal introduction of the Mandatory Building Inspection Scheme in late June this year, are there any cases requesting for assistance due to disputes between OCs and property management companies in this respect? How many cases are involved? What have the relevant authorities done to provide concrete support in this respect?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, we have not yet got the precise figures in hand to show whether the number of disputes has increased resulted from the mandatory inspection of buildings and windows.

MR LEUNG YIU-CHUNG (in Cantonese): *President, as mentioned by Mr Ronny TONG, there were more than 5 000 complaint cases in the last five years sorry, I have made a mistake. The number should be more than 8 000. However, the HAD has only handled 14 cases of suspected non-compliance of the BMO. The Secretary's explanation is that: no prosecution has been instituted after investigation, mostly because there was insufficient evidence, the provisions of the BMO were inapplicable, or active remedial actions had been taken by the OCs to rectify the irregularities, and so on; therefore, the number of cases was small.*

However, President, according to my experience in handling these cases, I do not think the Secretary is telling the truth. In some cases, the OCs have failed to post their annual financial reports as required. As this omission is against the BMO, the HAD should have the authority to institute prosecution against them. Unfortunately, when these complaint cases are referred to the HAD, the relevant officers will often ask the complainants to report to the LT directly without making any investigation or further enquiries. They simply refer the cases to some other authorities.

In view of this, I would like to ask the Secretary how he can ensure that among the 8 000-odd complaint cases in the past that should be enforced by the Home Affairs Bureau, there are no cases that have not been handled due to the negligence of officers or mishandling of cases? If there are such cases, how he will rectify the situation? How he can ensure that the relevant officers will, in handling such cases, actually review the responsibilities of the Home Affairs Bureau in deciding whether to handle the cases or not?

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, it is not our policy objective to prosecute an owner by hook or by crook. Instead, we encourage owners to form OCs so as to share the responsibility for properly manage their buildings. I believe that if owners notice their OCs or MCs are not acting in compliance with the BMO, there will always be a proper channel for them to lodge complaints to the relevant authorities. There is no question of allowing non-compliance to persist as a result of negligence.

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

MR LEUNG YIU-CHUNG (in Cantonese): *The Secretary has not answered*
.....

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

MR LEUNG YIU-CHUNG (in Cantonese): *The Secretary has not answered how he can ensure that staff of the Home Affairs Bureau will understand clearly which cases should not be handled by the Bureau and should be forwarded to other departments for handing; or whether there are cases that should be handled by the Home Affairs Bureau but have forwarded to other departments by mistake. He has not answered this part.*

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

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, as stated in my main reply, staff of the DOs will explain to owners and OCs with reference to relevant provisions of the BMO and precedent cases. However, they have no authority to determine on the matters in dispute. The HAD often organizes seminars and workshops for Liaison Officers and building management officers to explain the major spirit of the BMO so that they can understand their own authorities and duties.

MR DENNIS KWOK (in Cantonese): *President, just now, Mr Ronny TONG has pointed out that despite the large number of cases, only a handful of cases has been handled by the Bureau. As some of these cases cannot be settled through mediation and may have to resort to court proceedings, will the Bureau consider expanding the Supplementary Legal Aid Scheme (SLAS) so that more owners can receive legal aid in their legal battles against OCs? Will the Bureau immediately accept the proposal of expanding the SLAS as suggested by the Hong Kong Bar Association in July?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): The existing SLAS has already covered misconducts caused by professional negligence and give the necessary support. As regards whether the SLAS should also cover disputes on building management, I have to discuss the relevant matters with the Director of Legal Aid.

MR WU CHI-WAI (in Cantonese): *President, the Secretary has pointed out in his reply that staff of the DOs have no authority to determine on the matters in dispute. However, most of the authorities conferred by the BMO indeed rest with the authority in charge, that is, the Home Affairs Bureau. I would like to ask the Secretary if he has simply not properly delegated his authorities to the staff of the DOs, or if he has instructed the staff not to exercise the power conferred by the BMO to make any determination?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): *President, there is no question of me failing to delegate my authorities to the staff or front-line officers under me. All the colleagues in the Home Affairs Bureau and the HAD perform their duties according to the law; the administration of the SAR Government is also in accordance with the law.*

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

MR WU CHI-WAI (in Cantonese): *He has not answered my supplementary question. According to the saying of the Secretary, staff of the DOs indeed have the authority to determine on the matters in dispute; however, the main reply states that they do not have such authority. I hope the Secretary can clarify this point.*

SECRETARY FOR HOME AFFAIRS (in Cantonese): *President, on this question, I think the Member should have specified the matter in disputes or the actual matter to be determined. For example, the 10-odd cases mentioned just now were all about the owners' or the OCs' non-compliance with the BMO and they all involved lawsuits. Hence, the relevant authority should indeed be exercised by the Secretary for Home Affairs.*

MR LEUNG CHE-CHEUNG (in Cantonese): *Just now, the Secretary has mentioned in his reply that the authorities have set up a committee to review the BMO. I would like to know if the Review Committee will review the case of*

low-density developments where undivided shares are not allocated to their owners. Fairview Park in Yuen Long is a case in point. As these developments are not covered by the BMO, they cannot form OCs. I would like to know whether the Review Committee will also consider the case of these developments in their review.

SECRETARY FOR HOME AFFAIRS (in Cantonese): Thanks to Mr LEUNG for his supplementary question. It is really a difficult issue. As stated by Mr LEUNG, the ownership structure of house developments is significantly different from that of multi-storey buildings. For a multi-storey building, every owner owns an undivided share as set out in the Deed of Mutual Covenant, and its common parts are commonly owned by all owners. As for a house development, each of the houses therein is solely owned by the house owner; however, its common parts are usually owned by the developer. This big difference in ownership structure has often caused disputes, and it is really a problem.

The Review Committee has only studied the common problems with the management of multi-storey buildings in its first stage of work and will conduct an in-depth study in its second stage of work. As for whether the Review Committee will study the problems with house developments as suggested just now, it has to depend on the overall work progress of the Review Committee. However, I must say that we are aware of this problem.

DR ELIZABETH QUAT (in Cantonese): *President, many Hong Kong people are troubled by the problems associated with property and building management. Nowadays, many people are still complaining about the difficulties in handling the problem of building dilapidation. Will the Bureau consider speeding up the introduction of a licensing scheme for property management companies so as to improve property management? In addition, will the authorities consider setting up a tribunal or an arbitration centre to handle building affairs, so as to provide people with a more professional and efficient channel to settle building management disputes?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, we are actually studying the introduction of a licensing scheme and this study is already

quite mature. We hope that the bill on this regulatory licensing scheme can be tabled to the Legislative Council for scrutiny in the middle of next year.

Regarding the suggestion of setting up another tribunal, we have received this suggestion before. However, taking into account the judiciary structure, we have strong reservation about this because we are worried that an additional arbitration centre or tribunal may cause redundancy to the existing judiciary.

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

Assistance Provided for Victims of Disasters

6. **DR PRISCILLA LEUNG** (in Cantonese): *President, in the evening of 1 October this year, a vessel collision accident happened in the waters off the northwest of Lamma Island. As a result, a vessel of the Hongkong Electric Company Limited (HEC) sank and 39 members of the public died, with many others injured. In this connection, will the Government inform this Council:*

- (a) *whether it has offered emergency financial assistance to the injured and the families of the deceased in the aforesaid maritime disaster; if so, of the amounts; if not, the reasons for that; whether it has formulated other initiatives of a longer term to help those victims of the accident who have financial difficulties; if so, of such initiatives; if not, the reasons for that;*
- (b) *of the number of applications received by the "Emergency Relief Fund" (ERF) under the Social Welfare Department (SWD) in the past three years, as well as the total amount of grants made and the respective types of disasters involved; whether the victims of the aforesaid maritime disaster are eligible to apply for the ERF; if they are not, whether the authorities will consider exercising discretion in this case, in view of the heavy casualties in the maritime disaster; and*

- (c) *whether it will learn from the experience in handling the aftermath in the two fire incidents involving the hawkers stalls at Fa Yuen Street and the aforesaid maritime disaster, and consider proactively establishing a standing emergency contingency fund in order to provide emergency financial assistance to victims when major natural or man-made disasters (including air disasters, maritime disasters and accidents of an extremely large scale) happen; if it will not, of the reasons for that?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, immediately after the vessel collision incident near the Lamma Island, the SWD has started their relief work by sending more than 100 social workers and clinical psychologists in assisting the victims and their families, and following up the relevant cases on an ongoing basis to provide appropriate support and counselling services along with any other forms of assistance.

My reply to Dr Priscilla LEUNG's question is as follows:

- (a) To help the victims of this incident and their families cope with immediate needs, the Government made every effort to assist them immediately after the incident. Many charitable organizations and trust funds promptly provided emergency financial assistance to address the victims' urgent needs.

The HEC and the Li Ka Shing Foundation have provided relief funds of \$200,000 and \$750,000 respectively to families of each of the deceased (including HEC staff and non-HEC staff). The Administration and various charitable funds/organizations also provided financial assistance to affected persons and their families. The Hong Kong Jockey Club Charities Trust offered financial assistance of \$100,000 to each of the 32 families with deceased member(s) (a total of 39 victims) through the SWD. The General Chinese Charities Fund offered emergency financial assistance of \$8,000 to each of the 25 eligible families with deceased member(s) (a total of 29 victims), as well as \$3,000 to one family with an injured member through the Home Affairs Department (HAD).

The SWD has also assisted individual families with pressing financial needs in applying to six other charitable bodies for emergency financial assistance, that is: the Tung Wah Group of Hospitals Emergency Relief Fund; the Building Homes with Heart Caring Initiative of Sun Hung Kai Properties; the Hong Kong Island Social Services Charitable Foundation; Tung Sin Tan; Li Po Chun Charitable Fund; and the Buddhist Compassion Relief Tzu-Chi Foundation. In addition, Po Leung Kuk has indicated to offer assistance to families with financial needs, and the SWD will recommend the needy families to Po Leung Kuk for consideration.

The SWD will continue to review and assess the long-term financial and welfare needs of the affected families.

(b) and (c)

Currently, the Administration has put in place the ERF to cope with natural disasters. The ERF is a trust fund established under the Emergency Relief Fund Ordinance (Cap. 1103). The ERF aims to provide financial assistance to persons who are in need of urgent relief as a result of fire, flood, tempest, landslide, typhoon or other natural disasters. Grants from the ERF are intended for relief rather than compensation. During the period from 2009-2010 to 2011-2012, grants were provided for 4 647 applications, involving a total payment of \$12.95 million.

As the vessel collision incident was not a natural disaster, the ERF is not applicable for this case. Nevertheless, there are currently a number of charitable funds providing direct and prompt assistance in special and urgent circumstances arising from non-natural disasters. As mentioned above, the Administration has provided the necessary assistance and service to individuals and families in need in this incident, and will follow up the cases as appropriate.

DR PRISCILLA LEUNG (in Cantonese): *President, the deceased can never come back to life. After an unfortunate disaster has taken place, very often the surviving family members will not know how to live on. At this point, systematic assistance is of great importance.*

President, regarding parts (a) and (c) of the Secretary's main reply from part (a), we clearly see that at present, the Government relies a lot on the relief work initiated by the community to support those who are in need as a result of disasters. Paragraph two of part (c) even explicitly states that incidents such as the Lamma Island incident and the fire incident at Fa Yuen Street are actually not covered by the existing ERF. President, I would like to ask if the Secretary considers the present mechanism too rigid. Having experienced the two disasters, namely, the fire at Fa Yuen Street and the maritime disaster near Lamma Island, will the Government consider afresh setting up a standing contingency fund or expanding the existing mechanism to include the provision of assistance for family members of the deceased in calamities such as fire and maritime disasters?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, the reply I made just now has clearly explained that at present, we have put in place a conventional established mechanism to deal with these sudden and unfortunate events. If need be, our General Chinese Charities Fund (which is a fund of the HAD) is available. As I have also said earlier, many charitable bodies will come from all sides in support should any place fall into misfortune. Hong Kong's success is attributable to the presence of numerous charitable organizations which are eager to help. In fact, in this Lamma Island incident as well as the Fa Yuen Street incident, many organizations have taken the initiative to contact us. Of course, the HAD and SWD have also been very proactive. Thus, under the present mechanism, there are sufficient resources to deal with emergencies.

As for natural disasters, we have a long-standing ERF in place. In the event of accidents which are not natural disasters, we consider that the approaches mentioned above can adequately cope with the situation.

DR PRISCILLA LEUNG (in Cantonese): *The Secretary has not answered my question. I want to ask if the Government will conduct a review and study the establishment of a standing contingency fund. The financial assistance of \$3,000 and \$8,000 stated in his main reply are really too small an amount. I would like the Secretary to answer the question about the standing mechanism.*

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

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, we are not saying that every case will be handled simply by offering \$3,000 or \$4,000. The amount of assistance will depend on the actual circumstances. Simply put, for instance, it was subsequently found that the Fa Yuen Street incident was actually not a case of arson, so we utilized the ERF afterwards. It all depends on the nature of the incident. We will utilize the fund, but we must see if it is a natural disaster before we proceed.

MR TONY TSE (in Cantonese): *President, the ERF mentioned by the Secretary just now is only applicable to natural disasters. Obviously, it is sometimes difficult to distinguish natural disasters from general calamity. An incident may be a natural disaster, but other factors may also be involved. For example, someone sails a vessel in a thick fog, but he does not slow down the speed or exercise more caution in the light of the weather, resulting in a disaster. Will the Administration give more flexibility to the ERF so that it can apply in circumstances which are difficult to determine in a clear-cut manner whether they are actually natural disasters? If the Secretary replies in the negative with the view that it is not possible for the present mechanism to provide assistance in such cases, can consideration be given to relaxing the scope of assistance covered by the fund?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): I thank the Member for his question. I would like to clarify again in respect of natural disasters. If a vessel sinks during a storm, the ERF is applicable because the storm is a natural disaster. However, if it is just an ordinary accident which happens when the sea is placid and the waves are calm, it is a different matter. We need to treat them as two separate issues. If it is a natural disaster, for example, a sudden landslide, tsunami or strong wind which causes the vessel to sink, we can immediately activate the ERF. Hence, it is very clear. Yet the Lamma Island incident which we handled this time is different.

MR YIU SI-WING (in Cantonese): *President, as shown by the figures, the ERF established by the Administration had received a total of 4 647 applications these two years, thereby proving its value of existence. Yet the amount involved was only \$12.95 million. That means on average only \$2,786 was granted for each application. May I ask the Secretary, why was the amount of assistance so low? Was there any problem with the approval procedure?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): *President, I thank the Member for his question. The amount granted will depend on the nature of the incident. In fact, under the ERF there are several distinct categories with different amounts. There are grants in respect of death or personal injury, grants for domestic re-accommodation, re-equipment and site formation, and grants to repair fishing boats. There are also primary producer grants. For example, in the event where crops are damaged by flood during a typhoon, assistance will be provided. Thus we cannot merely do a calculation by dividing the total amount of grants by the number of cases because in some cases, the amount of assistance was indeed very small. In brief, if the degree of injury is not serious, the amount ranges from \$580 to \$48,300. However, if the accident unfortunately results in disability, the amount ranges from \$147 — for minor injury of fingers — to \$146,700 for very serious injury. If someone unfortunately dies in the accident, the dependant will be granted \$173,000 at the maximum. Hence, we have to look at the nature of the cases in these three years and cannot merely do a calculation by dividing the total amount of grants by the number of cases. In some cases the amount of assistance might really be very small, whereas in some others it might be a lot. It would depend on the individual cases.*

MR PAUL TSE (in Cantonese): *President, the core of Dr Priscilla LEUNG's question is that we cannot completely rely on private charitable organizations, though we know that a lot of enthusiastic organizations will do such work. Rather, it is necessary for the Government to establish a more systematic, large-scale disaster relief fund which is even subject to statutory regulation. If we look at the background of this fund, it seems that its establishment was triggered or brought forth by Typhoon Mary, the Hung Hom Valley Hill fire, the Yuen Long floods and the New Kowloon Squatter Area fire. With regard to fire, very often we may not be able to know right away whether human factors are*

involved. As the Secretary has said earlier, concerning the two fire incidents at Fa Yuen Street, since it was discovered afterwards that no human factors were involved, the Government decided to carry out relief work. Under such circumstances, will the Secretary conduct a study on not fixing the coverage of the fund too rigidly? Chinese people often talk about natural disasters and man-made calamities. If a man-made calamity does not involve any criminal elements and factors, can the fund be expanded to cover such a man-made calamity?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, I thank the Member for his question. The reply which I have just made is very clear. Mr TSE was quite right in what he said. The establishment of the ERF can be traced back to those natural disasters such as the Hung Hom Valley Hill fire and the Yuen Long floods in the 1960s. So a trust fund was set up, and in 1973, it was officially named the "Emergency Relief Fund", which has been operating smoothly for decades. Suppose there is an individual incident, such as the vessel collision accident near Lamma Island and the fire incident at Fa Yuen Street. Actually, after the Fa Yuen Street incident took place, a lot of charitable organizations approached me, and I had personal contact with many charitable organizations as well. The amount of money received was by no means small. If we talk about addressing urgent needs promptly with direct and immediate assistance, that is actually not a big problem, and this is also what attributes to Hong Kong's success — there are lots of warm-hearted people. If we amend the Emergency Relief Fund Ordinance, we may depart from the original intent of helping victims of natural disasters. We can conduct a study, but we must pay attention to whether the original intent will be distorted. In the light of the goodwill suggestion made by the Member, we will study if there is any room for legislative amendment.

IR DR LO WAI-KWOK (in Cantonese): *President, even if the ERF is only applicable to natural disasters, the amount of compensation is still too small. The Secretary has disclosed some figures in his earlier reply to a supplementary question. If there is the need to provide for dependants of the deceased, the amounts mentioned by the Secretary just now, taking into account the living index today, are in fact insignificant. I wonder if the Administration will conduct a review in this regard. Will there be a review on the mechanism?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, the nature of the fund is emergency relief rather than compensation. We have stated explicitly that the ERF is intended for relief rather than compensation. In the event of an incident, if any accident is involved, of course there will be compensation. At the same time, the victim can also make a claim for his own interests through civil proceedings. In this regard, we will follow up. However, we need to speak in two separate aspects: generally speaking, every time such an incident arises, firstly, we will have to deal with emergency relief; and secondly, the aftermath, that means how to deal with the matter in the long run. We will, where appropriate, assist the people concerned in pursuing their interests. We need to handle the matter at two levels. What the fund provides is emergency relief, not compensation.

MR NG LEUNG-SING (in Cantonese): *President, it has been reported that during this disaster, many public servants, especially the rescue parties from the disciplinary forces, dedicated their best efforts in the support work. May I ask, apart from utilizing the fund to provide relief to the victims as mentioned earlier, did the Administration commend the aforesaid public servants and encourage such good deeds?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): I thank Mr NG for his question. In fact, many colleagues in the Civil Service are very hardworking and courageous, devoted to their duties to such an extent that they forget about their own interests. All the front-line colleagues concerned, including the disciplinary forces, healthcare staff and the SWD's officers, as well as the supporting workers, had really put in a lot of efforts. Afterwards, the Chief Executive held a tea gathering to commend the relevant parties. We also publicized their courageous acts through the media. Of course, the heads of the relevant departments will also issue letters to thank the colleagues personally. For instance, I am grateful to the front-line colleagues in the SWD as well.

MR PAUL TSE (in Cantonese): *President, just now Ir Dr LO Wai-kwok brought up the question about the amounts of grants being too low. I would like to know the current total balance of the fund, as well as the factors for consideration and the mechanism in making each grant.*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, as at 31 March this year, that means the end of the financial year, the ERF's balance was \$82.2 million while the surplus for the year was \$5.61 million, and last year, the Government also injected \$10 million. This is the Government's capital, and we will keep injecting funds in it. As for the application procedure, once an incident arises, our colleagues in both the HAD and SWD will definitely know where the victims are in the light of the accident. We will arrive at the scene at the first instance. The police, the SWD's and HAD's officers will help the residents to collect the grants expeditiously. Usually the procedure is very fast and will not take too long, as the formalities are very simple. However, in some incidents, such as flooding which affects crops and fishermen, the relevant departments will take part in the work, so the Lands Department, the HAD, the SWD and the Agriculture, Fisheries and Conservation Department will respectively work in different areas to assist the victims.

MR PAUL TSE (in Cantonese): *President, my question is about the criteria in determining the amount granted by the relief fund in each case, as well as the factors for consideration.*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, regarding the criteria and factors for consideration, the Government's usual yardstick is adopted to handle the cases. Let me give an example. For instance, in cases where injury has been caused, the lowest is \$147, which is indeed a very small amount, but this may be about cutting a finger which can simply be treated with a sterilized plaster. The highest amount of assistance is \$146,760. However, in unfortunate cases of death, the highest amount is \$173,250. None of these is compensatory in nature. It is for emergency purpose, intended to address urgent needs. As I have just said, it is not compensatory in nature, so please do not think that it is compensation. This is emergency relief to address urgent needs only. For example, the burial grant is \$12,120, which is very close to the amount under the Comprehensive Social Security Assistance (CSSA).

MR PAUL TSE (in Cantonese): *He has not answered by whom it is determined.*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, we follow the Government's internal procedures. As I have just said, we have a yardstick. For example, there is also a burial grant of some \$10,000 under the CSSA. We will attain a relatively reasonable yardstick which neither too high nor too low. All in all, we will handle the cases by following the Government's current yardstick.

DR PRISCILLA LEUNG (in Cantonese): *President, as far as we know, at present, the Traffic Accident Victims Assistance Fund is in place, but it only applies to road traffic accidents and does not cover air disasters and maritime disasters. As Hong Kong is an important international transport hub, its traffic at sea, on land and in the air is equally busy. Should a big maritime disaster, like this disaster, unfortunately arise, the victims will not be entitled to its assistance. I hope the Secretary will answer again whether he will seriously consider including maritime and air disasters in the scope of relief covered by a standing fund.*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, I totally understand Dr LEUNG's point of concern, that is, whether the Government will consider this point in the long run. My reply is certainly quite clear. Speaking of the Lamma Island incident, our existing arrangements are sufficient and have been working effectively. Nevertheless, I will relay your view to the Government for consideration. Of course, there is currently no problem with regard to road accidents. There are sufficient arrangements for traffic accidents, but there is indeed no such arrangement for sea traffic, and there is none for air traffic either. Despite this, all along, whenever an incident occurred, we handled it properly and were able to help the affected victims quickly. Nonetheless, shall we give consideration in the long run? I promise that my colleagues and I will study its feasibility and see if a long-term fund should be set up.

PRESIDENT (in Cantonese): Oral questions end here.

WRITTEN ANSWERS TO QUESTIONS**Utilization of SkyPier to Enhance Connection Between Hong Kong and Pearl River Delta Region**

7. **MR CHAN HAN-PAN** (in Chinese): *President, in recent years, some members of the public have proposed that the Government should vigorously develop Lantau Island so as to strengthen Hong Kong's connection and integration with the Pearl River Delta (PRD) Region. On the other hand, some people have repeatedly urged the Government for years to open up the SkyPier at the Hong Kong International Airport (HKIA) for providing cross-boundary ferry services to non-transit passengers. Although the Government had told this Council's Panel on Economic Development in 2007 that it would consider the proposal, it later indicated that a review on whether there was such a need should be conducted after the commissioning of the Hong Kong-Zhuhai-Macao Bridge (HZMB). In this connection, will the Government inform this Council:*

- (a) *whether it knows the current annual maximum passenger handling capacity and the actual patronage of the SkyPier;*
- (b) *whether it knows the annual increase in patronage of the SkyPier since the completion of the construction of SkyPier's permanent pier; whether it has assessed if the increase in patronage is satisfactory and the reasons for that; whether the Government will conduct an in-depth study on the growth in the patronage of the pier;*
- (c) *whether the authorities will consider afresh opening up the SkyPier for cross-boundary services so as to strengthen Hong Kong's connection with the PRD Region; if they will, whether they will consider providing cross-boundary ferry services other than those to and from Zhuhai and Macao, so as to avoid affecting the utilization of HZMB upon its completion; and*
- (d) *whether the authorities will consider expeditiously conducting a comprehensive review on the development plan of Lantau Island, so as to ensure that the development of Hong Kong's south-western areas will tie in with the rapid development of the PRD Region?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, located at the Restricted Area of the HKIA, the SkyPier provides convenient and speedy ferry services for air-to-sea/sea-to-air transit passengers travelling between Hong Kong and the PRD/Macao. Transit passengers via SkyPier with a valid air ticket or counterfoil of the boarding pass, a valid ferry ticket and a valid travel document can, without going through immigration procedures at the airport, board departing flight to other destinations or take a ferry at the SkyPier to the PRD or Macao. The Airport Authority (AA) must operate the SkyPier in accordance with the Deed of Security signed with the Administration in order to meet the security requirements for transit passengers and baggage.

- (a) Based on the AA's information, the four berths at the SkyPier can currently cope with a maximum of about 4 million transit passengers every year. In 2011, the transit passenger throughput of SkyPier was about 2.39 million.
- (b) The SkyPier commissioned in January 2010. In 2011, the transit passenger throughput was 2.39 million, representing an increase of 6.7% over 2010 which was about 2.24 million. In the first nine months of 2012, the passenger throughput was 1.98 million, representing an increase of 10% over the same period last year.

There has been a steady growth in the transit passenger throughput of SkyPier. Its growth rates in recent years exceeded those of the overall passenger throughput of the HKIA (see the table below), mainly due to the persistent increase in the number of visitors from the Mainland and Southeast Asia in recent years.

<i>Year</i>	<i>Transit passenger throughput of SkyPier (million passengers)</i>	<i>Passenger throughput of HKIA (million passengers)</i>
2010	2.24	50.92
2011	2.39(+6.7%)	53.90(+5.9%)
2012 (as at September)	1.98(+10%)	42.25(+5.1%)

- (c) The land transport link between Hong Kong and the PRD Region, particularly cities in the eastern part, has been well developed. Regarding sea transport, the two cross-boundary ferry terminals (CBFTs) currently managed by the Government (that is, Hong

Kong-Macao Ferry Terminal and China Ferry Terminal) provide cross-boundary ferry services to and from 11 PRD ports and Macao. The daily maximum handling capacities of the above two CBFTs add up to about 290 000. In 2011, the total peak daily patronage of the two terminals was only 130 000. It is expected that the two terminals will have sufficient capacity to meet the projected increase in patronage before the commissioning of the HZMB in 2016. As such, we consider it not necessary to plan the third government-managed CBFT at this stage.

We also do not see the need to expand the function of the SkyPier. As indicated by the statistics for the first three quarters of 2012, the average daily patronage of cross-boundary ferries was about 69 000, of which the services other than those between Hong Kong and Zhuhai/Macao only accounted for about 12.3%, that is, around 8 500 passengers per day. Compared with the two CBFTs located in the city centre, the SkyPier is relatively far away from the urban area, making it not convenient for most residents in Hong Kong. As for inbound tourists, most of them will go sightseeing and shopping on the Hong Kong and Kowloon side apart from visiting scenic spots in Lantau. Therefore, the Government considers that the proposed provision of a CBFT at the SkyPier has limited effect on boosting visitor number from the Mainland and Macao, and that the patronage may not be sufficient to support the efficacy of the operation of the pier.

Furthermore, the main purpose of providing SkyPier service at HKIA is to provide speedy ferry services for air transit passengers travelling to and from the PRD and Macao. The existing SkyPier is located within the Airport Restricted Area where customs, immigration and quarantine facilities are not provided. If the SkyPier is to open for use by non-transit passengers, it would require expansion to fit in the necessary facilities and increase the handling capacity of the pier. As the relevant works would incur substantial capital investment and manpower requirement, it is not cost-effective based on the current situation.

In view of the above, together with a further cross-boundary option to be provided by the HZMB in 2016 for travelling between Hong

Kong and Macao as well as Hong Kong and cities on the western part of the Pearl River, we do not have plan to consider the opening the SkyPier for general immigration purposes.

- (d) To fully capture the opportunities arising from the rapid development of the PRD Region, the Government will enhance our transport link with the region to promote the overall development of Hong Kong.

Published by the Administration in 2007, the Revised Concept Plan for Lantau sets out the overall planning framework for a balanced and co-ordinated development of the island. According to the framework, North Lantau will focus on the development of major economic infrastructure and tourism uses to optimize the utilization of the transport infrastructure. The rest of Lantau will be designated for nature conservation and environmentally sustainable recreational uses.

The Planning Department and the Civil Engineering and Development Department launched the Tung Chung New Town Extension Study in January 2012 to identify the development potential and opportunities of Tung Chung. With a view to formulating a suitable proposal for Tung Chung New Town extension, the major infrastructure projects in the adjacent areas of Tung Chung, the need for environmental protection and nature conservation in the surrounding as well as the comments from and vision of the public for Tung Chung development will be taken into consideration. The first stage of public engagement for the Study ended in August this year and about 2 300 public views have been received. The Administration is analysing the views for the preparation of an initial development proposal. The second stage of public engagement is expected to commence next year.

Disposal of Edible Food by Supermarkets

8. **DR HELENA WONG** (in Chinese): *President, it has been reported that a supermarket was recently found to have dumped food which was still edible in the refuse room after it closed at night. Moreover, a Member of this Council asked*

a question on 27 June 2012, enquiring whether the Government had made reference to the relevant legislation on food donation in overseas places to formulate exemption clauses for food donors. However, the Government did not respond to that question. In this connection, will the Government inform this Council:

- (a) whether it knows the quantity of edible food dumped by supermarkets in each of the past five years, with a breakdown by the names of the supermarkets;*
- (b) of the reasons why it did not respond to the abovementioned question; whether the Government has made reference to relevant legislation on food donation in overseas places to formulate legislation with exemption clauses for food donors (for example, excluding the liability of the donors in case the beneficiaries feel sick after consuming the food), so as to encourage food donation; if it has, of the details; if not, the reasons for that; of the measures taken to encourage more supermarkets to implement a regular food donation mechanism, and to help beneficiary organizations to collect and handle the food;*
- (c) whether it knows the details about those major local chain supermarkets which regularly donate edible food to people in need, including the names and number of those supermarkets, and the names and number of those beneficiary organizations, the quantity of food and the modes of operations of the donation programmes; of the details about those supermarkets which are currently discussing food donation with people in need, and the implementation timetables of their donation programmes;*
- (d) given that, in its reply to the above mentioned question, the Government had indicated that "The Environment Bureau has also particularly contacted the major chain supermarkets urged the supermarket trade to review its practice of handling individual types of food wish that the supermarkets can actively consider collaborating with non-profit-making organizations in different areas. The Environment Bureau is willing to line up with suitable organization to facilitate such collaboration", of the names of the supermarkets which the authorities have contacted so far; whether it*

knows if those supermarkets continue to dump edible food; if so, of the follow-up actions taken by the authorities; whether the authorities have taken the initiatives to contact non-profit-making organizations in need to understand these organizations' modes of operations, so as to promote collaboration between supermarkets and non-profit-making organizations; and

- (e) *whether the Government has considered providing tax concessions to food donors, prohibiting the disposal of edible food in landfills or imposing special levies for such disposal; if it has, of the details and work progress?*

SECRETARY FOR THE ENVIRONMENT (in Chinese): President,

- (a) and (b)

We have no relevant data on the edible food dumped by supermarkets each year. In response to the report about the dumping of edible food by supermarkets, the Environmental Protection Department (EPD) has written to a number of chain supermarkets, bakeries and hotels to provide them with information on recipients of food donations and encourage them to donate food which is about to expire but is still edible. It will also assist those non-profit-making recipients to establish links with more supermarkets and the relevant trades. In addition, information on those recipients has been uploaded to the EPD's website to encourage food donations.

As the donated food is not for sale, it is not subject to control under the Public Health and Municipal Services Ordinance. Nevertheless, we note that under current food donation programmes, donors and recipients are able to work out through negotiation the relevant arrangements in respect of liability and food safety. As such, the concern of food donors about any potential liability that may arise from food donations can be overcome. An appropriate mechanism developed through practice would enable edible leftovers to be donated to people in need. As such, the Government has no plan to

formulate legislation with exemption clauses for food donors regarding the liability for food safety.

- (c) At present, individual major supermarkets have started food donation programmes at some of their branches on a trial basis. They have donated food which was about to expire but was still edible to recipients of food donations such as Food Angel and Feeding Hong Kong.

It is understood that supermarkets which have launched food donation programmes donate regularly, on a daily basis, fresh vegetables and fruits or canned food which is about to expire, depending on the circumstances. Some supermarkets donate on a non-regular basis a whole lot of food which is visually less appealing or about to expire but is still edible. The food selected by the supermarkets for donation is picked up directly by the recipients at the supermarkets or delivered to the centres of the recipients by the supermarkets. After processing, fresh food is generally used to prepare lunch boxes. The remaining food is stored in the centres for later use or directly distributed to people in need.

We understand that supermarkets which have launched food donation programmes will continue to look into expanding the varieties of food for donation and the number of branches to be involved. Their aim is to donate more food which is about to expire to people in need and minimize food waste.

- (d) Earlier on the EPD had met with the four major chain supermarkets, namely, PARKnSHOP, Wellcome, China Resources Vanguard and Jusco. There was an exchange of views on the possible options to minimize dumping of food, and the supermarkets were encouraged to donate food which was about to expire but was still edible. We also encourage supermarkets to minimize leftovers by various means, such as promotional sales, strengthening management of the supply chain and avoidance of over procurement. As for the inevitable generation of food unfit for consumption, we recommend that supermarkets go for separation and recycling as far as possible. An example is composting of expired food.

In addition, the EPD had met with recipients of food donations such as Food Angel, Feeding Hong Kong and Foodlink Foundation Limited in order to understand the mode of operation of food donation programmes, the detailed arrangements and the issue of liability as far as the operators and donors were concerned. We will provide assistance and promote food donation programmes to the relevant trades by various means. The aim is to enhance different sectors' understanding of food donation and minimize food waste.

- (e) Changing measures such as tax concessions to food donors or prohibiting the dumping of food in landfills involve tax principle and may have a far-reaching effect on the disposal of different sources of waste (including food). We consider that it is not appropriate to hastily adopt. The EPD will continue to step up its various efforts in waste reduction at source. It also plans to report to the Legislative Council the result of the public consultation on waste charging with a recommendation on the way forward by the end of the year.

Disability Allowance

9. **DR FERNANDO CHEUNG** (in Chinese): *President, the Office of The Ombudsman, Hong Kong pointed out in its direct investigation report published on 29 October 2009 that problems were found in areas such as the eligibility criteria for Disability Allowance (DA), the role of the Social Welfare Department (SWD) in the DA scheme, as well as the SWD's appeal procedures, and so on. The Office also made certain recommendations accordingly. Responding to the report on the same day, the SWD indicated that it would form a cross-departmental working group with the Labour and Welfare Bureau, the Hospital Authority (HA) and the Department of Health (DH) to conduct a comprehensive review of the implementation details of the DA scheme, which was expected to be completed within six to nine months. Nevertheless, the outcome and specific recommendations of the review have not been announced so far. In this connection, will the Government inform this Council:*

- (a) *of the operation of the aforesaid working group, including when it was formed, the names and post titles of its members, the name of its chairman/convenor, its functions, the number of meetings held so*

far, ways by which the views of stakeholders (in particular the views of DA recipients and their families) were gathered, its work schedule, the reasons why the review outcome has not yet been announced, as well as when it will complete the review and announce the outcome;

- (b) whether it has examined or revised the current eligibility criteria, including whether a new definition has been formulated for "severely disabled"; whether it has reviewed how far the current levels of DA help the recipients "meet special needs arising from severe disability", and whether the policy objectives can be achieved; and*
- (c) whether it has considered developing an electronic platform for vetting and approving DA applications to replace the existing mode of processing applications by circulating paper documents, so as to allow officers to exchange information and process applications via the electronic platform; if it has, of the timetable and options for developing the platform; if not, the reasons for that?*

SECRETARY FOR LABOUR AND WELFARE (in Chinese): President, my reply to the question raised by Dr Fernando CHEUNG is as follows:

- (a) and (b)

In its Direct Investigation Report on "Granting of Disability Allowance and Processing of Appeals by Social Welfare Department" released in October 2009, The Ombudsman mainly recommended that the SWD should fine-tune the implementation details for the DA eligibility criteria and revise the Medical Assessment Form and internal guidelines to clearly reflect the original policy intent and facilitate assessment work; improve the assessment mechanism and procedures, increase its transparency, and enhance the objectiveness and consistencies of the assessments; and clarify the roles of relevant departments and authorities (that is, the SWD, the HA and the DH) and strengthen their co-ordination.

Having regard to The Ombudsman's recommendations, the SWD set up a Working Group (WG) in November 2009 to conduct a review.

The Convenor of the WG is the Deputy Director of Social Welfare (Administration), and the WG members comprise representatives from the Labour and Welfare Bureau, the HA, the DH and Efficiency Unit. The list of members is at Annex.

The WG has suitably refined and updated the guidelines, Medical Assessment Form and checklist used by medical officers at public hospitals/clinics for conducting medical assessments, and also the work flow of relevant departments and authorities in processing DA applications, in order to ensure the consistencies and objectiveness in conducting medical assessments, and achieve the policy intent of DA. At one point in time, the progress of the WG was affected by a judicial review lodged by an ex-DA applicant. With the conclusion of the judicial review in mid-July 2011, the WG immediately continued its review work, including conducting briefings, focus groups and meetings with stakeholders involved in the operation (including the SWD front-line colleagues, doctors and medical social workers of the HA and the DH, and so on) to collect their views on the details of the review and the proposed refinements.

Having collected the opinions of the afore-said stakeholders and accordingly refined the work process, guidelines and forms, the WG has basically concluded its work. However, the Chief Executive in his manifesto had proposed to allow people with the loss of one limb to apply for DA. This proposal has a direct bearing on the current eligibility criteria of DA, which makes reference to the Employees' Compensation Ordinance (Cap. 282), and will also affect the applicability of the results of the WG's review. Before deciding on when and how to implement the outcome of the WG's review, we need to consider the implications arising from the follow-up work on the proposal.

- (c) The development of an electronic payment authorization platform for DA amongst relevant departments and authorities will involve substantial changes to the computer systems and work procedures of the departments and authorities concerned. This falls outside the scope of the WG's work, and at this stage the Administration has no plans to make such a substantial change.

Membership of the WG on Review of the Mechanism for
Implementing the DA Scheme

SWD

Deputy Director (Administration) (Convenor)

Assistant Director (Social Security)

Chief Social Security Officer (Social Security)1

Chief Social Security Officer (Social Security)2

Chief Social Work Officer (Rehabilitation and Medical Social Services)2

Senior Social Security Officer (Social Security)1 (Secretary)

Labour and Welfare Bureau

Principal Assistant Secretary (Welfare)4

Assistant Secretary (Welfare)4B

HA

Chief Manager (Primary and Community Services)

DH

Principal Medical and Health Officer 4

Efficiency Unit

Principal Management Services Officer (Efficiency Unit)2

**Development of Medical Services Industry and Implementation of a
Voluntary Health Protection Scheme**

10. **DR LEUNG KA-LAU** (in Chinese): *President, the Government of the last term advocated the development of the "medical services industry" and recommended the implementation of a voluntary "Health Protection Scheme" (HPS) to enable more members of the public to access private healthcare, thereby relieving the pressure on the public healthcare system. In this connection, will the Government inform this Council:*

- (a) *whether it knows the total number of hospital beds, bed occupancy rate, number of discharges and deaths, as well as number of patient days in private hospitals in each of the past 10 years, setting out the information according to the table below; and*

<i>Year</i>	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<i>Total number of hospital beds</i>										
<i>Bed occupancy rate</i>										
<i>Number of discharges and deaths</i>										
<i>Number of patient days</i>										

- (b) *whether the incumbent Government has modified the policies on the medical services industry and the voluntary HPS; if so, of the details; if not, the latest timetable for taking forward the two policies?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, the healthcare system in Hong Kong comprises both the public and private healthcare sectors which are complementary to each other. The public healthcare system is the cornerstone of local healthcare system and safety net to all Hong Kong citizens, providing them with equitable, quality and less expensive healthcare services. The private healthcare sector mainly complements the public healthcare services by providing a choice for those who are able and can afford private healthcare services. We will continue with the twin-track healthcare system, which has worked well for us, and facilitate the balanced and sustainable development of the public and private healthcare sectors.

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

- (a) The table below shows the utilization of hospital beds in private hospitals.

<i>Year</i>	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total number of hospital beds ^{(1)*}	2 853	2 902	2 794	3 038	3 122	3 438	3 712	3 818	3 946	4 098
Bed occupancy rate ^{(2)#}	51.8%	49.7%	56.5%	62.5%	65.7%	67.1%	65.3%	63.8%	68.8%	66.4%
Number of discharges and deaths ⁽³⁾	196 443	185 089	227 135	237 398	279 470	314 024	341 953	361 563	381 554	399 687
Number of patient days ⁽²⁾	542 645	521 076	587 194	641 082	725 106	776 082	829 983	850 069	971 017	997 893

Notes:

* Figures as at end of the year.

Bed occupancy rate is the percentage of the number of bed-days occupied over the number of available bed-days.

Sources:

(1) Annual Survey on Hospital Beds, Department of Health.

(2) Monthly Return on In-patients Admitted and Treated, Department of Health.

(3) Quarterly Data on Number of In-patient Discharges and Deaths, Department of Health.

- (b) As regards facilitating the development of private hospitals, the Government has reserved four sites at Wong Chuk Hang, Tseung Kwan O, Tai Po and Lantau for this purpose. We first carried out a tender exercise in April this year for the two sites at Wong Chuk Hang and Tai Po. This tender exercise was closed at the end of July this year and assessment of the tenders is currently underway. In light of the outcome and experience from this tender exercise, we will formulate our future direction and arrangements for facilitating the development of private hospitals having regard to the needs of the community.

As for the HPS, we are now formulating detailed proposals for it. The HPS aims to complement the public healthcare system by providing more choices with better protection to those who are able and willing to pay for private health insurance and use private healthcare services. This would in turn better enable the public healthcare system to focus on serving its target areas, thereby enhancing the long-term sustainability of our healthcare system.

A Working Group and a Consultative Group on the HPS have been set up under the Health and Medical Development Advisory Committee (HMDAC). The Working Group will make recommendations on matters concerning the implementation of the HPS, including supervisory and institutional frameworks, key components of the HPS standard plans, and rules and mechanism in support of the operation of the HPS. The Working Group will be supported by the Consultative Group, which will collect views and suggestions from the wider community and pass them to the Working Group for reference and consideration. The Working Group is expected to complete its various studies and submit detailed proposals on the HPS to the HMDAC by 2013.

Law Enforcement Against Unauthorized Developments

11. **DR KWOK KA-KI** (in Chinese): *President, according to media reports on 8 and 9 October this year, there were suspected unauthorized developments of tourist attractions and camp sites at Shui Hau Wan on Lantau Island. After the slope in the vicinity of Shui Hau Wan was levelled and the trees on which were cleared, the area was paved with concrete and connected to sewers, and a greenhouse was being built. Besides, a number of caravans used in foreign countries for travelling were also parked at the scene. It has also been reported that the problem of unauthorized developments has become increasingly serious in recent years, and in most cases, it was only after the media, local communities or environmental groups had uncovered such developments did the authorities deploy staff to carry out inspections and require the persons concerned to restore the land to the original condition, but it was difficult to restore the ecological environment of the land concerned to the original condition as it has already been damaged. In this connection, will the Government inform this Council:*

- (a) *given that according to the approved South Lantau Coast Outline Zoning Plan, the entire area of Shui Hau Wan has been included in the "Coastal Protection Area" (CPA), and planning permission granted by the Town Planning Board (TPB) is required for the development of holiday camp facilities and utility installation for private projects at CPAs, whether the TPB has received such applications; if it has, of the outcome of such applications; if not,*

what follow-up actions the authorities will take and the details concerned;

- (b) *of the number of cases of unauthorized developments that came to the authorities' attention in the past five years, broken down by the means through which the authorities had learnt of such cases (including complaints from the public, inspections, media reports and others); the respective numbers of cases in which the authorities took law-enforcement actions and the people involved were convicted; the number of cases of failure in restoring the ecological environment to the original condition, the locations of the land concerned and the reasons why the land cannot be restored to the original condition; and list the figures in the table below; and*

Year	Number of cases of unauthorized developments of which the authorities had learnt through the following means				Number of cases in which law-enforcement actions were taken	Number of cases in which the people involved were convicted	Number of cases of failure in restoring the ecological environment to the original condition
	Complaints from the public	media reports	inspections	others			
2012							
2011							
2010							
2009							
2008							

- (c) *whether the Government will introduce new measures to combat unauthorized developments; if it will, of the details?*

SECRETARY FOR DEVELOPMENT (in Chinese): President, the Government has all along monitored any potential unauthorized developments in all districts, especially the rural areas, to ensure that ecological habitats or buildings of conservation value will not be damaged. Since it is not practicable to deploy staff to carry out daily inspection covering the entire territory, community monitoring is of vital importance and the authorities concerned welcome the public to report any suspected unauthorized developments.

My reply to the question of Dr KWOK Ka-ki is as follows:

- (a) The site in Shui Hau Wan, Lantau, which is suspected to have been developed for tourism and camping purposes, is within the CPA under the South Lantau Coast Outline Zoning Plan No. S/SLC/16. According to the Notes of the plan, the planning intention of CPA is to conserve, protect and retain the natural coastlines and the sensitive coastal natural environment. The built developments within this zone should be kept at the minimal level. Hence, the area concerned is not suitable for development. In general, only where the developments are needed to support the conservation of the existing natural landscape or scenic quality of the area, or are essential infrastructure projects with an overriding public interest, could be submitted to the TPB for planning permission.

According to records, the TPB has not received any planning application in respect of the site. In connection with this case, the District Lands Office (DLO), Islands inspected the vicinity of Shui Hau Wan, Lantau in September this year and confirmed that farming activities in compliance with the conditions of the relevant government licence were being carried out at the site in question, but the parking of vehicles there and the newly erected structures had violated the conditions. The DLO, Islands has issued warning letters to the licensee requesting the rectification of the irregularities as soon as possible. When the DLO, Islands inspected the site again, it was found that the vehicles concerned have been removed and the new structures have also been demolished.

- (b) The Town Planning Ordinance (TPO) empowers the Planning Department (PlanD) to take enforcement actions against unauthorized developments in the Development Permission Areas (generally the rural areas in the New Territories). The number of cases of unauthorized developments the PlanD had identified in the past five years (that is, between 2008 and 2012), and the numbers of cases in which enforcement actions were taken under TPO, Reinstatement Notices had to be issued, Compliance Notices were issued for the enforcement/reinstatement actions, and the parties involved were convicted are set out below:

Year	Number of cases of unauthorized developments of which the authorities had learnt through the following means			Number of cases in which enforcement actions were taken ⁽²⁾	Number of cases in which Reinstatement Notices had to be issued ⁽³⁾	Number of cases in which Compliance Notices were issued for the enforcement/reinstatement actions ⁽⁴⁾	Number of cases in which the parties involved were convicted ⁽⁵⁾
	Complaints from the public	Patrols	Others ⁽¹⁾				
2012 (as at 30 June)	116	36	2	142	36	118	62
2011	279	86	10	316	59	273	149
2010	249	105	18	307	46	230	138
2009	267	96	28	300	64	227	91
2008	236	72	26	265	85	262	187

Notes:

- (1) "Others" refers to the cases referred by other government departments.
- (2) "Number of cases in which enforcement actions were taken" refers to the number of cases in which statutory Enforcement Notices or Stop Notices were issued by the PlanD.
- (3) "Number of cases in which Reinstatement Notices had to be issued" refers to the number of cases in which Reinstatement Notices were issued by the PlanD under TPO requiring the reinstatement of the damaged land. Not all the cases in which enforcement actions were taken require the issue of a Reinstatement Notice.
- (4) Should the requirements under the aforementioned statutory notices (including the Enforcement Notice, Stop Notice and Reinstatement Notice) have been complied with, the PlanD will issue a Compliance Notice accordingly under TPO.
- (5) "Number of cases in which the parties involved were convicted" refers to the number of defendants convicted by the court as a result of failure to comply with the aforementioned statutory notices (including the Enforcement Notice, Stop Notice and Reinstatement Notice).

(Since the handling of cases takes time, the "Number of cases in which enforcement actions were taken", "Number of cases in which Reinstatement Notices had to be issued", "Number of cases in which Compliance Notices were issued for the enforcement/reinstatement actions", and "Number of cases in which the parties involved were convicted" do not necessarily add up to "the number of cases of unauthorized developments of which the authorities had learnt" in the respective year.)

For "cases of unauthorized developments in which the authorities had learnt", the PlanD does not single out those which were learnt from media reports (all cases known are included in the above figures). The PlanD will require the parties concerned to rectify the relevant unauthorized developments by a specified date and reinstate the damaged land, where necessary, under the respective statutory notices.

- (c) The Administration has been closely monitoring cases of unauthorized developments and will take appropriate follow-up actions as necessary.

Regarding suspected unauthorized developments within the Development Permission Areas, the PlanD's enforcement officers will carry out detailed investigation on the cases in accordance with TPO. Once irregularities are identified, the PlanD will issue statutory notices to the concerned parties under TPO, requiring rectification within a specified period. Failure to comply with the requirements of statutory notices will be subject to prosecution.

For cases outside the Development Permission Areas, the DLOs will take note of whether the developments on private land are in breach of the conditions of land lease. If a breach of lease conditions is established, DLOs will, depending on the progress, take appropriate follow-up actions to enforce the conditions of land lease after seeking legal advice. If unlawful excavation on or unlawful occupation of Government land is identified, DLOs will initiate land control actions, which may include prosecution, in accordance with the Land (Miscellaneous Provisions) Ordinance, having regard to the actual circumstances of the cases.

Cargo Compartments Placed on Streets

12. **MR ANDREW LEUNG** (in Chinese): *President, it has been reported that while traffic accidents involving cargo compartments (commonly known as "skips") placed on roadsides in urban areas happened frequently in recent years, the police have been unable to take law-enforcement actions against the skips placed on streets. In an accident that occurred last month on Harcourt Road in Wan Chai, a taxi crashed fiercely into a skip at the road bend probably due to failure to slow down in time, causing serious damage to the front part of the vehicle and injuries to one passenger. In this connection, will the Government inform this Council:*

- (a) *how the authorities currently regulate the placing of skips (including whether advance application is required), which government departments are responsible for taking law-enforcement actions, and*

how they handle skips which are indiscriminately placed on roadsides;

- (b) of the number of complaints about skips received by the authorities last year, together with the number of traffic accidents involving skips and the resultant casualties; and*
- (c) given that under section 4A of the Summary Offences Ordinance (Cap. 228), if any skips obstruct, inconvenience or endanger any person or vehicle in a public place, the law-enforcement agency may take action against the persons responsible for placing such skips, of the number of prosecutions instituted by the authorities under this section in each of the past three years?*

SECRETARY FOR DEVELOPMENT (in Chinese): President, cargo compartments placed on roadsides (commonly known as "skips") are generally used for temporary storage of construction wastes generated from building or renovation works nearby. The renovation and fitting-out trades have a practical need for cargo compartments, which can reduce the dumping of construction wastes on street and nuisance to environmental hygiene, traffic and pedestrians. Cargo compartments are usually placed on roadsides for no more than two to three days and the inconvenience caused to traffic and pedestrians should be relatively short-spanned.

The placing of cargo compartments on roadsides is a district management issue and requires more effective co-ordination among departments. Various enforcement departments are involved in handling problems caused by cargo compartments. Each department has its respective legislation for taking law-enforcement actions. The Steering Committee on District Administration under the Home Affairs Bureau reviewed in 2009 the handling of the obstruction problem caused by roadside cargo compartments, and then streamlined the enforcement procedures and co-ordinated the division of labour amongst the enforcement departments concerned, with a view to facilitating swifter enforcement actions. In general, the Government adopts a pragmatic and balanced approach in tackling the problem of cargo compartments placed on roadsides. Immediate actions will be taken when the cargo compartments pose imminent danger to traffic and pedestrians.

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

- (a) According to the streamlined enforcement procedures, when the police receive reports on any cargo compartment causing serious obstruction or imminent danger to the public or vehicles, they will take appropriate actions under section 4A of the Summary Offences Ordinance (Cap. 228) on the offence of obstruction of public places. These include removing the cargo compartment immediately and instituting prosecution against the owner of the cargo compartment concerned.

As for cases where the cargo compartment under complaint causes no obstruction, inconvenience or danger to the public or vehicles but involves unauthorized occupation of Government land, the Lands Department will conduct site inspection and post a notice under section 6(1) of the Land (Miscellaneous Provisions) Ordinance (Cap. 28) to require the occupier to remove the cargo compartment within one day. The cargo compartment, if not removed, will be cleared by the Lands Department's contractor on the day of the notice expiry.

In view of the public concerns about placing of cargo compartments, the Transport Department published in 2008 a set of "Guidelines for Mounting and Placing of Skips" for the trade's reference. The Guidelines were issued with a view to minimizing inconvenience caused by roadside cargo compartments to the public and enhancing safety of road users. The Guidelines recommend good practices for mounting and placing of "skips", such as equipping each "skip" with warning lanterns as well as reflective strips, and the criteria to be observed in selecting suitable location for placing "skips". The trade should follow these Guidelines to avoid obstruction to traffic or threatening the safety of road users.

- (b) and (c)

In 2011, the police handled 77 traffic accidents that were related to cargo compartments and the resultant casualties were 85. The

Lands Department received in the same year 615 complaints in relation to cargo compartments.

From 2009 to 2011, under the Summary Offences Ordinance (Cap. 228), the police removed a total of 17 cargo compartments and 11 owners of these cargo compartments concerned were prosecuted and fined for the offence of obstruction of public places. The relevant prosecution figures were six (2009), two (2010) and three (2011).

Safety of Window Panes in Residential Flats

13. **MR TONY TSE** (in Chinese): *President, it has been reported that a number of incidents of window panes in residential flats cracking and falling off occurred in Hong Kong in recent years. In this connection, will the Government inform this Council:*

- (a) *of the number of relevant reports received by the government departments concerned in the past three years; the details of each case, including the name and type (that is, private or public) of the housing estate, the name of the construction contractor of the building, the size of the cracked and fallen window pane and the reason why it fell off, together with the resultant casualties;*
- (b) *whether it has any plans to assess the safety of window panes in residential flats, put forward improvement proposals and implement focused measures; if not, of the reasons for that;*
- (c) *apart from implementing the Mandatory Window Inspection Scheme (MWIS), how the authorities monitor the materials and safety of window panes in residential flats; whether they have assessed if there is adequate legislation regulating such matters; if the assessment result is in the affirmative, of the provisions and their enactment dates, and whether the authorities have any plans to conduct a comprehensive review of such provisions;*

- (d) *whether it will consider introducing legislation to prohibit the use of certain types of window panes under specified circumstances (for example, in flats above a certain storey level); if it will, of the details; if not, the reasons for that; and*
- (e) *whether the authorities have made reference to and studied the relevant overseas experience and practices, with a view to further enhancing the safety of window panes in residential flats; if they have, of the details; if not, whether they will allocate resources to conduct such research studies in the future; if they will, of the relevant timetable?*

SECRETARY FOR DEVELOPMENT (in Chinese): President, the Buildings Ordinance (BO) aims to regulate the planning, design and construction of buildings and associated works on private land and, for this purpose, to prescribe building standards regarding safety, sanitation and the environment. In accordance with the provisions of the BO, any person intending to carry out building works is required to appoint an authorized person (AP) and, where necessary, a registered structural engineer (RSE) to prepare and submit building plans for approval by the Buildings Department (BD), unless the works fall within the scope of designated minor works that can be carried out under the simplified requirements of the Minor Works Control System or such works are exempted works. The person must also appoint a registered contractor to carry out the works in accordance with the approved plans. After the building plans have been approved, the AP must obtain written consent from the BD before commencement of works. The material, design and construction of windows are subject to the control of the Building (Construction) Regulations (B(C)R). The BD has also issued relevant Practice Notes to provide clear guidelines for industry practitioners.

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

- (a) Regarding private buildings, according to the BD's records, a total of 58 cases of window falling off from private buildings were reported between 1 October 2009 and 30 September 2012. Among them, four cases involved steel windows, while the remaining 54 cases involved aluminium windows. The records reveal that the said 58

cases resulted in one death and five injuries. The BD does not have the other information on these cases as required in the question. In addition, according to the records of the Housing Department, within the same period it received a total of 25 cases of falling window in public rental housing (PRH) estates and two such cases in Home Ownership Scheme (HOS) courts, with no casualty reported. These cases involved 12 PRH estates and two HOS housing estates.

- (b) The BD fully implemented the Mandatory Building Inspection Scheme and the MWIS on 30 June 2012 to tackle the problem of building neglect at source. The MWIS covers all private buildings aged 10 years or above, except domestic buildings not exceeding three storeys in height. Building owners are required, within a specified time frame, to appoint a qualified person (QP) to carry out a prescribed inspection and to appoint a registered contractor to carry out a prescribed repair found necessary of the windows in the building once every five years. The prescribed repair must be carried out under the supervision of a QP. Each year, the BD will arrange to select a total of 5 800 buildings aged 10 years or above for the MWIS. The target buildings selected each year will include a mix of buildings in different conditions and age profiles in different districts. The BD is now issuing statutory notices to the first quarterly batch of target buildings selected for the MWIS.

I would like to take this opportunity to point out that under the BO, only when building owners are served with a statutory notice for mandatory window inspection by the BD would they have the statutory obligation to arrange for a prescribed inspection and prescribed repair found necessary of their windows after the inspection. The BD will select target buildings at quarterly intervals and issue statutory notices to the owners/owners' corporation of the target buildings. Where necessary, owners may call the BD hotline to check if their buildings have been selected for the MWIS. Besides, in case of doubt as to whether a person or registered contractor is a QP under the MWIS, owners may refer to the list of QPs on the BD's website or make direct enquiry through its hotline.

- (c) As mentioned above, in accordance with the BO, except for minor works or exempted works, any person intending to carry out building works is required to appoint an AP and/or a RSE to prepare and submit building plans to the BD for approval, and to appoint a registered contractor to carry out the building works according to the approved plans. Prior consent from the BD is also required before commencement of works. Moreover, to ensure that any building works in progress are in compliance with the law, the BD staff will monitor and inspect active work sites regularly. APs, RSEs and registered contractors all have the statutory obligation to co-ordinate, supervise and carry out the building works, and are required to submit test reports to ensure that the quality of their works complies with the BO. Before issuing the occupation permits, the BD will conduct final checks on the test reports on construction materials or components as well as the completed works.

APs, RSEs and registered contractors should ensure that their works in terms of material, design and construction of windows comply with the B(C)R and the safety standards specified in the Practice Notes in respect of "Curtain Wall, Window and Window Wall Systems" and "Aluminium Windows" issued by the BD. According to the B(C)R, all materials used in any building works or street works shall be of a suitable nature and quality for the purposes for which they are used; adequately mixed or prepared; and applied, used or fixed so as to perform adequately the functions for which they are designed. These requirements are applicable to windows installed in buildings. The Practice Notes set out in detail such relevant requirements and standards as material, design, installation as well as testing of windows. Besides, registered contractors are required under the Practice Notes to have experienced and skilled supervisors and workers, and to put in place suitable quality assurance procedures to ensure the proper installation of the windows. The BD keeps the Practice Notes under regular review to seek improvement. The above Practice Notes were last revised in May 2012 and March 2006 respectively.

To meet the evolving needs of the community, the BD just commissioned a consultancy study in November this year to review

the existing requirements and standards on the material, design and construction of glass, and windows will be included in the study.

(d) and (e)

In conducting the above consultancy study, the BD will keep an open mind and discuss with the industry the relevant requirements and standards. The study will also make reference to the experience and practices of other countries to ensure that the requirements keep up with the latest international standards.

Support for Ethnic Minority Children and Young People

14. **DR CHIANG LAI-WAN** (in Chinese): *President, some ethnic minorities (EMs) have relayed to me that the number of EM students has been increasing in recent years, and such students include both school children and young people born and bred in Hong Kong, as well as those who have resettled in Hong Kong. Such EMs have also indicated that due to differences in cultural and family background, EM students encounter great difficulties in learning the Chinese Language, and they are often unable to be admitted to mainstream secondary schools and universities, and as a result, both their future studies and employment are affected. In this connection, will the Government inform this Council:*

- (a) *of the current number of school-age EMs in Hong Kong, with a breakdown by (i) whether they were born and bred in Hong Kong or have resettled in Hong Kong, and (ii) whether they are currently studying in mainstream or non-mainstream primary and secondary schools;*
- (b) *of the support currently provided to EM students by mainstream schools; whether the Government will consider allocating more resources to enhance the support for EM students in learning the Chinese Language after school, and also consider afresh developing a Chinese Language curriculum specifically designed for the EMs, in order to enable them to learn the Chinese Language more easily;*

- (c) *whether it will provide funding to schools for employing an additional number of qualified EM teachers, teaching assistants or janitors, who will also perform translation work, so as to help EM students at school and improve their learning conditions; if it will, of the details; if not, the reasons for that; and*
- (d) *of the measures currently in place to help EM young people to pursue continuing education and employment, especially those who can read, speak, write and listen to Chinese but are not able to attain a pass in the Chinese Language subject in school examinations and public examinations?*

SECRETARY FOR EDUCATION (in Chinese): President, the Government is committed to supporting the integration of non-Chinese speaking (NCS) students into the community, including facilitating their early adaptation to the local education system and mastery of the Chinese Language and ensuring equal opportunities in school admission for NCS and local students.

- (a) A breakdown of the number of school-age EM children by place of birth (Hong Kong or elsewhere) is at Annex.

For the planning of education support measures, students whose spoken language at home is not Chinese are broadly categorized as NCS students, which include both EM and ethnic Chinese students. The numbers of NCS students studying in "mainstream" and "non-mainstream" schools are also set out at Annex.

- (b) and (c)

At present, NCS students spread across various public-sector and Direct Subsidy Scheme (DSS) schools. On school support for NCS students, we provide some schools⁽¹⁾ with NCS students with a recurrent grant which may be deployed to recruit additional staff such as teaching assistants for supporting NCS students. Schools may also consolidate other grants to cater for the needs of NCS

(1) In the 2012-2013 school year, there are 31 schools, including 10 secondary schools and 21 primary schools.

students in accordance with their overall plans and school-based strategies. Besides, we also provide these schools with school-based professional support services to facilitate the development of school-based support measures and learning and teaching (L&T) materials and the accumulation of experience for sharing with other schools admitting NCS students, thus benefiting all NCS students. In tandem, to reinforce what NCS students have learnt in Chinese Language lessons, we have commissioned the University of Hong Kong to operate the Chinese Language Learning Support Centre in 15 venues in districts with more NCS students to provide remedial programmes for NCS students after school or during holidays. Eligible schools participating in the project of After-school Extended Chinese Learning are provided with a subsidy to put in place diversified extended Chinese learning programmes for their own NCS students and those from other schools.

The support measures are developmental in nature and subject to refinement as appropriate to meet the changing circumstances and needs. We are actively reviewing the support measures, taking into account the views of stakeholders, so as to further enhance the learning effectiveness of NCS students.

On the curriculum, we have developed the Supplementary Guide to the Chinese Language Curriculum for NCS Students (Supplementary Guide) and distributed a series of L&T materials to schools and NCS students to address the practical needs of NCS students in learning the Chinese Language. The Supplementary Guide, comprising four curriculum modes of "immersion in Chinese Language lessons", "bridging/transition", "specific learning purposes" and "integration", aims to cater for the diverse needs and aspirations of NCS students and support their learning of the Chinese Language at different stages of development.

Our strategy of providing multiple curriculum modes under a common curriculum framework is based on local pedagogical practices as well as experience of other places. Research findings have revealed that given support and duly empowered, NCS students can learn at a pace and achieve results on par with local students.

An alternative curriculum and assessment with pre-set simpler contents and lower standards would limit the range of learning opportunities for NCS students with different needs and aspirations. In addition, the credibility of such qualifications in the eyes of the employers remains to be ascertained.

Apart from the Hong Kong Diploma of Secondary Education, we are enhancing support for NCS students in obtaining internationally recognized qualifications that reflect more closely their standards in Chinese Language so as to facilitate their academic and career advancement. We have announced that starting from the 2012-2013 school year the present arrangements for subsidizing participation in the General Certificate of Secondary Education (Chinese) Examination will be extended to cover the Chinese Language examinations of the International General Certificate of Secondary Education, General Certificate of Education (GCE) Advanced Subsidiary Level and GCE Advanced Level.

- (d) To help EM young people pursue further studies and employment, the Vocational Training Council (VTC) not only offers a wide range of vocational training programmes, but has also set up a new Youth College, which came into operation in the 2012-2013 school year, to provide more alternative articulation opportunities for post-Secondary Three students, with dedicated support services for NCS students. The VTC will also give priority to NCS applicants for admission to programmes of the new Youth College.

The Home Affairs Department (HAD) commissions non-governmental organizations to operate support service centres for EMs, which provide tailor-made learning classes, counselling, integration programmes and interpretation services. In addition, the HAD implements two pilot programmes under the Community Care Fund to provide subsidy for eligible non-school attending EMs from low-income families who take international public language examinations and designated language courses with a view to enhancing their education or employment opportunities and enabling their early integration into the community.

Separately, to more effectively address the training needs of EMs, the Employees Retraining Board (ERB) also offers dedicated training courses which can enhance their employability and facilitate their integration into society. These dedicated courses include full-time placement-tied courses of various industries, as well as part-time and evening generic skills and "Skills Upgrading Scheme Plus" courses, which cater for the different needs of the unemployed and employed. When applying for the dedicated courses, EMs are not required to have a pass in Chinese Language in school or public examinations. In addition, the ERB provides EMs with a "Module Certificate in Employment Set Sail" course, which helps trainees know more about community resources, the local employment market, common and workplace Cantonese expressions, and so on.

The Labour Department has also set up designated resource corners and special counters for EM job seekers at all job centres. Tailor-made employment briefings are organized to help them better understand the local labour market and improve their job search skills. EM job seekers can also join various employment programmes in accordance with their needs to receive personalized employment consultation services or participate in work trials in an actual work environment, which can help enhance their employability.

Annex

Numbers of school-age EM children[#]

<i>Age group</i>	<i>Born in Hong Kong</i>	<i>Born Elsewhere</i>	<i>Total</i>
3-5	5 811	2 686	8 497
6-11	10 959	6 333	17 292
12-17	8 959	5 881	14 840

Numbers of NCS students
in "mainstream"* and "non-mainstream"* schools

<i>2011-2012 school year</i>	<i>"Mainstream" schools</i>	<i>"Non-mainstream" schools</i>	<i>Total</i>
Primary	7 703	13 260	20 963
Secondary	6 373	9 023	15 396

Notes:

- # In general, children in the age groups of three to five, six to 11 and 12 to 17 are considered to be "school-age" children for kindergartens, primary schools and secondary schools respectively. The information is based on the data collected by the Census and Statistics Department in the 2011 Population Census.
- * In general, public-sector schools and DSS schools are considered to be "mainstream" schools, while international schools including schools under the English Schools Foundation are considered to be "non-mainstream" schools.

Regulation of Unauthorized Canvases

15. **MS EMILY LAU** (in Chinese): *President, it has been reported recently that an unauthorized structure in the form of a fabric canvas covering 3 000 sq ft was erected on the garden terrace of Harbour Plaza Metropolis in Hung Hom for hosting wedding banquets and conferences. In this connection, will the executive authorities inform this Council:*

- (a) *whether they have investigated the aforesaid incident of suspected unauthorized structure; if they have, of the details; if not, the reasons for that;*
- (b) *of the details (including the dates, locations, names of the buildings where the unauthorized structures were located, the statutory provisions contravened by the persons convicted, as well as the penalties imposed on such persons) of the cases handled by the authorities in the past three years which involved unauthorized structures in the form of outdoor canvases;*

- (c) *of the details (including the dates, locations, names of the buildings where the unauthorized structures were located and the reasons for not dealing with such cases) of the cases in respect of which complaints involving unauthorized structures in the form of outdoor canvases were received but not dealt with by the authorities in the past three years; and*
- (d) *of the measures adopted to prevent recurrence of such kind of incidents of unauthorized structures?*

SECRETARY FOR DEVELOPMENT (in Chinese): President, the Government attaches great importance to building safety. A set of multi-pronged measures to enhance building safety in Hong Kong was announced in end 2010. These measures cover legislation, enforcement, support and assistance to owners, publicity and public education. On the enforcement front, the Buildings Department (BD) has since April 2011 implemented a revised enforcement policy against unauthorized building works (UBWs) by broadening the scope of actionable UBWs to cover UBWs on rooftops and podiums as well as those in yards/courtyards and lanes of private buildings, irrespective of whether they pose any risk to public safety or whether they are newly constructed. In this connection, the BD has also launched a large scale operation since April 2011 to inspect 500 target buildings annually for enforcement against such actionable UBWs, including unauthorized outdoor canvases. In addition, the BD will proactively follow up reports of UBWs by the public and take appropriate actions in accordance with the provisions of the Buildings Ordinance (Cap. 123) (BO) as well as the existing enforcement policy.

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

- (a) The BD received earlier a report by the public of suspected UBWs on the terrace at Level 7 of the Harbour Plaza Metropolis in Hung Hom. After inspection, an unauthorized canvas covering 3 000 sq ft was found on the terrace. According to the existing enforcement policy against UBWs, the said unauthorized structure is an actionable UBW. Thus, following established procedures, the BD issued an advisory letter to the owner of the premises in May this year, advising him to arrange for removal of the said UBW and

rectify the irregularities as soon as possible. On 29 October this year, the BD's officers inspected the site again and confirmed that the UBW concerned had been removed.

(b) and (c)

For each report of UBWs, the BD will follow up under established procedures and handle it in accordance with the provisions of the BO and the existing enforcement policy against UBWs. Among the UBWs that it handled, the BD does not keep separate statistics on outdoor canvases.

(d) As abovementioned, the BD has since April 2011 implemented a revised enforcement policy against UBWs by broadening the scope of actionable UBWs to cover UBWs on rooftops and podiums as well as those in yards and lanes of buildings to further tackle the problem of UBWs on the exterior of buildings. According to the revised enforcement policy against UBWs, unauthorized canvases on terraces are actionable UBWs. Upon receiving any report from the public and after verification through investigation, the BD will first issue an advisory letter to the owner of the premises advising him to make arrangements to remove the UBWs as soon as possible. The BD will also issue a removal order in an orderly manner to the owner concerned.

Supply of Public Housing

16. **MR WU CHI-WAI** (in Chinese): *President, as the number of people waiting for public rental housing (PRH) continues to increase in recent years, the Hong Kong Housing Authority (HA) launched the Refined Policy on Redevelopment of Aged Public Rental Housing Estates (Refined Policy) last year to increase the supply of PRH units and decided that Pat Tin Estate would be redeveloped under the Refined Policy. Moreover, the Chief Executive has also undertaken in his manifesto that he will "redevelop old public housing estates with outdated facilities or low plot ratios but possessing redevelopment potentials". The former Secretary for Development also indicated early this year that consideration would be given, when necessary, to allocate more sites on*

the Application List which remained idle for a long time for PRH or Home Ownership Scheme (HOS) housing development. In this connection, will the Government inform this Council:

- (a) of the details of each PRH estate completed over 30 years ago, including the age of the buildings, existing plot ratio and maximum height, the approved plot ratio and statutory height restriction of the site concerned, as well as the average maintenance cost for each unit;*
- (b) as the authorities indicated in May this year that they were conducting redevelopment studies on six aged housing estates, of the names of those six housing estates and progress of the studies; of the expected time for completion of the studies and commencement of redevelopment works; as land supply is insufficient, whether the HA will expeditiously conduct studies on more redevelopment projects or expand the scope of the existing studies; if it will, of the details;*
- (c) given that when the Government launched in the 1990s a large-scale comprehensive redevelopment programme (CRP) for PRH, it adopted a redevelopment schedule based on a five-year rolling programme in order to take forward the redevelopment programme smoothly and orderly, whether the Government will relaunch a similar programme;*
- (d) as some members of the public have pointed out that the launching of the redevelopment of Pak Tin Estate shortly after completion of the improvement works in the Estate is a waste of resources, whether the Government will lay down objective indicators (for example, age of the buildings) for the Refined Policy for deciding whether redevelopment studies on individual estates should be initiated, with a view to enhancing transparency of the decision-making process;*
- (e) as land supply is insufficient at present, whether the Government has any new measures to increase the supply of PRH units; if it has, of the details;*

- (f) *of the total number of sites on the Application List which had been allocated for constructing PRH or HOS housing in each of the past three years, together with a list of the time when each site was allocated for such development, whether the site was allocated for developing PRH or HOS housing, the permissible gross floor area and the number of units to be built; in view of the shortage of PRH sites at present, whether the Government has studied the allocation of more sites on the Application List for PRH or HOS housing development; if it has, of the progress of the study;*
- (g) *as the Government indicated in April 2011 that a number of PRH construction projects needed to be resubmitted to District Councils for consultation due to objection from local communities, of the present status of such projects; of the PRH supply in each of the coming five years according to the Government's latest estimation, and how those figures compare to those submitted by the Government to the Panel on Housing of this Council in July 2011;*
- (h) *as the Government indicated last year that studies were being conducted on a number of sites for medium-to-long-term housing use, among which the preliminary targets for the supply of PRH units for the Development of Anderson Road Quarry and the North East New Territories New Development Areas (NDAs) projects had been set, of the latest estimated supply of PRH units under these projects; and*
- (i) *apart from the aforesaid proposed long-term projects and projects which have already commenced, of the number of finalized PRH and HOS projects to be launched by the HA in the next three years together with the project details, including their locations, numbers of units and dates of commencement of works?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, to address the strong demand for PRH from the public, the Government and the HA will actively explore different options to boost the supply of PRH. We will identify sites suitable for PRH development over the territory, and will carefully

examine the redevelopment potential of aged PRH estates, so as to increase the supply of PRH flats.

With the input from the Development Bureau, my consolidated reply to the nine-part question is as follows:

- (a) At present, the HA has 46 estates above 30 years old with their year of completion and existing building height as listed in Annex 1. Regarding the existing plot ratio, we will have to review the particular setting and circumstances of individual estates against the prevailing planning standards in order to derive such information. As for the maximum permissible plot ratio and maximum building height of the estates, the parameters can only be established through various technical studies and assessments, including the local master planning, urban design and development intensity, visual impact assessment, and so on. So far, there are 42 estates of 30 years and above being included into the Comprehensive Structural Investigation Programme (CSIP). Of these, 21 estates have completed the assessment and the average repair cost is about \$8,000 per flat.

(b) to (d)

The HA launched the CRP in 1988 to redevelop by stages some 560 pre-1973 buildings. The CRP was completed in 2009 upon the clearance of the last redevelopment estate. In order to strike a balance between building sustainability and economic repair, the HA launched the CSIP in 2005 to examine aged estates. The estates will be considered for clearance only if the buildings are confirmed to be structurally unsafe and beyond economic repair.

To better assess the building sustainability and redevelopment potential of aged estates, the HA endorsed the Refined Policy in 2011. In considering clearance and redevelopment of the estates, the HA will refer to the findings of the CSIP on structural safety and cost-effectiveness in repair works, and also examine the build-back potential and availability of suitable rehousing resources. By reviewing the specific site characteristics and developable area in the

vicinity, the HA will conduct a basket of detailed studies including technical and environmental impact assessments, local master planning, urban design and the development intensity, and so on. In the course of the assessment of the individual estates, we will liaise with relevant bureaux and departments in the wider context of the community, welfare, transport and educational facilities, and so on, of the districts concerned. Only after the completion of the above procedures can we confirm the feasibility of redeveloping an estate and draw up an implementation programme accordingly.

Pak Tin Estate is the first redevelopment project under the Refined Policy. The phased clearance will start in 2014 or earlier, and some 5 650 new flats will be completed in phases between 2018 and 2023, representing a net gain of about 2 150 flats.

At present, the HA does not have any rolling programme for large scale redevelopment of aged estates, but will consider the redevelopment potential and feasibility of estates in future in accordance with the abovementioned policy.

- (e) Regarding land supply, we will actively explore all feasible ways to increase the land for PRH development. We have been liaising closely with the concerned bureaux, government departments, District Councils and local communities to identify suitable sites for PRH development in different parts of the territory. We will optimize the development potentials of public housing sites and build on the principles of cost-effectiveness and sustainability. At the same time, we will strive to achieve relaxation in plot ratios and height restrictions where appropriate without compromising the living environment. As mentioned above, we will examine the build-back potential of aged estates so as to increase the supply of PRH.

Besides, the Chief Executive announced on 30 August 2012 ten short to medium term measures on housing and land supply. These include the conversion of the HA's Chai Wan Factory Estate into PRH, the allocation of a piece of land in Kai Tak and an "Open Space" site without development programme in Cheung Sha Wan for

HOS and PRH developments respectively, in order to expedite housing supply.

- (f) The residential sites in the Land Sale Programme are for the supply of private housing development, and the Government has to maintain adequate land supply. Nevertheless, for the past three years, four residential sites were taken out from the Government's Land Sale Programme and eventually allocated for PRH or HOS development. Details are as follows:

<i>Project</i>	<i>Type of Development</i>	<i>Developable GFA (sq m)(about)</i>	<i>Anticipated Flat Number (about)</i>
Lin Shing Road, Chai Wan	PRH	13 150	300
Government land adjacent to Ngan Wan Estate, Mui Wo	HOS	7 200	100
Wang Yip Street West, Yuen Long	HOS	14 500	200
Sha Tsui Road, Tsuen Wan	HOS	48 100	900

The Government will continue to review from time to time the appropriate use of the sites in Land Sale Programme for better utilization of land resources.

- (g) and (i)

The information submitted to the Legislative Council in April 2011 involved 12 PRH projects. Of these, the HA has handled the objection from District Councils on eight projects and resolved the relevant problems. The HA is actively following up the comments of District Councils on the remaining four projects.

According to the Public Housing Construction Programme as at September 2012, the total new PRH flat production forecast for the five-year period from 2012-2013 to 2016-2017 is about 75 000, that

is, averaging about 15 000 flats per year. It is about the same as 2011's forecast. The PRH flat production forecast in the coming five years and the PRH and HOS projects to be commenced in the coming three years are at Annex 2 and Annex 3 respectively.

- (h) The Development Bureau advises that, according to the preliminary proposal of the "Planning Study on Future Land Use at Anderson Road Quarry", the Anderson Road Quarry site could provide about 1 700 subsidized housing units (considered suitable for HOS development). The "Development at Anderson Road" at the south-west of the quarry site, which is now under construction, will provide about 18 000 PRH units. According to the "Recommended Outline Development Plans" announced under the "North East New Territories NDAs Planning and Engineering Study", the NDAs could provide about 23 100 PRH units. Having regard to the views received from the community and those reflected by the HA, however, the Government is now considering adjusting the planning of the NDAs, including increasing the proportion of public housing and allocating residential land for HOS development. The proposal has yet to be finalized.

Annex 1

PRH Estates of Age Above 30 Years

<i>Estates</i>	<i>Building Age</i>	<i>Existing Building Height (Metres)</i>
1 Model Housing	60	65.7
2 Sai Wan	54	76.6
3 Choi Hung	50	60.3
4 Ma Tau Wai	50	44.8
5 Wo Lok	50	61
6 Fuk Loi	49	49
7 Wah Fu (I) and (II)	45	(1) 84.5 (2) 136.5
8 Ping Shek	42	85.6
9 Mei Tung	38	137.9
10 Oi Man	38	89
11 Kwai Shing West	37	161

<i>Estates</i>	<i>Building Age</i>	<i>Existing Building Height (Metres)</i>
12 Lai King	37	99.4
13 Lei Muk Shue	37	192.1
14 Lek Yuen	37	65
15 Pak Tin	37	135.1
16 Hing Wah (II)	36	140.6
17 Lai Yiu	36	148
18 Shek Kip Mei	33	127.5
19 Cheung Ching	35	130.1
20 Nam Shan	35	42.9
21 Tai Hing	35	89.9
22 Wo Che	35	121.3
23 Yue Wan	35	62.5
24 Cheung Shan	34	147.5
25 Choi Wan (II)	34	143.3
26 Fu Shan	34	116.3
27 Shun Lee	34	174.7
28 Shun On	34	194.3
29 Cheung Hong	33	154.8
30 Choi Wan (I)	33	126.8
31 Tai Wo Hau	33	148.2
32 Wan Tsui	33	82.2
33 Ap Lei Chau	32	93.4
34 Lung Tin	32	32
35 On Ting	32	79.8
36 Sam Shing	32	73.8
37 Sha Kok	32	81.3
38 Shek Wai Kok	32	118.6
39 Tai Yuen	32	80.7
40 Yau Oi	32	80.3
41 Kai Yip	31	58.9
42 Lai Kok	31	41.4
43 Mei Lam	31	104.8
44 Shui Pin Wai	31	74.2
45 Shun Tin	31	173.4
46 Sun Tin Wai	31	95.5

Annex 2

Production of PRH Flats in the Coming Five Years (2012-2013 to 2016-2017)

<i>Year of Completion/District[#]</i>	<i>Sub-District</i>	<i>Planned PRH Flat Number*</i>
2012-2013		
Urban	Kowloon City	5 200
	Kwun Tong	2 700
	Sham Shui Po	1 400
Extended Urban	Sha Tin	2 800
New Territories	Tuen Mun	1 000
Sub-Total		13 100
2013-2014		
Urban	Kowloon City	8 200
	Sham Shui Po	1 500
Extended Urban	Kwai Tsing	2 300
	Sai Kung (Tseung Kwan O)	2 100
Sub-Total		14 100
2014-2015		
Urban	Sham Shui Po	2 900
	Wong Tai Sin	1 000
Extended Urban	Sha Tin	3 000
New Territories	North	1 400
	Yuen Long	4 400
Sub-Total		12 700
2015-2016		
Urban	Eastern	200
	Kwun Tong	9 600
Extended Urban	Sha Tin	8 000
New Territories	Tai Po	500
	Yuen Long	2 100
Sub-Total		20 400
2016-2017		
Urban	Kwun Tong	7 900
	Sham Shui Po	400
	Wong Tai Sin	900

<i>Year of Completion/District[#]</i>	<i>Sub-District</i>	<i>Planned PRH Flat Number*</i>
Extended Urban	Island (Tung Chung)	3 500
New Territories	Tuen Mun	2 600
Sub-Total		15 300
Total		75 600

(Based on the Public Housing Construction Programme as at September 2012)

Notes:

[#] Extended Urban Area includes Kwai Tsing, Tsuen Wan, Sha Tin (including Ma On Shan), Tseung Kwan O and Tung Chung.

* Figures are rounded to the nearest hundred.

Annex 3

PRH and HOS Projects to be commenced in the coming three years

<i>District</i>	<i>Projects</i>	<i>Phase</i>	<i>Type of Development</i>	<i>Forecast of Flat Number (About)</i>
2012-2013				
Yuen Long	Au Tau Departmental Quarters		PRH	1 200
Kwun Tong	Lei Yue Mun	3	PRH	400
Kwun Tong	Anderson Road Quarry Site A		PRH	1 400
Kwun Tong	Anderson Road Quarry Site B	1	PRH	3 200
Kwun Tong	Anderson Road Quarry Site B	2	PRH	2 600
Islands	Tung Chung Area 56		PRH	3 500
2013-2014				
Tuen Mun	Tuen Mun Area 54 Site 2	1	PRH	2 600
Wong Tai Sin	San Po Kong Flatted Factory		PRH	900

<i>District</i>	<i>Projects</i>	<i>Phase</i>	<i>Type of Development</i>	<i>Forecast of Flat Number (About)</i>
Chai Wan	Chai Wan Factory Estate		PRH	200
Kwai Tsing	Ching Hong Road		HOS	500
Tsuen Wan	Sha Tsui Road		HOS	900
Sha Tin	Mei Mun Lane, Sha Tin Area 4C		HOS	200
Sha Tin	Pik Tin Street, Sha Tin Area 4D		HOS	300
Yuen Long	Wang Yip Street West		HOS	200
Islands	Government land adjacent to Ngan Wan Estate, Mui Wo		HOS	100

Note:

According to September 2012 Public Housing Construction Programme

Pollution of Stream in Tai Kong Po

17. **MR LEUNG CHE-CHEUNG** (in Chinese): *President, villagers from the Tai Kong Po Tsuen in Yuen Long have told me that the Tai Kong Po section of Kam Tin River (Tai Kong Po section) has been polluted and emitting stenches since 2004, which is caused by frequent illegal discharge of sewage and livestock waste into the stream at nighttime, seriously affecting the environmental hygiene of the area. Although villagers have been relaying the situation to and lodging complaints with the Food and Environmental Hygiene Department (FEHD), Drainage Services Department (DSD) and Agriculture, Fisheries and Conservation Department (AFCD) over the past eight years, the situation has not improved so far. In this connection, will the Government inform this Council:*

- (a) *of the number of complaints received about illegal discharge in the Tai Kong Po section, the number of nighttime inspections conducted, as well as the number and details of prosecutions instituted by the Environmental Protection Department (EPD), in the past five years; whether the EPD will step up its prosecution efforts;*

- (b) *of the number of times and the dates on which the DSD carried out stream cleaning work at the Tai Kong Po section in the past five years; whether the DSD will clean the stream more frequently;*
- (c) *as some villagers have pointed out that the DSD has wrongly paved the river bed of the Tai Kong Po section with marbles, which makes pollutants easily accumulate, whether a similar pollution problem has been found in streams with the same design; whether the DSD will consider carrying out improvement works for the Tai Kong Po section;*
- (d) *whether the government departments concerned have set any standard on the water quality of the Tai Kong Po section; if they have, of the measures to be taken to achieve such standard, and whether a timetable for achieving such standard has been drawn up; if such standard and timetable have not been set, of the reasons for that; and*
- (e) *as the FEHD has stated in its written reply to the villagers of Tai Kong Po Tsuen that the FEHD officers inspected the stream facing 361 Tai Kong Po Tsuen on 21 March 2011 "without finding any hygiene nuisance or mosquitoes breeding problem there", while the DSD has stated in its written reply that the DSD officers inspected the same location on the 23rd of the same month and "found that the stream concerned was polluted by livestock waste", whether it has examined why there is such a discrepancy in the outcome of the inspections conducted by officers of these two government departments on the same location within two days, and whether there was dereliction of duty on the part of any officers of the government departments concerned?*

SECRETARY FOR THE ENVIRONMENT (in Chinese): President, I acknowledge that the problem which Mr LEUNG Che-cheung raises is a longstanding one. I reply to this five-part question as follows:

- (a) There are six chicken farms and four pig farms in the Tai Kong Po area of Yuen Long. Regarding the problem of illegal discharge from livestock farms into a nearby channel at Tai Kong Po Village,

the EPD, apart from conducting regular inspections of the farms, has followed up with investigation upon receipt of each pollution complaint.

From 2007 until now, the EPD has received 118 complaints relating to livestock farms at the Tai Kong Po area and conducted 164 inspections (see table below for details). There were two successful convictions against illegal livestock waste dischargers, in 2011 and 2012, and the fines were \$10,000 and \$3,000 respectively. The EPD will continue to take strict enforcement action against illegal discharge from livestock farms.

<i>Year</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012 (till October)</i>
Number of complaint cases	5	8	15	24	39	27
Total number of inspections (number of night time ambushes)	18	15 (1)	23 (3)	32 (9)	43 (2)	33 (5)

- (b) Before August 2010, the DSD inspected and cleaned the channel at Tai Kong Po Village once every six months. However, in response to the request of concerned residents, the DSD increased the inspection and cleansing operations to once a month starting from August 2010. After further communication with the residents concerned in early December 2010, the DSD has further increased the cleansing operations at the downstream section of the channel to once every two working days. According to the DSD's records from mid-December 2010 until 31 October 2012, a total of 283 cleansing operations were carried out at the channel.
- (c) Construction of the Tai Kong Po Village channel commenced in August 2004 and was completed in April 2007. The channel is to channel rain water to alleviate flooding risk and is designed mainly to address the flooding problem in Tai Kong Po Village and its vicinity rather than for collecting sewage. In the upstream section of the channel, an environmentally friendly design has been adopted

by deploying gabions filled with rocks. The design is to maintain a close-to-natural habitat as far as possible and to promote growth of vegetation along the banks. It should be noted that many channels in the New Territories have adopted the same design and have not encountered similar pollution problem. There is thus no problem with the design of the channel.

To ease the malodour impact of livestock waste upon nearby residents, after consulting the representatives from Pat Heung Rural Committee, local District Councillors, nearby residents and relevant government departments in May 2011, the DSD laid a section of drainage pipe in mid-October 2011 at the upstream section of the channel to collect a large portion of the polluted flow from that section for discharge at the downstream section of the channel, thus reducing the pollution of the surrounding gabions among the rocks and facilitating the cleansing operations. Site inspections show that the temporary drainage pipe could effectively alleviate the odour problem generated by the pollutants. The DSD will maintain close liaison with stakeholders to ensure that the measure remain effective.

- (d) Under the Water Pollution Control Ordinance, the Government has established Water Quality Objectives for the inland water courses of the Deep Bay Water Control Zone including Kam Tin River and its tributaries such as the Tai Kong Po channel.

As a result of concerted efforts by government departments, the water quality data of the monitoring station downstream of Tai Kong Po have improved when compared with the past. The 5-day Biochemical Oxygen Demand and suspended solids levels recorded in 2011 have reduced by 75% and 61% respectively compared with 2002. Nevertheless, their 2011 annual median level of 32 mg/L and 57 mg/L have yet to meet the relevant Water Quality Objectives of 3 mg/L and 20 mg/L.

In order to comply with the relevant water quality objectives, in addition to the actions taken as mentioned above, the EPD is planning to construct trunk sewers and associated collection network downstream of Tai Kong Po to facilitate the collection of sewage from the surrounding villages. Pending an agreement with the Pat

Heung Rural Committee and local parties on the details of the plan, the Government will in accordance with the public works programme determine the time schedule and implement the relevant works to comprehensively improve the water quality of the channel.

At the same time, since the main pollution source of the Tai Kong Po Village channel is untreated wastewater illegally discharged into the channel by some livestock farms in the neighbourhood, the Government has taken a multi-pronged approach by dealing with the pollution at source in order to improve the environment in the area. Apart from the temporary drainage pipe installed by the DSD, the EPD will continue to take strict enforcement action against illegal discharge from livestock farms. The AFCD has also intensified inspection of livestock farms in the area and spot-check of effluent quality of the wastewater treatment systems. The AFCD and the EPD had in the past year inspected and assessed the waste treatment facilities of all livestock farms in Tai Kong Po to ensure strict adherence to the operational requirements stipulated in the licenses, as well as organized joint enforcement actions. The AFCD has issued letters to three farms requiring the farm owners to improve their waste treatment facilities as a result of the above actions.

In terms of education and promotion, the AFCD and the EPD had jointly hosted a seminar entitled "Treatment of Livestock Wastes" on 14 December 2011 to remind responsible persons of livestock farms the requirements of Livestock Keeping License and livestock waste treatment regulations, with experts to introduce the techniques and operation of livestock waste treatment facilities. On 17 February 2012, the EPD also arranged another meeting with all livestock farm operators in Tai Kong Po through the Hong Kong Livestock Industry Association, for an in-depth exchange on the relevant legal requirements and waste treatment techniques, to facilitate the trade to meet the requirements for the proper treatment of farm waste.

- (e) According to file records, the FEHD received a complaint from the public concerning malodour emitted from the Tai Kong Po channel on 11 March 2011. The staff of the department found during inspection on 21 March 2011 that though livestock waste was deposited at a section of the water course, there was no

environmental hygiene or mosquito breeding problem at the side of the channel. The FEHD therefore referred the case to relevant departments and reported the results of the investigation to the complainants on 29 March 2011. The DSD staff also observed livestock waste at the water course during their inspection on 23 March 2011 and replied to the complainants accordingly.

The relevant government departments will continue to closely monitor the situation of the Tai Kong Po Village channel and take further actions as necessary.

Law Enforcement Actions Taken by Hawker Control Teams

18. **MR CHRISTOPHER CHUNG** (in Chinese): *President, I have recently received requests for assistance from quite a number of licensed fixed pitch hawkers in Hong Kong East. These hawkers allege that individual members of the Hawker Control Teams (HCTs) of the Food and Environmental Hygiene Department (FEHD) not only have very poor attitude during law enforcement, but they also take actions with inconsistent standards, targeting their actions at some hawkers while letting other hawkers get away. As a result, conflicts between the hawkers and HCT members happen from time to time. When there are such conflicts, the hawkers involved often have no way to seek redress of their grievances due to the lack of a third party as the witness. In this connection, will the Government inform this Council:*

- (a) *of the number of complaints received by the authorities in the past three years about HCT members being alleged of corruption, the number of cases among these complaints which had been referred to the Independent Commission Against Corruption for follow-up, and the number of convictions;*
- (b) *whether the Environmental Hygiene Branch of the FEHD has a mechanism in place to monitor HCT members' law-enforcement actions (such as deploying plain-clothed management staff to secretly monitor if individual hawkers have been targeted at) so as to ensure that HCT members take law-enforcement actions impartially;*

- (c) *whether the FEHD has provided regular training for HCT members to ensure their service quality and good attitude;*
- (d) *as the FEHD indicated earlier in a document on the outcome of a public consultation that it had exercised flexibility to allow hawkers to display their goods outside the approved stall areas during business hours, whether the authorities had instituted prosecutions against any hawkers for placing their goods outside the boundaries of their pitches last year; if so; of the number of hawkers prosecuted; and*
- (e) *whether the FEHD will improve its hawker management policy to enhance the business environment of hawkers of open-air stalls?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, the HCTs of the FEHD are enforcement teams mainly responsible for controlling on-street hawking activities. Their duties include managing hawking activities of licensed hawkers and taking enforcement action against illegal hawking.

As civil servants, all HCT members are bound to observe the requirements stipulated in the Civil Service Code and uphold such core values as commitment to the rule of law, honesty and integrity, objectivity and impartiality, and so on, when discharging their duties. The FEHD's Operational Manual for Hawker Control also contains instructions setting out clearly the discipline training that HCT members must receive as well as the regulations and procedures that all HCT members are required to comply with. Cases of disciplinary offences committed by HCT members will be handled by the FEHD in accordance with the Civil Service Regulations and the department's established procedures.

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

- (a) Over the past three years (2009 to 2011), the FEHD has received a total of 30 corruption complaints against HTC members. All cases have been referred to the Independent Commission Against Corruption for investigation. No prosecution has been instituted for corruption.

- (b) The FEHD has put in place an internal monitoring system to guard against breaches of disciplinary rules or improper behaviour on the part of HCT staff when performing their duties. It is clearly stated under the system how hawker control staff at different levels should monitor the work of HCT members under their supervision, including the number of on-site supervision and inspections that should be carried out. Upon receipt of relevant complaints, the FEHD's Quality Assurance Section (QAS) will conduct follow-up investigation in an independent, objective and fair manner. Where necessary, the QAS will deploy plainclothes officers to observe the performance of front-line staff.
- (c) According to the FEHD's instructions on hawker control, front-line enforcement staff should always serve the community with a positive attitude and be courteous at all times. The FEHD attaches great importance to the conduct and service quality of its front-line enforcement staff and provides them with comprehensive training to ensure that they carry out their duties with professional knowledge and proper attitude. In this connection, the FEHD regularly organizes a full series of relevant training for hawker control staff at different levels, including workshops on customer service and complaint handling, workshops on personal effectiveness, seminars on diversity management (equal opportunities) and talks on integrity (probity and ethics), and so on. Besides, the FEHD also invites different service organizations and experts on a regular basis to share their experience so as to further enhance the service consciousness of hawker control staff at all levels.
- (d) There are currently some 6 300 fixed hawker pitches in Hong Kong. From 1 October 2011 to 30 September 2012, the FEHD instituted a total of 4 545 prosecutions against licensed fixed-pitch hawkers for causing obstruction by placing their goods outside the approved stall boundaries, with 1 838 prosecutions instituted in the second half of the period concerned (that is, from 1 April to 30 September 2012).
- (e) It is the Government's established hawker management policy to strike a proper balance between allowing legal hawking activities and providing a reasonable business environment on the one hand,

and maintaining environmental hygiene, ensuring public safety and protecting the public from nuisances on the other hand.

To establish a partnering relationship with various stakeholders, the FEHD has set up Hawker Management Consultative Committees (HMCCs) in all hawker areas. Members of HMCCs include representatives of licensed hawkers, members of the respective District Councils and District Fire Safety Committees. HMCCs provide a platform for two-way communication and for the FEHD district staff and HMCC members to discuss day-to-day management and regulatory and safety issues, as well as to encourage self-discipline and good practices among hawkers.

Property Transactions Effected Through Transfer of Shares in Offshore Companies

19. **MR KENNETH LEUNG:** *President, the current ad valorem stamp duty (SD) on property transactions in Hong Kong ranges from HK\$100 to 4.25% of the stated consideration or the market value of the property (whichever is higher) (value of transaction). For residential property acquired on or after 20 November 2010 and disposed of within 24 months (holding period), Special Stamp Duty (SSD) at a rate from 15% to 5% of the value of transaction is also payable on top of SD. On 26 October, the Government announced that it would increase the SSD rates and extend the holding period. Some members of the public have pointed out to me that SD and SSD could be evaded by effecting property transactions through transfer of shares in offshore companies holding the properties as change in ownership of such companies could not be traced. In this connection, will the Government inform this Council:*

- (a) *whether it has tolerated the tax evasion arrangement for years; if so, of the reasons for that;*
- (b) *of the estimated amounts of SD and SSD foregone in the past five financial years as a result of the tax evasion arrangement; and*
- (c) *whether the Government has any plan to crack down on the tax evasion arrangement by amending the Stamp Duty Ordinance (Cap. 117); if not, of the reasons for that?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY:
President,

(a) to (c)

According to the existing Stamp Duty Ordinance (Cap. 117), stamp duty is not chargeable on transfers of non-Hong Kong stocks (including transfers of shares which are not required to be registered in Hong Kong). As such, the Inland Revenue Department (IRD) does not have information regarding the transfers of shares of overseas companies which do not maintain their share registers in Hong Kong.

Nevertheless, we have been monitoring property transactions closely. According to the IRD's information, in the first nine months of 2012, the number of transactions involving acquisition of local residential properties by overseas companies was less than 500, accounting for no more than 1% of the total residential property transactions. The figures reveal that only a limited number of overseas companies are engaged in local residential property transactions. Given that effecting property transfers through transfers of shares of overseas companies involves certain risks such as uncertainties with respect to other assets and liabilities of the relevant overseas companies, we believe that the general public would not disregard such possible hidden risks and acquire residential properties through such means.

As announced by the Financial Secretary on 26 October 2012, the proposed adjustment to the duty rates and holding periods of the SSD and the introduction of the Buyer's Stamp Duty (BSD) are targeted measures for the purpose of managing demand and further curbing speculation amidst the current tight supply and exuberant state of the residential property market, thereby facilitating the healthy and stable development of the property market in Hong Kong. Under the proposals, BSD is applicable to all buyers of residential properties who are not Hong Kong permanent residents (HKPRs), including foreigners, local and overseas companies. In

other words, same as other buyers who are not HKPRs, overseas companies are required to pay BSD at 15% on top of the existing *ad valorem* stamp duty if they acquire local residential properties on or after 27 October 2012. The adjusted SSD rates will also be applicable if the relevant residential properties are resold within three years. If the overseas companies have acquired local residential properties during the period from 20 November 2010 (that is, the day following the Government's announcement on the introduction of SSD) to 26 October 2012 (both dates inclusive) and they resell the relevant properties within two years, they still have to pay SSD at the applicable pre-adjustment rate. We believe the relevant measures will increase substantially the cost for non-HKPRs (including overseas companies) to purchase local residential properties, thus reducing their desire to commit to any transactions. This will help prevent even further exuberance in the residential property market and ensure the healthy and stable development of the property market.

Hospice Service for Pets

20. **MR CHAN HAK-KAN** (in Chinese): *President, it has been reported that a company providing hospice service for pets was entrusted by its clients to cremate their pets but it eventually sent the carcasses direct to the Animal Carcass Collection Points (Collection Points) under the Food and Environmental Hygiene Department (FEHD), arousing concern among animal lovers. In this connection, will the Government inform this Council:*

- (a) *of the channels through which pet owners or relevant organizations (for example, pet clinics or companies providing hospice service for pets) may dispose of the carcasses of pets at present;*
- (b) *of the total number of animal carcasses collected by the FEHD's Collection Points in the past three years and where such carcasses came from, with a breakdown by the types of animals;*
- (c) *of the handling procedures to be adopted and the hygiene requirements to be met by the public before sending the carcasses of*

pets to the FEHD's Collection Points; whether they will be subject to any penalties if they dispose of the carcasses of pets at the Collection Points without complying with such procedures or requirements; if yes, of the details; if not, the reasons for that;

- (d) whether the authorities or the Consumer Council had received any complaints relating to hospice service for pets in the past three years; if yes, of the details, and how they followed up such complaints; and*
- (e) of the laws currently in place to regulate hospice service for pets; if there is no regulation, whether the authorities will consider formulating any guidelines or regulating it through licensing; if yes, of the details; if not, the reasons for that?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, at present, the relevant government departments may, according to their respective mandates, inspect premises where pet cremation service and hospice service are provided, for the purpose of checking compliance or otherwise with the relevant legislation and requirements, including the Public Health and Municipal Services Ordinance (Cap. 132), the Air Pollution Control Ordinance (Cap. 311) and the land lease, and so on.

The Environmental Protection Department handles complaints about the emission of black smoke or odour from the cremation of pet carcasses, and takes enforcement action according to the Air Pollution Control Ordinance. Should the FEHD receive complaints related to the handling of pet carcasses, odour and fuel storage, its staff will inspect the premises concerned and take enforcement action under the Public Health and Municipal Services Ordinance where necessary. For complaints about breaches of lease conditions where substantiated, the Lands Department will generally take appropriate lease enforcement action, which may include the issue of a warning letter to the owner concerned and, where the circumstances so warrant, the registration of the warning letter at the Land Registry (commonly known as "imposing an encumbrance").

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

(a) to (c)

Under section 10 of the Public Cleansing and Prevention of Nuisances Regulation (Cap. 132BK), no person shall, without lawful authority or reasonable excuse, place or cause to be placed, any corpse or carcass on or in any street or public place; the common parts of any building; any watercourse, stream, channel, ditch or reservoir or the waters of Hong Kong; any Government property except with the consent of a public officer. Offenders are liable to a maximum penalty of \$25,000 and six months' imprisonment.

When bringing pet carcasses to the FEHD for disposal, pet owners or the relevant organizations should wrap up the pet carcasses properly with bags and deliver them to the refuse collection points managed by the FEHD. The pet carcasses will be handled as municipal solid waste and collected by the FEHD's contractors for disposal at landfills, which are well designed in engineering terms to safeguard against ground water and other contaminations.

Between 2009 and 2012 (up to the end of October), the FEHD collected a total of 36 365 animal carcasses from its refuse collection points, with breakdown as follows:

(i) Number of dog carcasses	24 378
(ii) Number of cat carcasses	11 441
(iii) Number of other animal carcasses (including rabbits, tortoises, hamsters and snakes, and so on)	546

The FEHD does not have the breakdown of these animal carcasses by their sources.

(d) From 2009 to 2012 (up to the end of October), the Consumer Council received two complaints about pet cemetery services, both of which were related to the way in which the pet carcasses were

handled. Upon follow up by the Consumer Council, one complainant withdrew the complaint while the other requested that the complaint be placed on record.

- (e) The Legislative Council enacted the Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012 (Ord. No. 25 of 2012) in July this year. Under the Ordinance, it is an offence for traders to apply false trade descriptions to services for supply to consumers. The Administration plans to bring the Ordinance into operation next year.

The Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012 taken together with other existing legislative provisions, including the Public Health and Municipal Services Ordinance and the Air Pollution Control Ordinance, are adequate for regulating issues relating to consumer interests, air pollution and public health that may be caused by the operation of pet cremators and hospice service for pets. The Government has no plan to set up a separate licensing system.

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): There are a total of five Members' motions for this meeting. The first to the third items are proposed resolutions moved under the Interpretation and General Clauses Ordinance in relation to the extension of the period for amending subsidiary legislation. The fourth and the fifth items are motions with no legislative effect.

First motion: To extend the period for amending three items of subsidiary legislation in relation to the Banking Ordinance, which were laid on the table of this Council on 24 October 2012.

I now call upon Mr NG Leung-sing to speak and move the motion.

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

MR NG LEUNG-SING (in Cantonese): President, I move that the motion under my name, as printed on the Agenda, be passed.

At the House Committee meeting on 26 October 2012, Members decided to form a subcommittee to study the three items of subsidiary legislation formulated for the first phase implementation of Basel III in Hong Kong.

In order to give the Subcommittee more time for deliberation, I move, in my capacity as Chairman of the Subcommittee, that the scrutiny period of the three items of subsidiary legislation be extended to 12 December 2012.

President, I implore Members to support this motion.

Mr NG Leung-sing moved the following motion:

"RESOLVED that in relation to the —

- (a) Banking (Capital) (Amendment) Rules 2012, published in the Gazette as Legal Notice No. 156 of 2012;
- (b) Banking (Specification of Multilateral Development Bank) (Amendment) Notice 2012, published in the Gazette as Legal Notice No. 157 of 2012; and
- (c) Banking (Amendment) Ordinance 2012 (Commencement) Notice 2012, published in the Gazette as Legal Notice No. 158 of 2012,

and laid on the table of the Legislative Council on 24 October 2012, 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 12 December 2012."

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

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Second motion: To extend the period for amending two items of subsidiary legislation in relation to the Telecommunications Ordinance, which were laid on the table of this Council on 24 October 2012.

I now call upon Mr Charles Peter MOK to speak and move the motion.

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

MR CHARLES PETER MOK (in Cantonese): President, in my capacity as Chairman of the Subcommittee on Telecommunications (Determining Spectrum

Utilization Fees by Auction) (Amendment) Regulation 2012 and Telecommunications (Designation of Frequency Bands subject to Payment of Spectrum Utilization Fee) (Amendment) Order 2012, I move that the motion, as printed under my name on the Agenda, be passed.

To give the Subcommittee sufficient time for the scrutiny and report to the House Committee the result of its scrutiny, I implore Members to support this motion to extend the period for the scrutiny of the aforesaid subsidiary legislation to 12 December 2012.

Mr Charles Peter MOK moved the following motion:

"RESOLVED that in relation to the —

- (a) Telecommunications (Determining Spectrum Utilization Fees by Auction) (Amendment) Regulation 2012, published in the Gazette as Legal Notice No. 161 of 2012; and
- (b) Telecommunications (Designation of Frequency Bands subject to Payment of Spectrum Utilization Fee) (Amendment) Order 2012, published in the Gazette as Legal Notice No. 162 of 2012,

and laid on the table of the Legislative Council on 24 October 2012, 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 12 December 2012."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr Charles Peter MOK 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 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): Third motion: Extending the period for amending the Mediation Ordinance (Commencement) Notice, laid on the table of the Legislative Council on 24 October 2012.

I now call upon Mr Dennis KWOK to speak and move the motion.

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

MR DENNIS KWOK (in Cantonese): President, in my capacity as Chairman of the Subcommittee on Mediation Ordinance (Commencement) Notice, I move that the motion, as printed under my name on the Agenda, be passed.

At the meeting of the House Committee on 26 October 2012, Members agreed that a subcommittee should be formed to study the Mediation Ordinance (Commencement) Notice, which was submitted to the Legislative Council on 24 October 2012.

The Subcommittee has commenced its work. To give the Subcommittee sufficient time for the scrutiny and report to the House Committee the result of its

scrutiny, on behalf of the Subcommittee, I move that the period for scrutinizing the aforesaid subsidiary legislation be extended to 12 December 2012.

I urge Members to support the motion. Thank you, President.

Mr Dennis KWOK moved the following motion:

"RESOLVED that in relation to the Mediation Ordinance (Commencement) Notice, published in the Gazette as Legal Notice No. 167 of 2012, and laid on the table of the Legislative Council on 24 October 2012, 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 12 December 2012."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Mr Dennis KWOK 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 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 motions with no legislative effect. I have accepted the recommendations of the House Committee: that is, the movers of motions each may speak, including reply, for up to 15 minutes; and other Members each may speak for up to seven minutes. The mover of the fifth motion has another five minutes to speak on the amendments; and the movers of amendments to that motion each may speak for up to 10 minutes. I am obliged to direct any Member speaking in excess of the specified time to discontinue.

PRESIDENT (in Cantonese): Fourth Member's motion: Vote of no confidence in the Secretary for Development and the Secretary for Education.

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

I now call upon Mr WONG Yuk-man to speak and move the motion.

VOTE OF NO CONFIDENCE IN THE SECRETARY FOR DEVELOPMENT AND THE SECRETARY FOR EDUCATION

MR WONG YUK-MAN (in Cantonese): President, when we debate on such an important motion, there are only a few Members present in the Chamber. Hence, I request you to summon them back to this meeting.

PRESIDENT (in Cantonese): Will the Clerk please ring the bell to summon Members back to the Chamber.

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

MR WONG YUK-MAN (in Cantonese): President, Mr George ENTWISTLE, General Director of the British Broadcast Corporation (BBC) resigned to take up the responsibility of an inaccurate report on the news programme "Newsnight", after being in office for only 54 days. Later, the Director of News, Helen BOADEN, and her deputy, Stephen MITCHELL, also resigned.

BBC is not a government department but is a public tool the credibility of which is of paramount importance. The management's resignation was an indication of their willingness to bear responsibility. On the contrary, the officials of the HKSAR Government only care about promotion and wealth without having to take the responsibility and step down. The Accountability System for Principal Officials (accountability system) is totally gone astray. No wonder that the Government has been ridden with scandals.

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

The SAR Government claims that our political system is going towards democracy. The very nature of democracy is a political system that is based on public opinion, the rule of law and accountability. By responsible politics, it means that government officials have to bear responsibility for whatever consequences that have arisen when they exercise their power or carry out any activities, be they right or wrong, success or failure. Apart from liability, "accountability" also refers to moral responsibility and political responsibility.

As representatives of the people, when we monitor the Government, we should be serious in our attitude and stay vigilant; and we should also be very cautious in our practice. In this Council, there are "motions that are not intended to have legislative effect". As representatives of the people, although we are unable to impeach these corrupt officials, at least I will denounce, through this Council, the various wrongdoings of these corrupt principal officials under the accountability system.

Mr LAM Woon-kwong, Convenor of the Executive Council, has recently criticized the opponents in Hong Kong as targeting the person rather than the matter. I remember a dialogue in the *The Analects. Wei Zheng*. The Duke Ai asked, "What should be done in order to secure the submission of the people?"

Confucius replied, "Advance the upright and set aside the crooked, then the people will submit. Advance the crooked and set aside the upright, then the people will not submit."¹ That is, the Duke Ai consulted Confucius about how to make people obey the government. Confucius advised the Duke that he should advance officials who were upright and selfless, and oust those who were crooked, the people would then submit to him. If, on the contrary, he advanced those who were crooked and oust those who were upright and selfless, the people would not submit to him. Those who lack credibility should not be given the power to rule.

Mr LEUNG Chun-ying, who is involved in the unauthorized building works (UBWs) scandal, has appointed MAK Chai-kwong, Paul CHAN and Franklin LAM, people who perverted the law for their selfish ends. The newspapers have recently uncovered that as many as one third of the Members of the Executive Council are like LEUNG Chun-ying, who have not been upright and have concealed their UBWs in their residences. These people say flattery words and do all kinds of bad things, yet, they even consider themselves as good officials. A person like him can only attract those who only know small tricks.

In late July this year, soon after Paul CHAN, who replaced MAK Chai-kwong as the Secretary for Development, had assumed office, the media disclosed that between 1994 and 1995, he and his wife HUI Po-ming bought a number of flats in Tai Kok Tsui, through Harvest Charm Development Limited (Harvest Charm), a company of which both of them were directors; they then turned these flats into "sub-divided units" and rented them out for profit, which was against the Buildings Ordinance. Paul CHAN defended himself by saying that he did not hold any shares of Harvest Charm and only his wife was a shareholder.

However, the fact is that Paul CHAN was still a director of Harvest Charm when the relevant flats were bought and he only resigned in 1997. In 1994, when he bought a flat in Hoi Hing Building, Tai Kok Tsui, the contract clearly stated that the flat was sub-divided into three rooms. Paul CHAN argued that he was not clear that the company properties held by his wife were operated as "sub-divided units". He was obviously lying to the people.

¹ <<http://ctext.org/>>

Moreover, each of the "sub-divided units" was let out at an extremely low rent of \$4,000 per month, only one half of the market price. Some practising accountants pointed out that the property tax, profits tax, rates and government rents were all calculated on the basis of the rent and they queried if the property owner collaborated with the tenants to set an extremely low rent, so that the owner would pay a lower tax and rates.

In early August, the media disclosed again that Harvest Charm was suspected to have collaborated with Richfield Group Holdings Limited (Richfield Group) in the transaction of a residential flat in Hoi On Building, Tai Kok Tsui to withhold about 60% of the flat price. The flat was sold at a low price of \$1.2 million plus a removal charge of over \$1 million, the book value of the flat still lagged very much behind the market price of about \$2.8 million, which had caused the suspicion of tax evasion.

I helped an old man in 2009 because when he sold his flat, the price was being suppressed from \$1.6 million to \$1 million. I helped him cancel the sales agreement. I remember when I was handling the case, Mr Jasper TSANG, the President, received a complaint letter against me from the law firm that was responsible for drafting the contract and effecting the transaction, and the firm in fact represented both the buyer and the seller. Afterwards, I filed a complaint to the Estate Agents Authority against the real estate agent and I also filed a complaint to the Law Society against the lawyer, stating that they collaborated to cheat the old man. The difference in prices would only benefit the group that acquired the property. It was despicable to suppress the price of an old man's flat.

After the scandal was exposed, Paul CHAN and his wife offered all kinds of excuses or only repeated the same brief responses like a "human flesh recorder". Finally they simply kept their mouth shut and evaded answering questions. Paul CHAN is a chartered accountant and he is now suspected of evading taxes. He has no more credibility.

Paul CHAN is appointed the Secretary for Development and his duties include dealing with UBWs, non-compliances in respect of building regulations, and so on. However, very ironically, LEUNG Chun-ying, the Chief Executive who is involved in UBWs, has clearly stated in his election manifesto to "increase the manpower necessary to conduct a comprehensive survey of subdivided living

units, caged homes and cubicle apartments, set appropriate safety and hygiene standards and formulate long-term policies to solve the problem." As the Secretary for Development, he has behaved improperly, and the Company under his name has been closely involved with Richfield Group which employs despicable tactics to acquire flats, how can he command the trust of the public?

Eleven hours after the maritime disaster on 1 October, the media uncovered that Paul CHAN was suspected of drink driving. The whole process was video taped by reporters which showed that his car once drove on the double white lines. Paul CHAN claimed that he only drove after drinking and did not drive under the influence of alcohol. It was shameless to make such a claim. I remember when we discussed imposing heavier penalty on drink driving in the Legislative Council of the last term, Paul CHAN, who was a Legislative Council Member and a panel member of the Panel on Transport, had time and again criticized the Amendment Bill submitted by the Government being "overly conservative" and requested for strict legislation and harsh punishment to combat this crime. He also supported the proposed amendment of extending the driving licence suspension period to life disqualification.

At the Legislative Council meeting on 8 December 2010, Paul CHAN said in his speech, "..... if a driver committed dangerous driving or drink driving purely for his own pleasure to the neglect of the consequences, resulting in other road users being injured or even killed innocently and the accident will take away not only the life of just one person, but also people around the victim." At that meeting Paul CHAN voted in favour of the Road Traffic (Amendment) Bill 2010. Now, in this incident, he had purposely broken the law and his credibility was thus seriously damaged.

Mr Eddie NG, the Secretary for Education, disregarded the public uproar against national education and pushed through the brainwashing national education, eventually teachers and students had to walk out from the school campus and come forward, they joined the hunger strike and called upon students to boycott classes. This businessman turned Secretary would not back down until there was widespread indignation and people were forced to rebel. This is not a matter of insufficient political experience. Rather this is a matter that he, being the Secretary for Education, has to bear the political responsibility.

In the incident concerning the Hong Kong Institute of Education (HKIE) in 2007, Mr Eddie NG was the Deputy Chairman of the HKIE Council. He had a heated argument with Prof Bernard LUK, Vice President of the HKIE, who was the "arch-enemy" of Mrs Fanny LAW, the then Permanent Secretary for Education and Manpower. In that incident Eddie NG was seen as the supporter of Mrs Fanny LAW. Eventually, it was proved that Mrs Fanny LAW had interfered with academic freedom.

When the Secretary for Education met with secondary school principals earlier to discuss the problem of declining student intake, the meeting ended up with a few hundred school principals coming to the Legislative Council to protest. Finally "Nanny" Mrs Carrie LAM had to protect and support the Directors of Bureaux. It was really tough for her. Today Mrs Carrie LAM is not present; and Mr TSANG Tak-sing has a hard time to answer questions on behalf of Secretary Eddie NG.

The supporting rate of Eddie NG has dropped to a negative point. The motion demanding his resignation proposed at the first Council meeting was negated but I still move a motion of no confidence to remind Legislative Council Members that they are duty-bound to monitor the Government.

Bad things come out of rotten things. TUNG Chee-hwa introduced the so-called "accountability system" in 2002, but accountability of Directors of Bureaux is only empty talk; subsequently, Donald TSANG added a wretched sequel to the accountability system by appointing the so-called Under Secretaries and Political Assistants at his own discretion; this has provided convenience for authoritarians to hand-pick their deputies.

I remember TUNG Chee-hwa first introduced the accountability system in the Policy Address in 2000. At that time, 12 years ago, I wrote an article in response. In the article entitled "How does the Accountability System become accountable?", I clearly pointed out (I quote), "The Chinese legal scholar Sa Mengwu has given a simple and precise definition of democracy, which is 'the administration must take into account the people's opinion and comply with the legal provisions at the same time. If ever it disregards the public opinion or breaks the law, it must be held responsible. Then this political system is called the democratic system.' Any proposal about establishing an 'accountability' system or 'ministerial system' without a universal and equal election as the

foundation will be hard to put into practice. If you ask the Chief Executive and the principal officials under his leadership to be accountable for their governance, to whom should they be held accountable? The Chief Executive is to be accountable to the Central People's Government, which is written in the Basic Law, and to be accountable to the people, which is in words only. On what grounds do the people of Hong Kong ask the Chief Executive and the officials under his leadership to be held 'accountable'? How are they to be held accountable?" (End of quote of my article). After 10 years of implementation, the accountability system not only is ridden with problems but its harmful effects are also far-reaching.

Since the implementation of the accountability system in July 2002, Mrs Regina IP, the former Secretary for Security, was the first one to resign on 16 July 2003 on personal grounds. Mr Anthony LEUNG, the former Financial Secretary, who was accused of "jumping the gun" in buying a car, resigned on the same day but he did not say he was accountable for the incident. The only person who mentioned about taking the responsibility was Dr YEOH Eng-kiong and he frankly said that his resignation was a manifestation of political accountability.

Now only two minutes are left. I do not have enough time to give a detailed account of the scandals since the accountability system was implemented in 2002. The communist Chief Executive LEUNG Chun-ying who has assumed office for over 130 days still refuses to give an account of the UBWs in his mansion on Peel Road, the Peak. He has no credibility whatsoever. "What the superior loves, his inferiors will be found to love exceedingly."² As the Chief Executive, he has absolutely no credibility.

I will seriously think about having the colleague of my party move a motion to impeach the Chief Executive LEUNG Chun-ying. I hope that my colleagues of the pro-democracy camp sitting on my right will jointly sign the petition, so as to make him the first Chief Executive to be impeached in office. Donald TSANG got away with it but LEUNG Chun-ying cannot get away.

Deputy President, the reason for my moving this motion today is to give the chance for everyone to debate the issue. If Members of the

² <<http://ctext.org/>>

pro-establishment camp do not agree with me, please do not stay dumb. You can either choose to vote in favour of this motion, or just leave the Chamber and not participate in voting. That is the way the government officials always lobby us and now I adopt their practice in lobbying you.

With these remarks, I move the motion.

Mr WONG Yuk-man moved the following motion: (Translation)

"That, following Paul CHAN's assumption of office as the Secretary for Development in July this year, the media revealed that a company of which he was a director operated 'sub-divided units' in Tai Kok Tsui and used taxation techniques to avoid paying several hundred thousand dollars in profits tax; in early October this year, it was again reported in the media that Paul CHAN committed drink-driving on 2 October, and his Press Secretary responded that Paul CHAN did not drive until some time had passed after drinking alcohol and was confident that he had complied with the law; the Secretary for Education, Eddie NG, attempted to push through the national education subject, arousing strong public antipathy and about 120 000 people besieged the Central Government Offices; the deeds of the two Bureau Directors have caused public outcry; in this connection, this Council has no confidence in the Secretary for Development, Paul CHAN, and the Secretary for Education, Eddie NG."

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

SECRETARY FOR DEVELOPMENT (in Cantonese): Deputy President, Mr WONG Yuk-man moved a motion on the vote of no confidence in me and the Secretary for Education, Mr Eddie NG. First, I will speak on the two relevant incidents concerning me and later Secretary Eddie NG will speak on the other part.

Honourable Members, before we start to debate on today's motion, let me first recount the sequence of events of the two incidents that are related to me or my family member, because I truly believe that the discussion will only be

meaningful if it is based on facts, not some inaccurate or fragmented hearsay or reports. In fact, when the incidents took place, I had already explained the case to the public by issuing written statements, as well as meeting the media and responding to their enquiries; and today, I hope that I can take this opportunity to recap the facts, so that Members may have a better picture of the case.

First of all, I wish to talk about the incident concerning the alleged unauthorized alterations and operation of "sub-divided units" in properties owned by Harvest Charm Development Limited (Harvest Charm), in which my wife had a stake. In August this year, the media reported that two properties owned by Harvest Charm in Shanghai Street and Tai Kok Tsui had been subdivided into smaller cubicles and subleased. Those units had allegedly breached relevant regulations under the Buildings Ordinance. In this connection, I wish to explain my role in this incident.

Harvest Charm was founded in 1994, I was the director in the early days of its inception, and I resigned as the director in October 1997. I had never held any shares of the Company. My wife held some shares of Harvest Charm through an overseas company, but she had no controlling interest; the leasing matters of properties owned by Harvest Charm were handled by another shareholder of her family.

The properties held by Harvest Charm in Tai Kok Tsui and Shanghai Street were leased to the same lessee. According to the shareholder responsible for handling leasing matters, the lessee claimed that his father had come to Hong Kong from the Mainland, therefore he rented another unit, apart from the present unit he rented. The tenancy agreement stated that only the lessee was allowed to live in the unit, and without the permission of Harvest Charm, the lessee could not invite other people to live in the unit, he could not sublease or sublet the unit. The monthly rent of the two units were just slightly over HK\$4,000 each, if Harvest Charm really made profits by leasing "sub-divided units", how come it charged such a low rent?

Regarding the alternation and sub-letting of the two properties, although my wife was once the director of Harvest Charm, she was not responsible for handling the leasing matters, and she had never been to these properties, thus she knew nothing about the conditions of these properties. As for me, I had resigned from the director post for 15 years, I therefore do not have the latest information

of the properties. My wife and I do not know the lessee of these two units. In fact, according to media reports, when the lessee answered media enquiries, he had repeatedly said that he did not know both of us. After the media's report on the "sub-divided units", my wife stated in her statement on 3 August that Harvest Charm would take immediate action to repossess the two properties. After the repossession, unauthorized structures would be demolished as soon as possible. She also stated that in order to address public concerns, she was discussing with other shareholders about selling her shares. I reiterated to the media in subsequent media enquiry that my wife had sold all her shares in Harvest Charm held by an overseas company.

Regarding the criticism that I responded to the media in a way like "squeezing a tube of tooth paste" after the incident was reported, I would like to take this opportunity to explain to all of you the situation at that time. After the media first reported on the incident, I immediately asked my wife for details of the situation. Although I was once a director of Harvest Charm, that was 15 years ago. I knew that my wife held a stake in a company which owned properties in Tai Kok Tsui and Shanghai Street. Yet, I had no knowledge about the relevant details and leasing arrangement. In order to respond to media enquiries, I had tried my best to give an account of it with the information I got during those few days. As some media enquires later touched on the properties acquired by Harvest Charm over a decade ago, I had to contact the Company to clarify the matter. Harvest Charm also had to trace back information, especially as some properties were sold long ago. As it took time to trace back information, I could not give a one-off account immediately. Similarly, I did not issue a statement until near midnight because it took time to trace back relevant information. When I got the information that night, I did not want to delay any more, I was in such a hurry to release the information, leading to the incident in question. On 10 August, I had already apologized to the media for bringing them inconvenience in reporting the incident in this regard.

Some critics accused Harvest Charm of having allegedly engaged in leasing "sub-divided units" when it acquired the properties in the 1990s, during which I was a director of the company. I hope all of you would understand that when the company acquired the properties with leases attached at that time, the "sub-let units" were not what we called "sub-divided units" now. In those years, the "sub-let units" in old districts were mostly cubicles with tenants sharing common facilities like kitchen and bathroom. These units were partitioned in a

way different from the existing "sub-divided units" as the latter are divided, by bricks or other materials, into separate units with its own toilets and even kitchens. In fact, these properties with leases attached were regulated by the Landlord and Tenant (Consolidation) Ordinance at that time. As such, Harvest Charm had to continue leasing the units to the original tenants after acquisition.

With regards the media reports alleging that Harvest Charm avoided or even evaded taxes when it sold an old property apartment, it is a groundless speculation. Let me quote the relevant content of the statement issued by my wife on 3 August as follows: "The removal charge and the amount received by Harvest Charm from selling the flat were all recorded in its profit and loss account for tax declaration to the Government. There was no such behavior as tax avoidance or tax evasion."

To dispel public concern, my wife had sold all the stakes she held in Harvest Charm. I also issued a statement in August, categorically pledging that except for self-occupation, my wife and I will stay away from Hong Kong's property market during my tenure as Secretary for Development.

Deputy President, as for drink driving, here is the account of events. On the public holiday of 2 October, my son's girlfriend came to our home that morning to visit us. At noon, we went to the food plaza of Happy Valley Clubhouse for lunch. We ordered beer and drank together, but it was only after a while that I drove away. I am confident that I was not drink driving and could meet the legal requirements. In view of the public concern about what was reported, I took the initiative to contact the Traffic Hong Kong Island Region on 4 October, hoping that the police will follow up on the case. I have fully co-operated with the police investigation. I wish that the matter could be investigated by an impartial and professional law-enforcement department in a fair and square manner, so as to remove public suspicions. As the matter has already referred to the police for investigation, it is not convenient for me to make further comment here, in order not to affect the investigation process.

I understand the importance of being appointed as Secretary for Development. I am willing to accept scrutiny from this Council, the media and the public. I also understand that the general public has a certain expectation on the conduct and behavior of politically appointed government officials. I will be

more cautious and be discreet in both words and deeds to continue serving as Secretary for Development with full devotion, so as to thank you all for entrusting this work to me.

SECRETARY FOR EDUCATION (in Cantonese): Deputy President, regarding Mr WONG Yuk-man's motion and Secretary Paul CHAN's reply, I would like to respond to the part in relation to the Secretary for Education.

First of all, I would like to take this opportunity to briefly explain to Honourable Members how the Government and I handled the matter in relation to the Moral and National Education (MNE) subject, and how we had suitably responded to the demands from various sectors in the community, which in turn demonstrate how we maintained a listening and patient attitude throughout when dealing with the relevant matters proactively. I will focus on several salient points in my following speech.

The Consultation Draft of the MNE Curriculum Guide (Primary One to Secondary Six) (Curriculum Guide) published by the last-term Government in May 2011 was compiled by the Moral and National Education Ad Hoc Committee under the Curriculum Development Council. During the four-month consultation and discussion period, views had been collected extensively through various channels from the community as well as the relevant stakeholders, with over 1 000 submissions received. The then Panel on Education of the Legislative Council had also held public hearings on two days to receive views from over 100 members of the public and deputations. Subsequently, another 87 submissions from individuals and organizations had been received. The relevant information has been uploaded onto the website of the Education Bureau.

Having solicited the major views of various sectors in the community, the Curriculum Guide had been revised extensively, with many relevant chapters being more or less rewritten. Under the premise of emphasizing the cultivation of students' thinking from multiple perspectives, the Curriculum Guide had been revised extensively in respect of course concepts and contents, learning and teaching strategies, assessment, and so on. The revised Curriculum Guide had also provided more specific and appropriate suggested teaching guidelines and examples, as well as more detailed explanation in the teaching of controversial

topics. All these revisions had been made in response to the views of the community on the subject.

After the publication of the revised Curriculum Guide in April this year, we had been listening to the concerns and worries expressed by various sectors in the community on the MNE subject, particularly about the initiation period, and we had responded to the same immediately.

In response to the reaction from members in the community, the Government announced on 29 July that it would soon set up the Committee on the Initiation of Moral and National Education Subject (the Committee) with wide participation from the community. My colleagues and I had all along participated in the Committee's work, especially in terms of listening to the views of all parties and collecting such views proactively. The Committee held many meetings in September and October this year, in the hope of seeking common ground while respecting differences and settling the disputes. My colleagues in the Bureau and I had participated in the entire process whole-heartedly.

As a matter of fact, the Government announced on 8 September this year major changes to the policy on this subject. On 10 September, the Education Bureau immediately provided further explanation to all school sponsoring bodies (SSBs) and schools in relation to the amended policy, in particular, the timetable for the full implementation of the MNE subject in primary and secondary schools after the three-year initiation period was abolished. SSBs and schools can, in accordance with their vision and mission, schools' readiness and professional judgment, exercise their discretion in deciding how to handle MNE-related matters, including whether to develop the MNE Subject, whether to implement MNE as an independent subject, and the implementation modes and schedule. SSBs and schools are free to consider and decide these matters with their own judgment.

Considering the various viewpoints, disputes and worries in the community on the MNE subject, the Committee decided at its meeting on 8 October this year to recommend to the Government that the Curriculum Guide be formally shelved. The Government accepted the Committee's recommendation on the same day and formally shelved the Curriculum Guide. The Education Bureau would no longer request schools to adopt the Curriculum Guide and would not use it as the basis for school inspection.

It is the unanimous view of the Government and the Committee that moral, national and civic education is an important facet of school education, and that whole-person development should include knowledge about one's country, understanding of one's national identity and awareness of such core values as inclusiveness and diversity in the wider society. Therefore, moral, national and civic education are naturally an important part of education.

Within a short span of several months, the Government had responded to the relevant disputes in a timely and suitable manner, and created a relatively lax environment for the general public and the education sector. We consider that all these serve to demonstrate the courage and aptitude commensurate with a responsible government as well as a responsible accountability official that accept good advice, weigh the situation and heed public opinion. The above arrangements have created the critical conditions for allowing more logical communication among various parties in society for the purposes of leaving education matters to the education sector and responding to the views of society and schools on the relevant questions.

We absolutely respect the freedom of expression enjoyed by members in the community. We also believe that members of the public generally aspire to a harmonious society where different sectors can have mutual trust and respect, in order to create the opportunities and scope for dialogue and co-operation.

Deputy President, I will listen to views of all Honourable Members sincerely. I so submit.

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): Deputy President, I will speak in reply later after listening to the views of Honourable Members.

MR KENNETH LEUNG (in Cantonese): Deputy President, in handling the motion moved by Mr WONG Yuk-man today, my heart is filled with all kinds of emotions. The reason is that our political system is in such an appalling state. It only has an empty framework of democracy without the essence of democracy.

The Chief Executive is not selected by universal suffrage on the basis of "one person, one vote" and half of the seats of the Legislative Council are returned by functional constituencies. Besides, Members can only introduce Private Member's Bills subject to many restrictions, or they can only move motions without legislative effect just like this one today. Later, they have to be restricted by the separate voting system as well.

Hence, the so-called democracy that we have now is very delusive. What real power has this Council in which half of the seats are authorized by 7 million people? Even if we pass the motion to cast a vote of no confidence in the two Secretaries, what effect will it have? The two Secretaries will remain comfortably in their posts and need not bear any responsibility. How can our government officials be so arrogant, have no fear of conflict of interests, have no regard for their personal conduct, as well as push through unpopular policies disregarding public opinion? That is because there is no mechanism in place in this Council to make these officials step down.

The second reason for my emotions is that this so-called Principal Officials Accountability System is only a delusive term which has no substantive contents. When the former Chief Executive, Mr TUNG Chee-hwa, launched this Accountability System, the Secretary for Constitutional Affairs made the following introduction: the principal officials appointed under the new system would be different from civil servants appointed on civil service terms of employment. These officials are required to be accountable to the Chief Executive for the success or failure of policies in the portfolios assigned to them by the Chief Executive, and to assume full personal responsibility. They may be required to step down for major policy failures, including serious policy failures and significant mistakes in the course of policy implementation. They may also be required to step down for serious personal misconduct.

Today, the Secretary for Development and the Secretary for Education have well demonstrated the unaccountability of this accountability system. Just now, Secretary Paul CHAN has given an account of his views on this incident. He has repeated his views dozens of times but there is one core issue he has never addressed, and I would really like to ask him. If he can answer this question, I will never bring it up again. The question is, although he keeps saying that he no longer holds the shares of Harvest Charm Development Limited (Harvest Charm), what I am interested to know is not this local company, but rather the

overseas holding company registered in the British Virgin Islands that controls Harvest Charm. I am interested to know whether Secretary Paul CHAN owned any controlling interests or shares of that holding company in British Virgin Islands in the past 15 years; or even if he did not own any shares or have any controlling interests of that company, has he received any bonus or interests through other trust structures? This is the core issue that I want to know, instead of the local company, Harvest Charm, that he mentions frequently.

I also notice from Secretary Paul CHAN's earlier replies that in accordance with the law of British Virgin Islands, he was unable to answer this question due to the protection of privacy. However, if he wants to come clean about this incident, why not show us the register of shares and names of shareholders of the company in British Virgin Islands? He can well do so.

With respect to Secretary Eddie NG, he tried to push through a national education which would not benefit Hong Kong but would only cause serious social divisions and stir up internal conflicts in society, and because of that, many people besieged the Central Government Offices to express their opposition to this education policy, with a record of 0.12 million people at the peak of the controversy. As a Secretary, how can he shirk this political responsibility? He, as a Secretary, has not been conscious of upholding the principle of academic freedom and freedom of thoughts, how can we have faith in him that he would properly manage our education industry?

As Mr WONG Yuk-man has just said, the Director General of British Broadcasting Corporation, George ENTWISTLE, who had assumed office for only two months had to resign on account of the wrongful report of the involvement of the former Conservative Party Treasurer in a paedophile scandal even though he would not have known such a report beforehand. In his resignation statement he said, "In the light of the fact that the director-general is also the editor-in-chief and ultimately responsible for all content; I have decided that the honourable thing to do is to step down from the post of director-general." Another example is the CIA Director of the United States David PETRAEUS. He had not blundered in his position but rather he had done quite a good job but because it was uncovered that he has an extra-marital affair, he resigned on his own. We can see that nowadays, people expect politicians and government officials to have very high standards of moral and personal conduct.

The two overseas officials who resigned recently had not violated any laws or broken any rules. All they did was to make a decision based on their moral standard. Therefore, I will support Mr WONG Yuk-man's motion. Deputy President, I so submit.

MR WU CHI-WAI (in Cantonese): Deputy President, the Government always regards the harsh criticisms of the public against government officials as nitpicking. With this mindset, the Government rejects the public's demand that government officials should have high moral standard and be accountable. As a result, the governance credibility of the HKSAR Government continues to decline.

In fact, if the people have no faith in their rulers, there is no standing for the state. When we look at the performance and behaviour of LEUNG Chun-ying and the various accountability officials over the past few months, we can see that this Government cannot be trusted. Under such circumstances, how can the SAR Government improve its governance? What can be done to improve the current turmoil in society? Can problems be solved by the Chief Executive or principal officials appealing to the public to seek harmony and hold discussion in peace and tranquility? The answer is of course in the negative. Because when people have no faith in the Government, any policy introduced will easily be perceived from the angle of a conspiracy theory. Although none of us want to see such a phenomenon, it is the reality that we are facing now.

The accountability officials have far-reaching impacts on policies and the interests involved are tremendous. For the public, every policy introduced may impair the benefits of some people. Only when an accountability official has the highest degree of credibility and is most trustworthy will the public be convinced that the policy to be implemented by this official is truly for the benefit of the public. Unfortunately, the governance of the SAR Government in the past 15 years has failed to give the people such an impression and its governance in these 15 years has deviated farther and farther from the people's expectation.

Secretary Paul CHAN has just talked about his drink-driving incident on 1 October. Actually, the announcements of public interest on television have given us a very clear message that we should not drink at meals if we are going to drive afterwards. What matters is not whether we have the confidence that we

will not drive under the influence of alcohol but rather the intent of the legislation when it was formulated. The Secretary had clearly said at the motion debate on passing the relevant bill that he did not want to see people's lives being jeopardized because of someone else's misjudgment, someone who thought that his judgment while driving would not be compromised after he had drunk. This is what the Secretary had said. However, when he was caught in the same situation, he told us that he was confident he was not driving under the influence of alcohol and that he had complied with the law.

The Secretary has forgotten that as an accountability official and a public figure, he not only has to face the strict requirement of the law, but also has to meet the moral standard and the requirement for the manifestation of political accountability as expected by the public. If one fails to do so, or if he is caught in the situation as mentioned by the Secretary, it rightly reflects his low political sensitivity. In the policy formulation process, if these officials make judgment solely base on the perspective that they consider acceptable, the SAR Government's governance can hardly win public trust.

When those above behave unworthily, those below will follow. Up till today, the Chief Executive and the Directors of Bureaux have failed to give a satisfactory and convincing explanation to the scandals that they have been involved in and we will have to endure such situations for five more years. We have to endure an untrustworthy Government. Having to endure a deceitful Government for five years, coupled with the system of voting by division which hinders the people's voices and views from being effectively reflected in this Council, how can the governance of the SAR Government be harmonious? If the Government has to rely on the royalists and the pro-establishment camp for their support to pass or push through certain policies, we can expect that hundreds of thousands of people will besiege the Central Government Offices at any one time. How can this knot be untied? Does it mean that everything will be cleared and resolved if we, the representatives of the people, take one step back? Why does the Government not take one step back to have everything cleared? How can the SAR Government convince the people that it is determined to uphold its credibility in governance? If it cannot even achieve this, how can it convince us that the future policies will be accountable to the people?

In my view, Mr TUNG Chee-hwa introduced the accountability system because when people demanded the stepping down of civil servants who had committed policy blunders, as the civil service system did not provide for the stepping down of responsible officials, hence the accountability system was implemented. However, though the accountability system was implemented, officials still did not need to be accountable, and people have lost confidence in and patience with the Government. Therefore, the Democratic Party will vote in favour of Mr WONG Yuk-man's motion today.

I so submit. Thank you, Deputy President.

MR IP KIN-YUEN (in Cantonese): Deputy President, I have not anticipated that in less than a month after I moved a motion to demand the resignation of the Secretary for Education, Mr Eddie NG on 17 October, I have to, once again, lash out at his incompetence and lack of idealism as regards the policy on education and express my lack of confidence in him.

Deputy President, with the shelving of the national education subject, the education sector is faced with another challenge, which is the well-known fact about the continuous declining in the number of secondary school students. In the next four years, the number of secondary school students will reduce 35 000 in total. The Hong Kong Professional Teachers' Union (HKPTU) and some principals' groups have proposed a main scheme of reducing the number of students per class. As regards lowering the criteria for approving the operation of Secondary One classes, it is only a supplementary measure. However, up until now, the Education Bureau has only agreed to adopt the so-called "maintaining the schools, keeping the teaching posts and saving the strength" scheme which involves allowing schools to operate two classes by admitting 26 Secondary One students, implementing the Early Retirement Scheme for teachers and extending the period for freezing the teaching establishment to three years, but these are in fact sweet-sounding slogans only.

Recently, we have finally heard some news which was disseminated bit by bit. According to the news, the Education Bureau has, in response to the demands of school principals, put forward the scheme known as "2-1-1" or "1-1-1" for reducing the number of students allocated to each class, meaning that the number of students to be allocated in the next three years will be reduced like

this: two or one in the first year, one in the second year and one in the third year. This is far from the "3-2-1" scheme proposed by the principals' groups and even farther from HKPTU's proposal which is to reduce four students in one go in the first year. We cannot accept these two proposals as they cannot really solve the problem. First of all, the Education Bureau has all along made a big mistake, that is, it always considers that the impact of the dwindling of student population is only temporary

DEPUTY PRESIDENT (in Cantonese): Mr IP, we are not discussing the education problem today but whether we should cast a vote of no confidence in the two Secretaries. I hope that you can concentrate on this topic.

MR IP KIN-YUEN (in Cantonese): I am commenting on the Secretary's specific performance in governance with respect to the motion on the vote of no confidence.

DEPUTY PRESIDENT (in Cantonese): Please continue.

MR IP KIN-YUEN (in Cantonese): Alright. The Secretary for Education has made a serious mistake in thinking that the prevailing dwindling of student population is temporary — which is tremendously wrong — and it will bounce back in four years. He has obviously disregarded the special impact of population reduction on the recruitment of students, that is, the reduction in one year will impact on the next six years, meaning that the effect will be cumulative and prolonged. We have estimated that it will actually take 10 years to walk out of this abyss. We find that the situation depicted to us by the Secretary for Education is not true.

No matter which of the two schemes proposed by the Government is adopted, it will result in a large number of schools being downsized and many teachers made redundant. I estimate that, as compared to the present, in 2016 Secondary One classes will

DEPUTY PRESIDENT (in Cantonese): Mr IP, I ask you to speak on the motion. This motion does not concern education but is related to the vote of no confidence in the two Secretaries but you concentrate on the education policy only. Even though the Policy Bureau holds different view from yours, it does not mean that you can start a debate on it. Please speak on the motion and do not deviate.

MR IP KIN-YUEN (in Cantonese): Deputy President, please enlighten me as to what we should say if we are not to discuss the education policy when we comment on the accountability of the Secretary for Education.

DEPUTY PRESIDENT (in Cantonese): The education policy belongs to another topic. We are now discussing whether we should cast a vote of no confidence in the two Secretaries but not the actual policy itself. When you speak, you can point out what mistakes the Secretary for Education has made.

MR IP KIN-YUEN (in Cantonese): What I am talking now is exactly what mistakes the Secretary for Education has made. I believe that Members present here have all heard very clearly that I have pointed out the Secretary's wrong statements which has misguided us into thinking that the problem will soon be solved, but in fact, I have pointed out that a long time is needed to solve this problem. Can this be considered a response to the topic?

DEPUTY PRESIDENT (in Cantonese): This is only your point of view. I hope that you will speak on the motion about casting a vote of no confidence in the Secretary for Development and Secretary for Education. Please continue.

MR IP KIN-YUEN (in Cantonese): Deputy President, I believe that in discussing the problems of the Secretary for Education, it is natural to mention his work. It is unreasonable that only his personal conduct is relevant. All right, I will continue. I hope that I can slightly adjust the way I speak according to the Deputy President's request.

We cannot accept the scheme concerned because we cannot see that the Secretary for Education has a well defined concept to support the scheme. Let me cite some figures. No matter it is the "3-2-1" scheme or the proposal to reduce four students in every class, it should be supported on a rational basis. But when the Secretary for Education put forward his scheme, I feel like buying vegetables in the market. If "3" is not good, how about "2" or "1"? On what bases are "1" and "2" decided? Is the offer made just to counter the public views or to bargain for a deal? If this bargaining process is not meant to solve the problem, I think he lacks sincerity and that is disappointing.

Third, I think the Secretary has another serious problem, that is, he has never showed respect to the teachers' views. During the whole process, he has never given teachers the chance to express their views and to get involved. The HKPTU had organized a signature campaign last month and within a mere three weeks, 5 000 signatures were collected which could well reflect the public aspiration. However, the authorities had only conducted a selective consultation and keep evading the HKPTU for a serious and in-depth discussion. Recently, when I learned that the Education Bureau would consult an in-depth consultation with a principals' group, I proposed that the HKPTU should also participate and express its views but my request was rejected.

There is another very important issue. During the whole process, the Secretary for Education seemed to have ignored the importance of the Legislative Council. Two days ago, the Legislative Council Panel on Education passed the motion that I proposed. The content of Part (1) of the motion reads, "for the purpose of stabilizing the secondary school system and responding to the proposals of the education sector, to immediately reduce the class size of secondary schools to 30 students". However, after the motion had been passed, the Secretary immediately went to the Central Government Offices to sell his "1-1-1" and "2-1-1" schemes to the principal's groups, which were completely contrary to the motion that was passed in the Legislative Council. Has he taken the request of the Legislative Council seriously and will this attitude be conducive to building a good and co-operative relation with the Legislative Council?*(The buzzer sounded)*

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

MR IP KIN-YUEN (in Cantonese): Thank you.

DR HELENA WONG (in Cantonese): Deputy President, I spoke on 17 October in support of Mr IP Kin-yuen's motion to demand the resignation of Secretary for Education, Mr Eddie NG. Therefore, I have to support Mr WONG Yuk-man's motion today to cast a vote of no confidence in Secretary Eddie NG and Secretary for Development.

There is strong antipathy of the public against the Education Bureau's forced implementation of the brainwashing national education. One great discontent was that the Education Bureau used public funds, money from taxpayers to fund the development of some partial and biased teaching materials without monitoring their quality at all.

Besides, the Education Bureau was also suspected of using public money to transfer interests to the Hong Kong Federation of Education Workers by granting, at a very low rent or a nominal premium, two vacant schools premises which have been vacated under the school culling policy to that organization as bases for implementing brainwashing national education. That was a serious dereliction of duty already.

Up till today, the Secretary still refuses to completely withdraw the curriculum guide of the Moral and National Education subject and the public are very worried that the Bureau will re-introduce it in the future.

Actually, after the Secretary assumed the office in July, his performance was not bad at the initial stage. He once criticized the inferior quality of the brainwashing teaching materials. He also said that he was worried and wished that his son would not receive such kind of education. However, he soon made an about-turn and spoke incoherently.

Soon after he assumed office, the Secretary secretly visited Beijing on 17 July. Upon public enquiry, the Education Bureau later admitted that the Secretary had met with the Chinese Minister of Education in Beijing and they talked about the national education subject in Hong Kong. The Commercial Radio Hong Kong cited information from informed sources that the Liaison Office of the Central People's Government (Liaison Office) had summoned Mr

Eddie NG for "a candid interview" because of his remarks about the brainwashing teaching materials, that is, the handbook entitled *The China Model*, and suggested his visit to the Ministry of Education in Beijing. Had the Secretary given the public a clear account after his return to Hong Kong about what had been discussed in his meeting with the Chinese Ministry of Education? Had he conveyed our worries about the brainwashing national education? Had the Ministry given the Secretary any political instructions, including not to withdraw the curriculum guide, and so on?

Secretary, the public have clearly expressed their opinions about the brainwashing national education subject. What worries the public most today is not merely whether the teaching materials are brainwashing, but whether the authorities will incorporate Beijing's instructions in our education system, such that the Secretary for Education must include brainwashing elements in primary and secondary school curriculum, that instill into students the idea of loving the country, the Communist Party and socialism, and that they can only glorify the country's development but cannot criticize the country's policies or the Communist Party. If so, the public have every reason to worry and will cast a vote of no confidence in the Secretary.

Besides, according to the curriculum guide of the Moral and National Education subject, when assessing how the subject is taught, the Education Bureau is allowed to deploy a working group to schools to inspect how the schools implement the objectives of national education within and without the curriculum. This is another reason why the public find it very unsettling and distrustful of the Administration. They are worried that the Government will take this opportunity to interfere with education and instill other values into our younger generation to offset the core values of the people of Hong Kong.

Our worries regarding these questions are yet to be dispelled. Although the fire of this controversy seems to have died down for the time being, I very much hope that the Secretary for Education will tell us whether he has received any explicit or implicit orders from the Liaison Office or even the Ministry of Education that the national education subject has to be re-introduced at the right time for brainwashing purpose?

Deputy President, with these remarks, I support Mr WONG Yuk-man's motion.

MR RONNY TONG (in Cantonese): Deputy President, when the former Chief Executive, Mr TUNG Chee-hwa, advocated and introduced the political appointment of officials under the accountability system (political accountability system), a constitutional conflict was created. Everyone knows the Article 64 of the Basic Law stipulates that the Government of the Hong Kong Special Administrative Region must abide the law and be accountable to the Legislative Council of the SAR. Under the political accountability system, the Chief Executive insisted that the Directors of Bureaux appointed should to be accountable to him, but according to the Basic Law, these officials should be accountable to the Legislative Council. Would there be a conflict between the two accountability systems? Deputy President, I personally do not think so. On the one hand, the Directors of Bureaux must be accountable to the Chief Executive, that is to say, if the Chief Executive does not think that a Director of Bureau should be sacked, he will not be sacked, no matter how big the public uproar is.

However, as the Basic Law is the fundamental law of Hong Kong, in respect of accountability, a Director of Bureau, being part of the SAR Government, has to be accountable to the Legislative Council. In other words, under the accountability system, if the Chief Executive considers the performance of a Director of Bureau is not up to par but he needs not resign, the Director of Bureau is still duty-bound to explain to this Council why in the face of matters that warrant his resignation, he does not bear the responsibility and resign.

Deputy President, after delineating the responsibilities, there is another clarification to make. When we ask a Director of Bureau to bear his responsibility and step down, is it because we do not like him, is it because we are the opposition camp, or do we make such request on the basis of some fundamental principles recognized by society and the international community? Deputy President, there are three points that we can draw reference from other countries or governments and from some principles on accountability acceptable to the general public. First, when a principal official or a Director of Bureau has made serious blunders in implementing a policy, I think that he should bear the responsibility and step down; second, if the principal official or a Director of Bureau has a serious problem with his credibility or conduct, he should bear the responsibility and step down; third, if he is guilty of a serious dereliction of duty and thus loses the confidence of the people, in an open and democratic society, he should bear the responsibility and step down. Deputy President, if colleagues of this Council ask a Director of Bureau to bear the responsibility, I suggest we take

these three principles into consideration. If a colleague asks an official to bear the responsibility and step down merely because he is a government official or he is a member of the pro-establishment camp, I will not render my support as I think such demand is inappropriate.

In our debate today, have the two Directors of Bureau violated the three major accountability principles that I have just mentioned? Deputy President, I believe so. Let us first talk about Secretary Paul CHAN. When he was a Member of the Legislative Council, I considered that he was a colleague with whom I could communicate. I highly respected him as a Legislative Council Member and I admit he was capable. However, concerning the scope of accountability, public and social interests, I am sorry, I have to apply stricter criteria in criticizing his work and I hope that he understands. Deputy President, regarding Secretary Paul CHAN, many colleagues have talked about the difference between "sub-divided units" and cubicle apartments, and it seems that he has difficulties in distinguishing the two. That does not matter too much. As regards whether there was a conflict of interests, he shifted the responsibility onto his wife. I cannot say this is acceptable; it seems that this is a very common phenomenon in the Government. The Chief Executive has used this tactic before and so has many other people. Now Mr Franklin LAM does the same. But that does not mean this is right practice.

However, Deputy President, in respect of drink driving and even cutting across the double white lines, these are criminal offences. Of course, many would argue that he only violated the Road Traffic Ordinance, why not just let him off? But drink driving is a serious crime. The fact that he had drunk alcohol and did not go to a police station for a test of the alcohol content in his body was already a violation of the provision and spirit of the law. He surfaced two days later to make an explanation. Deputy President, that does not work. Even if he said that he was unaffected under the influence of alcohol after drinking half a glass, one glass, two glasses or even three glasses of wine, these were only empty talks. Why did he not take responsibility for his actions? Deputy President, there is one other point, as the Secretary for Development, he has the duty to enforce the law and ensure that any offences relating to unauthorized building works (UBWs) will be subject to legal sanction. We read from the newspaper today that the Chief Executive has UBWs in his residence, so has Secretary Gregory SO. It is obvious that not everyone is equal before the law and the law is not applicable to everyone. As a Director of Bureau, he is

duty-bound to ensure that the law is enforced fairly and equally. Should he fail to do so, it is a serious dereliction of duty. Therefore, I think that Secretary Paul CHAN should bear the responsibility and step down.

As regards Secretary Eddie NG, Deputy President, I do not have much speaking time left. Many colleagues have mentioned that he had made serious policy blunders in implementing national education. In many other countries, when government officials have made serious mistakes in implementing an important policy, they must take the responsibility and step down. Besides, he has also shown great disrespect to the education sector, and even made comments that distorted the public opinion, which forced 90 000 people to take to the streets and 0.12 million to besiege the Central Government Offices. Which government would tolerate such an official to remain in office? Honestly, with such a shameless official being in office, it is pathetic for the people of Hong Kong. Thank you, Deputy President.

MRS REGINA IP (in Cantonese): Deputy President, I agree to what Mr WONG Yuk-man has just said in respect of today's motion that we have only two options, which is, either to vote in favour of it to show our lack of confidence in the two Secretaries, or vote against it to show our confidence in them. It is very hard to abstain from voting.

I agree to what Mr WONG Yuk-man and some Members have said that since the accountability system is in place, the public have expectations. If a principal official has apparently made serious mistakes which has aroused a great uproar in society, or has failed in implementing certain policies, he should be held accountable to the entire society. In my view, no matter what is written in the Basic Law and disregarding the provisions of the Basic Law, if a Secretary of Department or a Director of Bureau loses the trust of the community, he can hardly be able to perform his duty; hence, I also agree that the official should be held accountable.

However, I cannot support today's motion. Let me explain. I have listened very carefully to the speeches of the two Secretaries just now. Secretary Paul CHAN has given an explanation to the two incidents in question. Let us discuss his alleged drink driving. A friend told me that he was also present at the Hong Kong Jockey Club where Mr CHAN had a meal. He said on that day

the Jockey Club offered meals promoting German foods including pork knuckle and beer, and there were many guests. He saw that Mr CHAN did not drink much. As for why he drove across the double white lines, I have no idea. According to some eye witnesses, they did not think that he was drunk. We are not suggesting that Members and officials should absolutely refrain from driving after eating and drinking at restaurants. The crime is driving under the influence of alcohol rather than driving after drinking. As regards whether he was driving under the influence of alcohol, eye witnesses said that they did not think that he was drunk. But why he drove across the double white lines, no one could tell.

Another more serious accusation against him is the allegation that he has been engaged in the business of operating "sub-divided units". Secretary Paul CHAN has already given an explanation. I hope that he will respond to the issue on whether he has applied taxation techniques to avoid paying tax when he speaks later. Just now, he only mentioned that he did not hold any shares of Harvest Charm Development Limited (Harvest Charm) but whether the overseas company registered in British Virgin Islands holds any shares of Harvest Charm and whether he owns any shares of the overseas company, I hope that he will explain later.

As regards the lack of confidence in Secretary Eddie NG, I have stronger views on the wording in the motion. The wording in the motion is, "[he] attempted to push through the national education subject, arousing strong public antipathy". But "push through" the policy was Secretary Eddie NG's duty. When he assumed the office of the Secretary for Education on 1 July, one of his duties was to implement national education. I have looked up many records. In fact, the former Chief Executive, Mr Donald TSANG, of the last Government delivered seven policy addresses during his term of office, among them five mentioned about the implementation of national education. Besides, as Secretary Eddie NG has said, the Panel on Education had also discussed the implementation of national education and held public hearings, which I also attended. Some opposed it and some supported. In principle, the Panel on Education did not object that every place should educate its people about their country and help them establish their national identity. This is not a mistake and no one should oppose these objectives. In fact, the Legislative Council had also granted over \$0.6 billion to all secondary schools, primary schools and special schools over Hong Kong to implement national education. It was approved by

the Legislative Council. Did all Members close their eyes when they approved the funding?

As regards the great uproar aroused in the course of the implementation. I have heard Dr Helena WONG's speech. I have also heard many people who have taken to the streets say that the introduction of national education served a political agenda, that is, to promote one's love for the country and the political party and even to brainwash people. I understand the people's worries. However, where does the problem lie? The problem lies with the curriculum guide and some of its wordings, and also the heavily criticized *The China Model: National Conditions Teaching Manual (The China Model)*. I wish to point out that as Secretary Eddie NG had said, the curriculum guide had been amended and the amended version was approved by the former Secretary for Education in April this year and it has nothing to do with him.

I agree that *The China Model* is of very low standard and its contents are biased and partial, but the funding of its development was not granted by Secretary Eddie NG. I believe that Members who know the cause and effect of this incident would know that the development of *The China Model* was commissioned to the National Education Services Centre and the Centre contracted out the work to the Advanced Institute for Contemporary China Studies. It has been rumoured that the Institute contracted out the work again to a graduate student and hence, the standard of *The China Model* was not satisfactory. I have asked some civil servants and education officials who were responsible for this project why there were problems in the wordings of *The China Model*. They explained to me that their work was like granting funds to the Hong Kong Council of Social Service, and once the funds were granted, they would not care about the end-products. I told the officials at that time that I did not accept such an attitude because the officials of the Education Bureau, including education officials as well as those responsible for curriculum development, had the duty to control the quality. They could not say that their work was done after funding had been granted to a committee to draft the contents — everyone knows that it was not drafted by a committee but by civil servants in the end. It should not be the appropriate practice. Therefore, I think that it is not fair to lay all the blame on Secretary Eddie NG alone.

Secretary Eddie NG has just assumed office for four months. Just now, some colleagues have voiced their dissatisfaction about his performance in other

education issues. I think that we should give Secretary Eddie NG more time to smooth out his work; hence I cannot support Mr WONG Yuk-man's motion.

MR CHAN CHI-CHUEN (in Cantonese): "The greater the power, the more dangerous the abuse" — this is one of the famous remarks made by the Irish statesman Edmund BURKE.

The accountability system for politically appointed principal officials is also known as the Accountability System for Principal Officials, or commonly known as the "Accountability System for Senior Officials". There might be a time when the term "accountability" gave the people of Hong Kong certain hope and expectations, thinking that there would be some responsible senior officials to serve the people and if any of them was guilty of dereliction of duty, they would take the responsibility and step down. However, now the Accountability System for Principal Officials has become the "Unaccountability System for Principal Officials". It is simply something unconceivable that they would take the responsibility of dereliction of duty or mistakes and step down on their own; if you want to see them admit their mistakes and apologize, you may have to wait for a miracle.

Today Mr WONG Yuk-man moves a motion of vote of no confidence in the two Directors of Bureaux to demand their resignation. Since the reunification, democracy in Hong Kong can be said to have entered an "infernal hell". After five years and then another five years, no matter how many surveys have been conducted to tamper with the popularity of officials, it is to no avail, as the Government does not have the people's mandate. Now in the year 2012, we are in an even more desperate situation because the local communist power has officially taken up our government. Even the originally routine bureaucratic procedures also come to an end. Now even the window dressing facade is also done away with. Without the buffer in the wrestle with the Central People's Government, Hong Kong has completely entered the era of "rule of man".

A survey conducted by the Public Opinion Programme of the University of Hong Kong in early November has found that the net support rating of Secretary Paul CHAN was minus 27. Even though it has risen 8% from the bottom, it still ranks the lowest. The one next to him was Secretary Eddie NG, whose net support rating was minus 22. They might consider their popularity was nothing

tangible and could rise or fall. The Confucius said, "I do not know how a man without truthfulness is to get on." It means that when a man loses his credibility and good reputation, we do not know what he can do. According to the book *Shuowen Jiezi* (Explaining and Analysing Characters), "credibility is honesty", meaning that one has to honour his undertakings, keep his promises and opposes hiding the facts and making false allegations. It is an established fact that Secretary Paul CHAN and Secretary Eddie NG have lost the people's trust and the people no longer have any faith in them, which cannot be changed no matter how many times they explain and how many official jargons they deliver. And now, whether what they say is true, false or half true and half false, the only thing that matters is: do people still trust them and can they remain in their position for a full five-year term.

Let us talk about Secretary Paul CHAN first. The portfolio of the Secretary for Development covers handling unauthorized building works and enforcement of the Buildings Ordinance; but it was uncovered that the Secretary had been the director of a company which had turned flats into "sub-divided units" and rented them out for profit. I hope that the Secretary would not think that turning the concept of "sub-divided units" into cubicle apartments would lessen the gravity of the problem. Soon afterwards, the media also revealed that he had evaded hundreds of thousands of profits tax and last month he was video taped for being drink driving. With all irrefutable evidence present, he still gave all kinds of excuses and did not show any remorse. I am a freshman in this Council but when I cross the road, not drive, I will also pay special attention and watch the traffic lights. When the red light is on, even there are no cars passing, I will wait till the green light is on before I cross the road, lest anyone sees me set a bad example. His behaviour has seriously affected the image of officials and the morale of civil servants and has created an extremely bad political climate. I am afraid that more senior officials will behave worse in the future as they have nothing to fear.

As for Secretary Eddie NG, it appears that the number of mistakes made and amount of benefits gained are not as serious as Secretary Paul CHAN. As soon as he assumed office, he was assigned the work of pushing through the brainwashing national education. When the work suffered setbacks, the Bureau uses monetary tactics to entice individual schools to introduce the subject, in an attempt to hide it from public view. However, sins are not measured by the number. Let us turn back to Secretary Paul CHAN. While "sub-divided units"

can be torn down and the money saved can be donated, the effect of poisoning the mind by education is irreversible.

In the face of an education system fraught with problems, the Secretary for Education did not, after assuming office, study the issue of small class teaching, tackle the problem of giving support to the liberal studies and history subjects, improve the long-standing problem of teachers' quality, reform the contents of teaching, rectify the problems of the examination system, improve the new generation's weak concept of morality and culture, but instead, he spent huge amounts of money to transplant the Mainland's "false, big and empty" concepts into Hong Kong to sing praises to the Chinese Communist Government. He has ignored the education problems in Hong Kong, and has done nothing to solve the problems concerning the declining competitiveness of young people in Hong Kong, the diminishing value of education diplomas, the lacking of leadership skills of graduates who know nothing about making breakthroughs but are satisfied in their comfort zones and subservient to the powerful and the rich. Our education system is producing for the powerful and the rich screws and nuts who do not know how to object. In the future when the Secretary looks back at his doings today, he will be ashamed to face our next generation.

Deputy President, the higher the pressure, the greater the resistance. Our two Directors of Bureaux are guilty of misconduct and dereliction of duty, and the Hong Kong Communist has taken over the rule. Though being in power for only several months, LEUNG Chun-ying's Government has started to sabotage the rule of law, and the Directors of Bureaux have taken the lead to destroy the long-established image of government officials. We have to admit that Hong Kong, without a government that has the mandate from the people through a democratic process and without a dual universal suffrage, can hardly accomplish anything. The rule by the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region will only spread the cancerous cells from the Mainland to Hong Kong. No matter how hard we try to list out the misconduct and mistakes of the two Directors of Bureaux, they will not step down.

"The city is dying" is not just a dialogue in a television drama but also a description of the SAR Government. Let me end my speech with a poem "Dead Water" by Mr WEN Yiduo, "This is a ditch of desperate dead water, Which is

certainly not where beauty resides, Best just to give it up for ugliness to cultivate, And see what kind of world he can turn it into"³(*The buzzer sounded*)

DEPUTY PRESIDENT (in Cantonese): Mr CHAN, your speaking time is up. Please sit down.

MR CHAN CHI-CHUEN (in Cantonese): I so submit.

MR LEUNG YIU-CHUNG (in Cantonese): Deputy President, as I have to attend another meeting later, I may not be able to vote. I would like to declare here that I will vote in favour of Mr WONG Yuk-man's motion. The most important reason is, Perhaps I will talk about why I vote for the motion later. However, I would like to tell the two Directors of Bureaux that my decision was not targeted at them personally but rather at their positions. Hence I support Mr WONG Yuk-man's motion.

In fact, in the past four years, Secretary Paul CHAN and I, I came to know him when he was a Member of the Legislative Council. We were good friends, we chatted and joked and I found him very competent. However, when I speak on this motion today, I have to lay aside our personal relation and discuss the motion from the perspective of his current position.

As regards Secretary Eddie NG, I hardly know him. However, recently I needed his help on some issues and he was very willing to offer help and had responded positively. This is a good thing, but I think I cannot oppose Mr WONG Yuk-man's motion just because I have had some pleasant experiences with the Secretary on one or two occasions. I will still vote in favour of the motion and the main reason is the post he currently holds. Why? They are both Directors of Bureaux and these are very important posts under the Accountability System for Principal Officials. Under this system, it is no doubt that they are accountable to the Chief Executive, but we think differently. We think that — as Mr Ronny TONG has said, Directors of Bureaux not only have to be accountable to the Chief Executive and the Legislative Council, but they also

³ <<http://history.cultural-china.com/en/59H7489H12546.html>>

have to be accountable to the public. This is most important. Why? They are no longer civil servants in the civil service establishment. During the British Hong Kong era, heads of Departments or Policy Branches were different. They were officials who were promoted from the Civil Service and they belonged to the Civil Service. Of course, they were also under the scrutiny of the public but in terms of accountability, they were completely different from that of the two Directors of Bureaux.

(THE PRESIDENT resumed the Chair)

Therefore, we have to understand the meaning of accountability. The accountability that we talk about today is more than being accountable to the Chief Executive alone. If they are merely accountable to the Chief Executive alone, the Chief Executive can decide on their appointment and dismissal. In my view, Directors of Bureaux have to be accountable to the public. Hence, I think the three criteria put forward by Mr Ronny TONG are very important: first, the conduct of a Director of Bureau; second, his attitude in implementing the policies; third, whether he can win public support. Judging from these three perspectives, should we call for the resignation of the two Directors of Bureaux as advocated in Mr WONG Yuk-man's motion?

Let me talk about Secretary Paul CHAN first. Secretary Paul CHAN has explained in detail the issue concerning his "sub-divided units" but some questions are still left unanswered, including his relation with Richfield Realty Limited when he sold the flats. The media reported that the market price of the flat was \$2.5 million, but eventually the flat was sold at \$1.5 million and the removal charge of \$1 million. We really think that the incident was dubious and the public have lost confidence in him. That is the most important question. Secretary Paul CHAN should give some thought to it. As the Secretary, if the people lose confidence in you, how can they trust you when you implement any policies in the future? How will they support your policies? Even if the policies are good, the public will suspect what you think and do behind your back. Concerning this point, I did not have the chance to tell you personally but had I the chance, I would have advised you to resign on your own, rather than

being asked to step down like today. A Secretary who has lost public support will have great difficulties in carrying out any policies.

As regards Secretary Eddie NG, I think the biggest problems lie in his handling of the implementation of national education and small class teaching, leading to losing people's trust. In the end, all the questions were answered by Mrs Carrie LAM instead of the Secretary himself. Secretary Eddie NG, your job has been taken over by Mrs Carrie LAM, and since you do not have a role to play, you are not needed. That is the important point. A Secretary should have his work to accomplish, and since the Chief Secretary for Administration has taken up your work, this is not *ultra vires*, is there any need for your existence? Right? Concerning this point, you have also lost the public's confidence in you. At the most important moment, why it was not you who stood forward to answer questions and handle the problem, but instead the Chief Secretary for Administration did all the work for you? This situation rarely happened in the past. I dare not say it has never happened before. But in handling these two major issues, Mrs Carrie LAM, the Chief Secretary, had addressed the problems for you openly, even when meeting with school principals and holding closed meetings, she had taken charge instead of you. As such, should taxpayers pay salary to an official who has not done anything? Why not just let Mrs Carrie LAM handle your work? She can do everything and we do not need you. Therefore, this problem does exist. If you cannot show us that you are competent in solving problems and the Chief Secretary has to step in all the time and solve the problems for you, how can you win people's support and trust?

Therefore, owing to the above two points, I advise the two Directors of Bureaux to consider seriously, if such situations continues, how can they implement any policies for the HKSAR Government in the next four or five years? How can they regain the support of people to accept that they are the right candidates? I think this is where the problem lies.

Therefore, other than supporting "Yuk-man's" motion, I also advise the two Directors of Bureaux to reflect again. Or, as it is said "take one step back and the future will be brighter". If they resign on their own, it will bring about a healthier development to this political system. Will they please think about that seriously? In my view, if they can set a good example by stepping down on the

ground that they are not suitable to be the Directors of Bureaux, other officials will also think about this issue from this perspective.

President, I so submit.

DR KWOK KA-KI (in Cantonese): President, colleagues may be aware that the Court of Final Appeal finally conducted a hearing on the case against Mr LEUNG Chun-ying, the Chief Executive, yesterday. Mr LEUNG Chun-ying was accused of using credibility as a weapon to attack another candidate, Mr Henry TANG, during the Chief Executive campaign, claiming that he had unauthorized building works and had told lies. Unfortunately, after that incident, the media uncovered that the other person who lacked credibility and personal integrity, and who could not face the public was Mr LEUNG Chun-ying himself. Of course, Mr LEUNG Chun-ying managed to evade legal liability, but as our colleague, Mr Albert HO, has said, he had to give the public an account of the whole incident. The public have very high expectations of senior government officials. They have very high expectations of all accountability officials, thinking that they should meet a higher standard than that of the ordinary people in terms of personal conduct, credibility, practices, and so on. I believe that when all the accountability officials accepted their appointments at the Convention and Exhibition Centre and Central Government Offices, they should fully understand the expectations.

I have known Secretary Paul CHAN and Secretary Eddie NG for some time and I do not bear any personal grudge against them. Mr Paul CHAN was a Member of this Council before and I believe that the public also considered him a competent Member. Mr Eddie NG is very experienced in the personnel management sector. The problem is that since they became Directors of Bureaux, their performances have been under public scrutiny, and judging from their performances, the general public and Members of this Council find it hard to trust them. President, today's motion is a motion of no confidence. Just now, the two Directors of Bureaux have responded to the many censures and accusations put forward by Mr WONG Yuk-man; I believe that many of their responses could account for some of the facts. However, in reviewing how they divulged those facts to the public in the past, we feel disappointed.

Secretary Paul CHAN responded to the incident concerning the operation of "sub-divided units" by a company of which he and his wife were a director and shareholder respectively. If we review the media reports on this incident, we can find that he responded in the manner like squeezing a tube of tooth paste, that is, revealing a little at a time. In the initial stage, if he had not delayed in giving an account of the incident and refused to answer honestly, I think that the public might not have given him the rather unpleasant title, "Secretary Sub-divided Units". As he has said to this Council just now, if he had come clean about everything promptly, without covering up anything, the incident might not have developed to such a state. That also reflects his political skills and his competence.

We expect all principal officials in high positions to act with integrity and are willing to be accountable for their actions. I have collected the resignation speeches of many former political figures and they are quite interesting. On 8 August 1974, President NIXON resigned because of, as everybody knows, the "Watergate Scandal". In his speech, President NIXON quoted the speech of his predecessor, the 26th President of the United States of America, President ROOSEVELT, which says, "It is not the critic who counts; not the man who points out how the strong man stumbles, or where the doer of deeds could have done them better. The credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood; who strives valiantly; who errs, and comes short again and again, because there is no effort without error and shortcoming; but who does actually strive to do the deeds; who knows the great enthusiasms, the great devotions; who spends himself in a worthy cause; who at the best knows in the end the triumph of high achievement, and who at the worst, if he fails, at least fails while daring greatly, so that his place shall never be with those cold and timid souls who know neither victory nor defeat."⁴ The last two sentences of these remarks are the most important because one has to know when to admit his defeat and that is also the most important element of the political accountability system.

Today, we hope that Hong Kong's political development can head towards the direction agreed by the people and the officials must comply with the standards accepted by the people, no matter it is their integrity, morality or capability, and they have to demonstrate that with actual actions but not empty

⁴ <<http://www.theodoreroosevelt.org/life/quotes.htm>>

words. Therefore, since the implementation of the political accountability system, the public's greatest concern is that the officials are not willing to take responsibility for the mistakes they have made at work. That is the most important. If all officials cling to their positions after blunders and even without the trust of the public, Hong Kong will not progress. The political system in Hong Kong, including the Accountability System for Principal Officials, will not move forward.

Let me reiterate: the two Directors of Bureaux have contributed to society in their respective areas and we do acknowledge their achievements. However, as accountability officials, they since many colleagues have already given a detailed description of their incompetence in various incidents and how they cannot be trusted, I do not want to spend any more time on repeating these remarks. However, I believe that today's motion is meaningful because the subject can give this Council a chance to make a positive response to the Accountability System of Principal Officials and the progress of the governance system that we are faced with.

I so submit. Thank you, President.

MR NG LEUNG-SING (in Cantonese): President, "to attack somebody for a single fault without considering his other aspects" is a longstanding strategy which aims to guide people to look at the facts in a piecemeal rather than comprehensive manner, usually by exaggerating a certain part to over-generalize the situation. When I first looked at the heading of this motion, it immediately reminds me of this familiar strategy.

Information shows that before Secretary Paul CHAN and Secretary Eddie NG took up the new posts, as colleagues have said, both were professionals. The former was a professional accountant whereas the latter was a human resources expert. Apart from making contributions in their own professions, they have also spent considerable time on public offices and have served in community services. Given that they were invited to play a new role by joining the Government as Directors of Bureaux under the accountability system because of their outstanding achievements in their respective professions, I trust that high salaries are not the reason for such a change. According to common sense predictions, they should earn much more in their previous posts. I therefore

have reasons to believe that they joined the Government to serve the community, which I can be pretty sure.

As professionals, their integrity has been bound by professional ethics and tested throughout their professional career and community service. According to our general understanding, professional institutes in Hong Kong have imposed stringent requirements on their members. The fact that the relevant qualifications have all along been complied with and recognized sufficiently proves that both the trade and the community have given the same recognition to their status.

Regarding the performance of the two Directors of Bureaux after assuming the posts, the general public should understand that it is impossible to make an evaluation when they have worked for only a couple of months. Many policies and plans launched by them were actually developed by the previous government. There is bound to be a teething period when established policies and plans are implemented by new officials. All in all, we should give them some opportunities and time. Although I fail to see any significant contributions made by them during the said period, they have not made any fatal mistakes which deserve this Council to move a motion of no confidence either.

President, I believe the majority of people and Members of this Council are likewise kind and honest to other people, thus we must justly evaluate a person from a wider perspective and consider his overall performance. We should not exploit other people's mistakes like Mr ZHAO, a character of Lu Xun's *True Story of Ah Q*. As the saying goes, "time will tell". Appropriate evaluation can only be made after a person has been tested for a certain period of time, and this is precisely the fairness and impartiality advocated by our colleagues.

Based on the abovementioned points, I am sorry that I cannot support the motion.

President, I so submit.

DR LAM TAI-FAI (in Cantonese): President, a series of negative news about the new governing team has been unveiled since it assumed office, and most of them are concerned with integrity. These waves of storms have made the Government very embarrassing and it is now in a very disadvantaged position.

Confidence of the public and Members in the Government is also gradually eroding, and strictly speaking, there is a lack of mutual trust. Ever since the Legislative Council resumed meeting in this Session, the Government has been fighting a duel with this Council. They wrestled and threw punches at each other, thus the Chamber was always filled with tensions. I reckon that the relationship between the legislature and the executive authorities is now the worst and most tense since the reunification.

In fact, after a number of debates on various issues were held in this Chamber in recent months, the Government has angered Members from the moderate camp and some from the pro-establishment camp. They chided the Government for being too firm, refusing to listen to views or communicate. President, the reply given by Secretary Prof Anthony CHEUNG to my oral question this morning is a very good example. Regarding the Buyer's Stamp Duty, which is an important initiative, it does not matter if he chooses not to hear my views, but he should not recite his reply like a recorder. This is nothing but an "ostrich policy" to shun the issue. How can the relationship between the legislature and the executive authorities be improved? How can Members work wholeheartedly with the Government? President, if the Government fails to improve the relationship between the legislature and the executive authorities but let it deteriorate, I am sure that the governance of the Government will bound to be arduous in the days to come, and the governance credibility will also be at stake. Who is the biggest victim? The answer is certainly the 7 million Hong Kong residents.

In the face of today's motion of no confidence, I think that the two Directors of Bureaux, Secretary Paul CHAN and Secretary Eddie NG, can adopt one of the following attitude and mindset: Either to face with a pessimistic and negative attitude or to face with an optimistic and positive attitude. Undoubtedly, different attitude and mindset will give rise to different result and effect. If you adopt a negative and pessimistic attitude, thinking that all or most Members are too demanding in respect of your credibility or performance, and have added to your misfortune by giving you another kick when you are down and out, then you can simply turn a deaf ear to our speeches and treat them like a puff of wind passing the ears, or even close your eyes and take a rest. These few hours will come and go. You may also learn from Secretary Matthew CHEUNG, who pretended to listen to our views on the Old Age Living Allowance and jotted notes on a piece of paper, but he was actually not listening. You may continue to follow your own course in the future, and do what you

should or wish to do. Nonetheless, you will have to face the outcome of what you have done. This is the causal relationship.

On the other hand, you may also deal with the matter with an optimistic and positive attitude and mindset. You can come down from your high position and listen to Members' views with an open mind, and then carefully analyse the reasoning of Members. If you find Members' advice meaningful or sound, I would suggest you to look closely at yourself and adopt the advice. You should also make corrections by turning criticisms into positive advice and turning accusations into opinions. Good advice is certainly harsh to the ear. But if you agree with what Members said and find it useful, you should better adopt their advice and even apologize. Sometimes, it is essential to have a sense of shamefulness because one can only avoid making the same mistake by making confession and self-corrections. This certainly requires great wisdom and courage. We need the courage to make apologies and corrections. "Reducing the self to strive for a greater self" is my motto which I want to share with Members here.

A number of Members just now queried if the two of you have lied. Honestly speaking, Secretary, I cannot tell whether you have lied. Nor do I wish to judge whether you have lied. I just want to share my views with you. Accountability officials should rather refrain from speaking than telling lies. After you lie for the first time, you will have to cover this first lie with another 99 lies. This involves enormous effort, but people may not necessarily be cheated. It would therefore be better to honestly tell the truth. Honesty can win the acceptance of Members and the public more easily. Therefore, in any event, bear in mind that honesty is not only the best medicine, but also the best approach.

President, I will listen to Mr WONG Yuk-man's opinions but will not cast any vote today. I hope that the two Directors of Bureaux will listen to the opinions given by our colleagues today and make improvements with wisdom before setting off again. They should do real work for the people and stop wasting public money or the wages paid to them. Also, I hope that they can emerge as highly competent public officers with high integrity. Just as a Member has said earlier, they have to be more independent and should no longer rely on the Chief Secretary for Administration to take the bullets for them. They

need to grow up. I wish that we can have some grown and mature public officers to do real work for Hong Kong people.

Lastly (*The buzzer sounded*) I am running out of time. I so submit.

MR ALAN LEONG (in Cantonese): President, according to the recently published opinion survey conducted by the Public Opinion Programme of the University of Hong Kong, among the 15 Secretaries of Departments and Directors of Bureaux, only Secretary Eddie NG and Secretary Paul CHAN have negative support ratings, which are minus 22% and minus 27% respectively. They are actually the negative assets of the SAR Government. Members of the public neither believe nor support these two Directors of Bureaux, and public opinions are crystal clear. Therefore, today, the Civic Party will support Mr WONG Yuk-man's motion proposing a vote of no confidence in the two Directors of Bureaux.

President, "the trust of the people can only be established with credibility". I hope that the two Directors of Bureaux would listen to the advice given by Dr LAM Tai-fai just now. The fact is they should at least prevent Hong Kong people from casting doubt on their credibility or wondering if they are trustworthy. If we do not even have the basic trust in them, how can we entrust them with important tasks and rest far-reaching decisions regarding Hong Kong's education and land use planning in their hands?

President, everything can go back to square one. When the SAR Government implemented the Accountability System for Principal Officials (the Accountability System) in 2002, it was stated in a relevant paper that accountability officials "would be accountable to the Chief Executive for the success or failure of matters falling within the portfolios assigned to them by the Chief Executive. They would accept total responsibility and they may have to step down for serious failures relating to their portfolios. These include serious failures in policy outcome or serious mishaps in policy implementation. They may also have to step down for grave personal misconduct." President, the objective of the Accountability System is "to strengthen the accountability of principal officials; ensure that the Government can better respond to the needs of the community; enhance co-ordination in policy formulation; strengthen the

co-operation between the Executive and the Legislature; ensure effective implementation of policies and provide quality services to the public."

Chapter 1 of the Code for Officials under the Political Appointment System (the Code) also provides that "politically appointed officials shall observe the highest standards of personal conduct and integrity at all times". If we assess LEUNG's governing team either by the spirit of the Accountability System or the explicit provisions written in the Code, not only Secretary Paul CHAN and Secretary Eddie NG of LEUNG's team have to step down, both Mr Franklin LAM and Chief Executive LEUNG Chun-ying have to step down as well. President, I have already clearly cited the stringent requirements under the Accountability System.

With regard to the two Directors of Bureaux involved in Mr WONG Yuk-man's motion of no confidence, we are aware that soon after Secretary Eddie NG was appointed in July, he had visited Beijing's Ministry of Education without prior notice, and discussed the subject of national education with the Minister of Education, YUAN Guiren. After 90 000 parents, teachers and students went to the streets to oppose the brainwashing education, Secretary Eddie NG said that the silent majority not participating in the parades were in support of national education.

Subsequently, there was an assembly of more than 100 000 people outside the Central Government Offices, demanding the withdrawal of the brainwashing national education. Some students even went on a hunger strike. Yet, Secretary Eddie NG stood firm and pushed through the subject, saying that the masses had been seriously misled. This had aroused a public outcry. Each time Secretary Eddie NG ignited a political bomb, he would rely on the Chief Secretary for Administration to clean up the mess for him. From the abovementioned "sins" alone, we can see that he has failed to comply with the stringent requirements of the Accountability System, evidently, he does not only lack the political wisdom to take hold of the situation, but has also failed to respond to people's reaction, in particular that of parents, teachers and principals to the mishaps in the implementation of the education policies.

For Secretary Paul CHAN — as some colleagues have said — he is known for his involvement in "sub-divided units". So far, no clear account on the "sub-divided unit' fiasco" has been given and his explanation was arbitrary.

Therefore, judging from the spirit of the Accountability System and the requirements of the Code, both Directors of Bureaux should not be trusted.

MR LEE CHEUK-YAN (in Cantonese): President, today, Members may notice that of all the motion debates held in this Session so far, this subject of debate is the one which Members are least inclined to take part in. Members from the pro-establishment camp have all disappeared. Is it their tactic to remain silent throughout the debate so as to avoid being victimized for harbouring these two "negative assets"?

If this is the case, it shows that these two senior government officials are downright too bad for even the royalists are unwilling to harbour them for fear of being victimized. What is more, "YUEN Qiu" of our political arena has also chosen not to speak. Some people may say that we should give them a chance "YUEN Qiu" of the political arena always said that we should give public officers a chance and should not arbitrarily dismiss them. May I ask who is going to give Hong Kong people a chance after we have given them a chance? Who will give Hong Kong people a government with credibility? Who will give us a chance?

These two senior government officials earn a monthly salary of some \$200,000, but have performed terribly badly. Not only are they devoid of credibility, they even refused to step down from their posts. Not to mention to take up any responsibility. As a member of the public, I cannot help asking what the accountability system is meant to be and what kind of system it is. We are perplexed because so far, we have never seen any public officer who is accountable.

In fact, Secretary Paul CHAN and Secretary Eddie NG have two serious problems. What problem does Secretary Paul CHAN have? He has a credibility problem. The SAR Government is facing a The word "cliff" is very common lately. While the United States is dealing with a fiscal cliff, the SAR Government is facing a credibility cliff with a long queue of people standing by the cliff. Secretary Paul CHAN is certainly not the first in the queue with regard to his credibility, and the first place should go to LEUNG Chun-ying. Secretary Paul CHAN is just the proof of the saying that "if the upper beam is not straight, the lower ones will go aslant" — the word "樑" (loeng4) in the Chinese

translation of "upper beam" (上樑) should be replaced by another Chinese character without the radical "木", which is "梁" (loeng4), the surname of LEUNG Chun-ying. LEUNG Chun-ying has not given any account of his unauthorized building works (UBWs) and his credibility issue. While the UBWs are hard facts, he told Hong Kong people publicly that the garden trellis was already there when he bought the property. It was subsequently unveiled that this was not the case, as photos taken before he bought the property did not show any sign of UBWs. The garden trellis only existed after he bought the property. He then refused to make any account on the pretext that a judicial process has started. Today, he has yet to give an account on this. The case had actually been completed yesterday, but he still has not given any account in public today. Therefore, LEUNG Chun-ying himself has serious credibility problem.

For Secretary Paul CHAN, the Development Bureau overseen by him is obliged to monitor the safety of buildings and UBWs in Hong Kong. And yet, he was found to have Just now, he said that he ceased to be the director of the relevant company since 1997 and the post was subsequently taken up by his wife. In saying that she had not involved in any of the company's business, it brings out another question. Is Secretary Paul CHAN aware of a new term called the "BMW Club"? He is now the Vice-chairman of this club, and the Chairman is certainly LEUNG Chun-ying. It is also possible that former Chief Executive Donald TSANG could be the Chairman. Despite the fact that Secretary Paul CHAN has made his wife bear all the responsibilities, how can his wife's investment be independent of his investment? Does his wife's investment have nothing to do with him? His name is associated with "sub-divided units" because he has actually engaged in renting out "sub-divided units". Where has his credibility gone? He did give an account earlier, but it was arbitrary and he has put all the blame on his wife. We all think that what he said does nothing to distance himself — or in fact his family — from the fact that he had operated "sub-divided units".

When he spoke earlier, he played language "hypocrisy" — a deceitful tactic, and the same dirty trick played by LEUNG Chun-ying — saying that the units in questions were cubicle apartments but not "sub-divided units". Nonetheless, this is meaningless. After all, he had made a fortune out of such business. How can we trust him? He operated "sub-divided units" on the one hand, but stated that he would monitor "sub-divided units" on the other. Who

would believe him? His credibility has been called into question because the matter under his portfolio happens to belong to the business area in which he has engaged. He has not given any clear account throughout the course and this is why Members reckoned that he was involved in "sub-divided units". How can we trust him given his credibility problem? If we do not have trust in him, what else can he do? Why did he not give Hong Kong people a chance by stepping down, which can at least show a bit of credibility of LEUNG Chun-ying's Government?

When I knew Secretary Eddie NG, he was working in the field of human resources. Honestly speaking, I have never thought of him becoming the Secretary for Education. What conclusion can I draw? With due respect, LEUNG Chun-ying's Government was ill organized, which is the second major problem. One problem with Hong Kong's political structure is that the Chief Executive does not belong to any political party. Neither is there a group of people who share the same vision to fight side-by-side with him. The truth is LEUNG Chun-ying claimed that he has a vision, and after he decided to run for the Chief Executive election, he claimed that he was backed by people who share the same vision with him. And yet, those backing him have never participated in politics. Neither have they given any account to the public or faced the public. Secretary Eddie NG is no exception. Although he has never faced the public, he became the Secretary for Education all of a sudden. In the national education fiasco, he had obviously visited Beijing in secret. But then he holed up and refused to stand in front of the general public. He relied on his "nanny" to clean up the mess — it is not pleasant to the ear in saying that the mess had to be cleaned up by his "nanny" — he always looks to the Chief Secretary for Administration Mrs Carrie LAM for solutions. Then, what is the point of having this Secretary for Education? How can he not step down? Therefore, the Labour Party supports Mr WONG Yuk-man's motion.

MR MA FUNG-KWOK (in Cantonese): President, after the reunification, there is an important change in Hong Kong's political ecology. While people have increasingly high expectation of the Government, the media has exercised tighter supervision over the Government and the voice calling for the principal officials to be held accountable is getting louder and louder. It is a hard fact that the "hot kitchen" is getting hotter and hotter.

After a principal official decided to accept the appointment, he would have to commit in it disregarding how hot the kitchen is. Unless there is serious mishap in policy implementation or grave credibility problem, otherwise they must commit in serving Hong Kong and responding to people's needs by tiding over all difficulties, with a view to practically developing and formulating policies to improve people's livelihood.

I am not a personal friend of the two Directors of Bureaux mentioned in today's motion, and I knew Secretary Eddie NG only after he assumed the post as a Director of Bureau. Members may agree with the motion that the performances of both Secretary Paul CHAN and Secretary Eddie NG have fallen short of public expectation and there is absolutely room for improvement. However, I do not agree that the substandard performance of the two Directors of Bureaux within as short as four months involves grave credibility problem or serious mishaps in policy implementation, which necessitates the proposal of a motion of no confidence, or even to "decapitate" them by demanding them to step down.

I will first talk about the case of Secretary Paul CHAN. Mr WONG Yuk-man's motion mentioned Secretary Paul CHAN's property rental business, which is actually a personal investment decision made by him more than a decade ago. He, as a property owner and investor, had handled his investments and proceeds in a way acceptable to the prevailing community back then. Nonetheless, today, we are accusing the personal investments made by him more than a decade ago based on the standard required of a public officer and expressed distrust in him, I consider this pretty unreasonable.

As for Secretary Paul CHAN's alleged drink driving, I hold that drink driving is inappropriate and his attitude towards drink driving is definitely not a role model of the community. And yet, he has taken the initiative to report to the police and co-operate in the relevant investigation in the aftermath. What is more, this incident does not involve credibility and serious mishaps in policy implementation. Thus, the punishment imposed by this Council on his inappropriate behaviour by way of a motion of no confidence is, in my opinion, disproportionate.

Regarding the motion of no confidence in Secretary Eddie NG with respect to his performance in the national education fiasco, I must first declare that I

support national education because it enables young students to learn about our country from different perspectives. However, if a consensus cannot be reached in the community, it should not be introduced as an independent subject so as not to give an impression that the Government is pushing it through.

There is nothing wrong with the promotion of national education. Even if there is anything wrong, it would be the decision to introduce national education as an independent subject when the community has yet to foster a consensus. The fact is soon after Secretary Eddie NG resumed office, his implementation of the decision made by the previous-term Government to introduce national education as an independent subject had given rise to numerous disputes. Amid the strong and organized opposing views in the community, Secretary Eddie NG revised the relevant policy in a comprehensive manner in the light of the aspirations of the opposing party. It is therefore illogical for us to insist on proposing a motion of no confidence in Secretary Eddie NG after he had revised the relevant policy.

President, the kitchen is indeed very hot, so is the debate here in this Council. The new-term Government has taken office for less than five months, whereas the new-term Legislative Council has only conducted six formal meetings. Of the 10 motion debates which we have held, two involve motions of no confidence in public officers. While I agree that this Council is tasked to monitor the Government, the proposal of a motion of no confidence is a pretty serious matter. Even in Western countries practicing the parliamentary system, it would not be easy for the opposition party to put forward such a proposal. I eagerly hope that apart from monitoring the Government, Members of this Council could assume the role of loyal opponents and discuss issues in a rational manner in spite of their divergent views. They should do more real work and join hands to urge the new Government to honour its election manifesto, with a view to expeditiously improving people's livelihood and alleviating the hardship of people.

I therefore oppose Mr WONG yuk-man's motion. Thank you, President.

MR LEUNG KWOK-HUNG (in Cantonese): President, trees in theory are grey, but trees in real life are green. Just a few months after the Special Administrative Region Government of the current term took over, a few riddles

have popped up. The first one is seen from the website of a football fans club. The riddle asks for a football club in the Premier League, and the answer is related to the most powerful entity in Hong Kong. The clue is that the answer should be read backwards. I solved it right away. It is the football club Stoke City (known as "史篤城" (si2 duk7 sing4) in Chinese) in the Premier League. To read the answer backwards, that means "sing4 duk7 si2". This riddle has received more than 100 000 "likes", since it is a homophone of "成篤屎", meaning that the Government is just like a pile of shit. The second riddle was seen from a website of car lovers. The riddle asks for a famous German car brand. The answer to the riddle is, of course, BMW — Blame My Wife, passing the buck to one's wife. All the Directors of Bureaux who got into trouble, as well as Chief Executive LEUNG Chun-ying, the head of this "shitty" Government, claimed that it was their wives who took part in the matters that had gone wrong.

Gentlemen, do not shift the responsibility onto women, okay? Shoulder the responsibility yourself. "成篤屎" (in other words, "一坨屎") is a vulgar expression. I have looked it up in the dictionary. "坨" is written by putting the radical "土" next to the character "它". To put it in a more bookish way, it is a market of salted fishes where large quantities of smelly fishes are piled up and left there with their stinking smell. They are just like that. Every day they have meetings; they have stayed so long in a fish market that they have got used to the stink. They have stayed for such a long time in a stinky environment. That is the case for the "shitty" Government.

Just now an Honourable colleague defended by saying that this was something which happened a few months ago. Buddy, with regard to the incident of CLINTON and LEWINSKY, CLINTON lied in the Congress, saying that they did not have any sexual intercourse, no matter how long ago the incident had happened, the United States had to investigate him all the same. However, this Legislative Council is a crippled council. Otherwise it would have investigated him long ago. Was this Honourable colleague saying that it was wrong to impeach CLINTON at that time because a long time had already passed since that incident, and besides, he merely made out with a woman in the office — how can we say such things, that a long time has already passed? What about the BBC incident? Now BBC is on the verge of collapse. Chris PATTEN has got his retribution and become a "sinner of a thousand generations".

Even Chris PATTEN, Chairman of the BBC Trust, was demanded to step down. Should the Chairman be responsible for monitoring if the staff members have abused their authority to molest other people?

What principles of accountability are held by those who object to the opposition? Their theories are at such a low level. Do they not know that Directors of Bureaux under the accountability system have the highest power? They are imperial envoys under the Chief Executive, heads of the Policy Bureaux. Can such posts be taken up by someone with no credibility? Now we are talking about credibility, not whether the mistake committed is big or small. Have you heard the story of George WASHINGTON? The story about holding an axe he certainly knew that his father, who was holding an axe, was going to strike him, so he admitted having eaten the apple in secret. Now I am playing his father's part, holding an axe, requesting him to be honest. "Son, did you eat the apple in secret?" Seeing the axe, he would feel afraid. Would WASHINGTON really be so stupid as to confess on his own? It was merely because his father was holding an axe. That is how the story goes.

Our Council is authorized by electors to monitor government officials in accordance with the Basic Law. Officials who lack integrity will have to take the responsibility. President, the lack of integrity is a capital crime, right? As you have said, what the Communist Party fears is being "serious". Even if they are not Communist Party members, they are still subject to the regulation of the Basic Law, which was formulated under the Communist Party's own supervision, right? A person of integrity dedicated to his or her duties, acting with integrity. Did they achieve that? Secretary Paul CHAN, I do not have any grudge against you, yet I cannot help it because you are a Secretary. If you did not pay money after having tea with me, at most I would just badmouth you, but now what you have done

The Secretary is indeed not lucky enough. He was supposed to be appointed as a Secretary of Department, but with a little obstruction from me and "Yuk-man", the post became Deputy Secretary, and now he can only be Secretary for Development, responsible for leading the most important department of the "LEUNG's dynasty" to introduce loads of rubbish policies which are supposed to get the public out of their dire straits. That is, to solve the problem of the lack of land and construct more flats so that people will have a place to stay in, a housing unit available at low prices. However, Secretary, you refuse to eat "lo mei"

(stewed meat) and prefer to have barbecued pork⁵, and you refuse a toast only to drink a forfeit. Surprisingly, you colluded with your wife to make up an alibi for the purpose of property speculation. Then you allowed the problem of "sub-divided units" to exist and further claimed that they were just cubicle apartments. What a big lie! Even the media had to put the question to him five times before he replied, not to mention that such a reply was not made until 11.59 pm when the typesetting work for newspapers had already finished. Buddy, this lie is very big indeed!

The case was the same for Eddie NG. That day when he was meeting with various principals, I read out FAN Zhongyan's *Yueyang Pavilion* to him: "Be the first to bear hardships and the last to enjoy comforts." Yet in his case, it turns out that he is "the first to become corrupt and the last to express regret". Corruption comes first and confession comes second. Had his fault not been rightfully pinpointed by other people, he would not have pushed his wife to take the blame. Our President would not do that, right? In the incident where he was labelled "Astronaut Sing"⁶ back then, he said it was his own fault. Did he shift the responsibility onto his wife? No. President, should you teach him what to do?

Frankly speaking, it will already suffice if I just scold them on behalf of all the women in the world. Lousy, useless men! Such officials, acting with greed, hatred and ignorance, have flatly refused to admit any fault. What is more, they have LEUNG Chun-ying at their back. He said he was having a lawsuit, but now there is no more lawsuit. LEUNG Chun-ying, quickly come forward to give us an explanation!

MR SIN CHUNG-KAI (in Cantonese): President, I speak in support of Mr WONG Yuk-man's motion. Just now Mr WONG said that the other people did not listen to his speech, but now he is not present, which is not very respectful to those who speak.

⁵ The Member might be playing with the word "lo mei" as its pronounces in the same way as a vulgar expression in Cantonese.

⁶ It was the nickname given to Mr Jasper TSANG Yok-sing when it was reported that his family had emigrated to Canada and he frequently flew between Hong Kong and Canada to visit them.

President, I believe that this motion will be negated as usual. Nevertheless, the last line of the motion reads: "..... this Council has no confidence in"

MR LEUNG KWOK-HUNG (in Cantonese): President, in response to Mr SIN Chung-kai's appeal, I now request a headcount.

PRESIDENT (in Cantonese): Clerk, please ring the bell to summon Members to the Chamber.

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

PRESIDENT (in Cantonese): Mr SIN Chung-kai, please continue.

MR SIN CHUNG-KAI (in Cantonese): President, the last line of the motion reads: "in this connection, this Council has no confidence in the Secretary for Development, Paul CHAN, and the Secretary for Education, Eddie NG". As I have pointed out earlier in my speech, I believe that this motion will be negated. However, does that mean those who vote against the motion have confidence in Secretary Paul CHAN or Eddie NG?

President, both Mr WONG Yuk-man and "Long Hair" have advised earlier that an investigation should be conducted before a no-confidence motion is proposed, but since this Council will not set up an investigation committee, given that the matter cannot be investigated by an investigation committee first, it will be better proposing a no-confidence motion right away. We express our support for such an approach. A number of Members have also mentioned the integrity crisis of the two Directors of Bureaux earlier.

However, I would like to take this opportunity to talk about the accountability system instead. After the introduction of a democratic election system, it will definitely be followed by the implementation of an accountability system. Yet I opine that the implementation of the accountability system needs

to be reviewed. I hope that the Chief Secretary for Administration can review the accountability system for the long term, with particular assessment on the appointment process of principal officials.

Last week, a Member raised an oral question about the integrity check conducted before politically appointed officials assumed office. At that time I asked whether the extended checking questionnaires required candidates nominated as politically appointed officials to disclose before their assumption of office whether they were involved in any irregularities. President, a more stringent approach is to introduce a confirmation system. As we know, under the American system, the President's appointment of principal officials has to be confirmed by the Senate committee.

This week, the news which greatly shocked the world was certainly the downfall of the CIA Director brought forth by his scandal. John ALLEN, one of the "nth parties" involved, was originally the commander of the NATO forces stationed in Afghanistan. Now he may be appointed by OBAMA as NATO's supreme commander, but his appointment must come with Senate's confirmation all the same.

President, the introduction of the confirmation system into the accountability system can bring the candidates of accountability officials under the regulation of the Legislative Council before their assumption of office. I believe such a practice can substantially enhance the recognition of accountability officials. Besides, such a system can bring the candidates of accountability officials — maybe it should be put this way — under the regulation of the public before their assumption of office. I put it this way because during the confirmation process, they will have to disclose a lot of information. I believe such a system will substantially enhance the recognition of accountability officials as well as the relationship between accountability officials and the Legislative Council.

President, the accountability system in Hong Kong is full of flaws and loopholes. As Mr WONG Yuk-man has said, during the 10 years since the establishment of the accountability system, only one accountability official took the responsibility and resigned for the fault he committed at work. Accountability officials commit mistakes all the time, but they will not come under attack, and they will not have to take the responsibility and step down either.

The accountability system itself also lacks public recognition. Objectively speaking, the Chief Executive who is not returned by universal suffrage does not have a full team to put forward his policy manifesto and governance philosophy. I heard that at the beginning when the accountability system was introduced in the TUNG Chee-hwa era, the accountability officials had to exchange business cards in the first one or two meetings as they did not know one another. That was really unthinkable.

On the contrary, a Chief Executive returned by a democratic system has experienced election. To put it crudely, he comes from his own group of fellows who have undergone all sorts of hardship together with similar beliefs. As a result, after he is elected, he can immediately form a team to put forward his policy manifesto rather than identifying candidates in haste after being elected, with the need to look up information to find out a certain person's past experience in service or whether he or she is a "fighter".

President, I hope the Government can seriously review two points under the accountability system. The first point is, should the Government seriously consider introducing the confirmation system? The second point is about the sanction system. According to the Administration, sanctions such as "admonishment" and "warning" are provided in the relevant guidelines, but obviously, such a sanction system has failed to satisfy the demand of the public. Actually under what circumstances will an accountability official have to take the responsibility and step down? I hope the Chief Secretary for Administration can explain to the public in her concluding speech the views of the Government or LEUNG Chun-ying's accountability team on the issue of to take responsibility and step down. In fact, under what circumstances will the "ultimate punishment" be imposed? After all, how can the accountability system be improved?

I so submit.

MR ABRAHAM SHEK: President, if freedom of expression was measured solely in terms of the severity of criticism against the Government, Hong Kong should be enjoying the highest level of freedom of expression in its 170-year history, both inside and outside this Council. The Government's incompetence in recent years could be one explanation, but more importantly, the advances in

multi-media and the Internet have empowered the traditional mass media and the general public to magnify each minor matter and mistake of government officials into a mega-scale incident and communicate it territory-wide overnight. However, to determine whether these two officials deserve a vote of no confidence, we need to base our judgment on the facts, regardless of boisterous public opinion and populism.

Let us call a spade a spade. President, I must declare my position. I have been working with Mr Eddie NG as a member of the Independent Police Complaints Council (IPCC). I find him to be the most sincere person of integrity, and here I am to defend him. Does the Secretary for Education deserve to be purged because of his handling of the recent national education issue? Should he take up the whole blame for the policy's failure? He is not the initiator of the policy. He is just an honest implementor of that policy which was the product of the previous "TSANG Administration".

In the 2010-2011 Policy Address, the then Administration undertook to introduce moral and national education starting from the 2013-2014 academic year. Even if the policy itself was half-baked, Secretary NG should not be the scapegoat, as he only took office in June this year and played no part in formulating the policy as I earlier said. What Secretary NG did was to implement and defend the policy and the Curriculum Guide that has already undergone public consultation between May and August 2011. He is true and true a corporate man whose loyalty is steadfast. We all know that he is a very good corporate person, and that is why he was appointed the Secretary for Education. It is neither fair nor reasonable to lambaste him, Secretary NG, for failing to act on his conscience. In fact, as the Secretary for Education, he did his duty according to the acknowledged plans. From this perspective, Secretary NG is beyond censure.

Now that the Moral and National Education Curriculum Guide has been shelved as the majority of the parents and students have wished, should they give him credit for his role in shelving the subject, whether this was intentional or not? The result, really, of the shelving is obvious — the political storm subsided and the problem solved.

President, when it comes to Secretary CHAN, the Secretary for Development, the allegations against him — as many of my colleagues have

alleged him — is a question of integrity, arising from the aged series of events of his family which he guiltily carried through as a good husband. Principal Officials need to accept the fact that they cannot separate their personal lives from their identity as an official. It may not be completely fair, but it is necessary. After all, Principal Officers in the top echelon of the Government receive a decent salary from the public coffers, and they also command a position of power and respect. Their every move has an impact on the Government's authority and is under close surveillance by the public. With great power comes great responsibility. It is thus not a tall order to require Principal Officers to have higher standards of morality, integrity, and political sense than the ordinary citizens.

Obviously, Secretary CHAN could have done better in responding to the media's questions about the two incidents. If Secretary CHAN had given all the relevant information in detail in one go rather than hesitating as if he had something to hide or tried to pass the buck to others, the storm could have been quickly quelled. But when more inconsistencies were subsequently unveiled by the media, even if Secretary CHAN did not lie — I know him as a person, he has no intention of lying — the impression was not good, and the public lost trust in him because of his ambivalence.

President, both Mr NG and Mr CHAN are still green as Principal Officers, and both of them lack experience in political bomb disposal techniques. Secretary NG deserves more sympathy because he just performed his duties as a Secretary. Casting a vote of no confidence in him because of our own bias or personal grudges against him would be unreasonable and irrational. As for Secretary CHAN, for him to be condemned, we need to really get all the evidence, not just gossips. These incidents have cost both of them the trust of the public in their integrity, which will take them a long time to regain. This is already a harsh price for them to pay as newly appointed Officials.

With these remarks, I vote against the motion.

MS CYD HO (in Cantonese): President, first of all, I need to clarify the concept of integrity brought up by Mr MA Fung-kiwok earlier. Just now Mr MA said that Secretary Paul CHAN's "drink driving" did not involve the question of integrity. That is wrong, since integrity does not only refer to being clean in

performing official duties. It does not only refer to being free from corruption and not taking bribes, it also means acting appropriately. A person's behaviour and conduct should comply with the law. It should also be consistent with his beliefs and values. Being a member of the executive team, Secretary Paul CHAN should abide by the laws formulated by the executive-led Special Administrative Region. Hence, drink driving actually involves the question of personal integrity.

Today's no-confidence motion is directed against two Directors of Bureaux, namely Mr Eddie NG, Secretary for Education, and Mr Paul CHAN, Secretary for Development.

The problem with Secretary Eddie NG is about competence. The Honourable colleagues find him incompetent to put forward policies. Frankly speaking, his failure to put forward national education is very much welcomed by me. However, if, seeing so many people raise objection, he did not immediately go back to discuss with the executive team; he did not know that he should turn back earlier, and it was only after such a huge social conflict had emerged with so many people coming out to take part in the assembly that he agreed to withdraw, then it is a problem of competence. There is another problem coming — we hope the Education Bureau can pull back before it is too late — that is, the issue of class reduction and closure of secondary schools. We have witnessed before that the closure of primary schools has cast an irreparable gloom over students' mind in their formative years. It has also caused succession problems with teachers in the education sector. If the Secretary still does not turn back now and repeats the same mistake, that really reflects he has a problem. Of course, the Secretary is a newcomer to the executive team who may be manipulated by a number of civil servants at his back. Nevertheless, being an accountability official, he should have the ability to keep these civil servants who merely executes policies under his control. He cannot let them influence the policy behind the scene. Secretary Eddie NG really needs to handle this issue seriously in future. Otherwise, not only half of the 400-odd secondary school principals will come out to hold an assembly, it is possible that all of them will show up. The Education Bureau really needs to co-operate with the education sector to deal with this matter properly. I also hope that next time when the matter is handled, Chief Secretary for Administration Mrs Carrie LAM needs not come out to help again.

The problem with Secretary Paul CHAN is about integrity. It mainly involves tenancy arrangements of his properties before he took office as the Secretary and the equivocal answers he gave to the public. Competence and integrity are actually prerequisites for politicians. Yet regrettably, the officials in LEUNG Chun-ying's team, even including he himself, have failed to fulfil both requirements. The first reason is, of course, it is rather difficult for this team to find someone to join in. In this regard, the Chief Executive really should conduct a self-reflection. Why is it so difficult to find someone to join in? How come he is unable to gain people's trust and support, and capable people with reputation have all refused to join in?

The new officials lack political experience. First, they do not have a perfect past. For example, Secretary Paul CHAN had these tenancy arrangements before he took up public office. Second, when these problems emerged, they did not give an honest account to the public. They even responded evasively, damaging their own integrity and subsequently undermining the Government's credibility and enforcement ability.

If the upper beam is not straight, the lower ones will go aslant. Mr LEUNG Chun-ying must set a good example by coming forward to explain about his unauthorized building works right away. Otherwise, among his colleagues and other officials, who will dare to come out to overstep their supervisor's authority without his good precedent?

Those in the Government who are competent with good popularity rating said that we should not care about such trifles and that we should give the Government a chance to do the real work first. Does the whole Government actually think that integrity is no big deal? Does it think that it does not matter if someone has no integrity so long as his work can attain practical results? There is such an example abroad. CLINTON did not get into trouble. He got a scandal, but since the economy was good and the unemployment rate was low during his term of office, he was able to get away.

However, will the officials please do not hold such a belief, because LEUNG Chun-ying said in his policy manifesto that priority would be given to resolving the housing problem, yet we have a Secretary who had repeatedly reaped handsome profits from his tenancy arrangements in the past. On the one hand, the Government said that priority would be given to the implementation of

the policy manifesto, but the personnel arrangements with these officials having such track records will actually hinder the implementation of policies.

Do not say that we need not care about integrity as long as real work is done. In fact, before any real work is done, the problem of integrity also has to be solved. Otherwise people will question about his sincerity in resolving the housing problem of the grassroots. It is highly important for officials to gain the people's trust. Without their trust, it will be hard to move even a single step when policies are to be formulated to balance the interests of different parties. For example, if the interests arising from the development of North East New Territories and the revitalization of industrial buildings are handled by Carrie LAM, at most she will be accused of being self-willed and showing off as a "fighter". However, if they are handled by Secretary Paul CHAN, there will be queries about transfer of benefits.

Under PLATO's teaching approach, theories and facts are illustrated through continuous questions and debates. One question is, if there is a magic ring which enables the person who wears it to become invisible and do anything without other people's knowledge, would you break the law without restraint? Today we are facing the same kind of situation. Senior officials do not have to take any responsibility and do not have to step down. When policies are being formulated, there is no transparency. In the end, members of the public will question whether these officials in the Policy Bureaux are transferring benefits for personal gain. Actually, regardless of the way you use to seize power, no matter whether you became the Chief Executive with less than 700 votes or you became Legislative Council Members like us with 300 000 votes, regardless of the approach, what matters most is public confidence. Once members of the public have queried that these officials are corrupt, whatever policy you introduce in the future, it will be hard for you to move even a single step. Thank you, President.

MR CHAN KIN-POR (in Cantonese): President, pursuant to the motion proposed by a Member earlier to demand the Secretary for Education to step down, today another Member has proposed a no-confidence motion against the Secretary for Development and the Secretary for Education. Frankly speaking, the motion is extremely unfair to the parties concerned. As I have said earlier, in such a highly politicized society today, to serve as a Director of Bureau can be truly described as "always take the blame but never get the praise". Even if one

is competent, it also takes great courage and commitment to act as a Director of Bureaux. Hence, I believe that we really must have solid reasons and irrefutable evidence before we can call on the two Directors of Bureaux to step down. Otherwise it is a highly irresponsible act.

The call for a vote of no confidence against Secretary Paul CHAN today mainly originated from the so-called incident of "sub-divided units". Just now Secretary Paul CHAN already explained the ins and outs of the incident in detail. I just want to say that actually it is neither fair nor rational for us to apply our present standard for those abominable "sub-divided units" to the lease of those cubicle apartments in old buildings which took place some 10 years ago.

Besides, some people opine that the Secretary deliberately let his wife take the blame, but I would like to ask Honourable Members, how many of you dare to ask your wife of the amount of her personal savings or investments? Even if you know about it, how many of you may stick your nose in or interfere with your wife's investment? Frankly speaking, today many couples in Hong Kong are financially independent of each other. If both of them are professionals, they will have opinions on their own, and usually they will not stick their nose in each other's business unless such business is irrational. Now people insist on saying that Paul CHAN let his wife take the blame. It actually does not make sense, not to mention that the timing was not right. Do they mean that Paul CHAN was already prepared some 10 years ago and arranged in advance for his wife to be the scapegoat so that he could act as a Director of Bureaux in 2012?

During the four years in the last term of the Legislative Council, Paul CHAN and I were comrades-in-arms who fought side by side. I know his personality and ability very well. Paul CHAN has the special characteristic of Chiu Chow people, which is being assiduous and able to endure hardship. He is devoted to work, attentive and demanding. Having a firm grasp of his work as well as the facts, he is a kind-hearted and capable talent who is hard to come by. At present, he is responsible for dealing with housing and land planning work. Within a short period, he has already become familiar and well-versed with land planning. Moreover, his recent participation in stabilizing the property market is also outstanding, reflecting all the more his capability as a qualified Secretary. With his qualifications as a seasoned accountant, his personnel network, his experience in the Legislative Council and his capability, Paul CHAN, in view of the income, is definitely shouldering a thankless job by acting as a Director of

Bureaux, making commitment and sacrifices for Hong Kong. If he is slammed for doing so, there is really no justice at all.

Regarding the problem with Secretary for Education Eddie NG, as I have stated in the debate on the earlier motion, Secretary Eddie NG's performance in handling the incident of national education was unsatisfactory in terms of both politics and public relation strategies. Nevertheless, it may be too harsh to demand him to step down or cast a vote of no confidence against him on this ground, since the whole plan on national education was formulated by the last Government. Although he is the incumbent Secretary, I believe it is unfair to require him to take all the blame.

Recently, there have been comments that in Hong Kong society, things are getting personal rather than being directed at the facts. If such a situation goes on, perhaps one day when a little bird flies past the Office of the Chief Executive, it will be shot down by someone with a cannon.

I so submit.

MR JAMES TIEN (in Cantonese): President, as everyone knows, integrity is highly important for politicians, especially the Chief Executive and the Government's principal officials. If members of the public do not have trust in them, the Government will certainly have much difficulty in implementing its policies. Since the current-term Government took over, members of the governing team have been questioned about their integrity one after another. Apart from the Chief Executive being involved in the issue of unauthorized building works, the Secretary for Development under him has also got a similar problem, while the Secretary for Education is faced with queries about his competence. However, the Liberal Party and I consider that the problems with the two Directors of Bureaux are different in nature, and the degree of seriousness is also different, so they should be considered separately.

Regarding the incident of "sub-divided units" of Secretary Paul CHAN, I would like to repeat the course of the incident briefly. The incident started on 31 July, when the media uncovered that Secretary Paul CHAN had, in the past, altered flats under his name for lease as "sub-divided units" to make profits, thus having allegedly contravened the Buildings Ordinance. Later, on 1 August, the

media further uncovered that Harvest Charm Development Limited (Harvest Charm), held in the name of Secretary Paul CHAN and his wife, also had two flats in Tai Kok Tsui and Jordan which were leased out as "sub-divided units". That night, Secretary Paul CHAN issued a statement which claimed that the company belonged to Mrs CHAN and her relatives. At the same time, Mrs CHAN also issued a statement, claiming that as she was not a major shareholder, she did not attend to its daily operations, and her husband did not know about the tenancy affairs of her family's properties. On 3 August, Secretary Paul CHAN responded in person for the first time, repeating that neither he nor his wife knew that the flats had been altered to "sub-divided units" for lease. Mrs CHAN also released a statement which indicated that she did not have controlling stake in Harvest Charm, and she had no knowledge of the tenancy affairs of the relevant units.

Later, the media further uncovered that as early as 1994 when Harvest Charm bought the unit in Tai Kok Tsui, tenants of "sub-divided units" were already in place. When the other flat in Tai Kok Tsui was sold with tenancy of "sub-divided units" in 2010, the contract was signed by Mrs CHAN. Moreover, Harvest Charm had bought 10 units in old buildings, and at least three of them were bought with tenancy of "sub-divided units". Not all the purchases were carried out when Secretary Paul CHAN was Harvest Charm's director. It indicates that Secretary Paul CHAN's explanation was somehow contradictory.

Then on 5 August, for some unknown reasons, Secretary Paul CHAN surprisingly issued a statement at midnight, admitting that when he was Harvest Charm's director, he was aware that the two properties at Tai Kok Tsui and Shanghai Street bought by the company were properties with several tenants. He explained that his earlier response that he had no knowledge was made in reference to the present situations of the properties. During those several days following the release of this statement, Secretary Paul CHAN never showed up again to give any explanation. Eventually, on 10 August, Secretary Paul CHAN came forward to explain again, but he insisted that the two earlier responses made by him were true. Moreover, he claimed that when Harvest Charm bought the flat in Tai Kok Tsui, the sublet properties were cubicle apartments rather than "sub-divided units". As a result, he really had no idea that the property had been altered to operate as "sub-divided units" now, but he did not give any further account of the matter.

Afterwards, on 21 August, the Buildings Department (BD) confirmed that there were unauthorized alterations in the flats held by Harvest Charm at Tai Kok Tsui and Jordan, and the BD had ordered the owner to remove them within 60 days. According to the BD's removal order, the relevant units should be reinstated by 17 October, but Mrs CHAN simply sold such flats with the "sub-divided units" and then did nothing else. In the end, after the deadline of the removal order, the units were still not reinstated. The whole matter has kind of fizzled out, and so far no formal explanation has been given. We opine that this is inappropriate.

Regarding this incident of Secretary Paul CHAN, Miriam LAU and I already expressed our stance when we ran for the election in August. We find his approach questionable, and the stance of the Liberal Party has not changed. On the contrary, in respect of Secretary for Education Eddie NG, we have a different view. Like I said in the motion debate on 17 October, Secretary Eddie NG had indeed shown his inadequacy in handling the issue of national education, but this storm was, after all, initiated by the last Government, and Secretary Eddie NG merely took over the work. To be fair, we should not put all the blame on Secretary Eddie NG. On 8 October, the Government announced that the relevant curriculum guide was shelved, thereby putting an end to the issue and relieving parents and teachers of their worries. Recently, on the matter of class reduction in secondary schools, Secretary Eddie NG has learnt from the previous lesson and worked more actively in communicating, negotiating and seeking an early consensus with the education sector.

Lastly, although Mr WONG Yuk-man's motion covers two Secretaries, the Liberal Party considers that it is mainly directed against Secretary Paul CHAN, so I support the original motion.

MR IP KWOK-HIM (in Cantonese): President, in the controversy triggered by the Government's introduction of the national education subject, following the Education Bureau's announcement that the curriculum guide of the Moral and National Education (MNE) subject was shelved and schools were allowed to make their own decision on teaching the subject, worries of the various parties have gradually faded and dissipated. Last month, the Legislative Council also conducted relevant discussion and negated the motion which requested the Secretary for Education to step down. Telling from this, the storm has already

come to an end. Today another Member has proposed a no-confidence motion against the Secretary for Education. Obviously, it is just a political tactic to upset the Administration and attack individual officials. The Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) will not support such an act which is being personal rather than directed at the facts.

Looking back at the whole course of the introduction of the MNE subject, some of the schools and parents had indeed developed some misunderstandings and worries. However, if we put all the blame on Secretary for Education Mr Eddie NG for such circumstances, accusing him of implementing a policy in accordance with the original procedure laid down by the former Government and thus holding him fully responsible, such an act has probably neglected the fact that certain individuals who objected to the MNE subject should also be held responsible. Certain present or former Legislative Council Members have gone back on their words. At the beginning, they supported in high profile and strongly requested the implementation of national education, but later, they quickly made a volte-face and an about-turn. They did not only object to its implementation but also push forward a series of political propaganda campaigns, suppressing those who supported the MNE subject as well as causing division in society.

Let us leave for the time being who the real culprits are in causing the division in society behind the scene. If we put aside this question and go back to the discussion held in response to the doubts of the community over the MNE subject, actually the Secretary for Education had already done his job, such as attending seminars and press conferences to clarify in public various kinds of misunderstandings, as well as writing a number of articles to explain the need for the introduction of the MNE subject and the decision making process. Besides, Secretary Eddie NG had accepted the recommendation of the Committee on the Initiation of Moral and National Education Subject to shelve the curriculum guide, so as to allay the concerns of schools and parents, and allow schools to decide at their own discretion on whether and how to implement the MNE subject, thereby leaving the education matters back to the education sector. To be fair, in the whole incident of the MNE subject, Secretary Eddie NG had tried his best to handle the controversy and had undertaken the duties on his part. For this reason, we opine that we cannot support the request for Secretary for Education to step down. Thus we will not support the motion of no confidence proposed against him today.

As for the incident where Secretary for Development Mr Paul CHAN was alleged of operating "sub-divided units" through Harvest Charm Development Limited (Harvest Charm) and evading tax, the DAB considers that Secretary Paul CHAN has already explained many times. Just now he also gave a more detailed account which stated that he was the director of Harvest Charm 15 years ago, and he pointed out that the said company was run by his spouse instead of him. Besides, Secretary Paul CHAN has promised that he will not have any more participation in the Hong Kong property market. The DAB concurs that such an act or promise will help Secretary Paul CHAN to avoid conflict of interests in handling the various land planning matters under his charge in the Policy Bureau in the future. Regarding the aforesaid statement, as I have pointed out to the media earlier, some people in society will believe him, but there are also some people who will not believe him even if he gives any more explanation. Hence, we can only leave it for members of the public to make their own judgment. Nevertheless, here we also expect Secretary Paul CHAN to discharge his duties properly and do a good job in his term, so as to regain the confidence of those members of the public who have lost trust in him.

As for the allegation of drink driving against Secretary Paul CHAN, the DAB must reiterate clearly that we cannot accept any drink driving behaviour. However, to level an accusation, everything needs to be based on factual evidence, including whether Secretary Paul CHAN's level of alcohol concentration after drinking has exceeded the limit, and only then can we judge the nature and seriousness of the event. If we solely rely on the reports or photos of individual media and support the motion of no confidence, such an act does not only amount to passing a judgment before trial, it will also interfere with the police investigation, especially when Secretary Paul CHAN has already openly stated that he has contacted the relevant department, that means the traffic branch on Hong Kong Island, to follow up the case, and he will co-operate in the relevant investigation. For this reason, the DAB will not support the motion of no confidence proposed against him.

Just now I carefully listened to the speeches made by a number of Members in opposition, but I really did not hear any new and more forceful allegation. Instead, I only heard some groundless conjectures and verbal abuse. With such a flimsy allegation, should we indiscriminately support such a significant motion and cast a vote of no confidence in the officials? I hope Members in opposition will ponder more on this point. I so submit.

DR KENNETH CHAN (in Cantonese): President, to believe or not believe, to support or not support, all Honourable colleagues in the Chamber today seemingly hold very strong views one way or the other on this motion. Just now, a colleague even cited the native hometown as a reason. As I am not a native of Chiu Chow, I wonder if I might be suspected of not being diligent and insincere. Or perhaps I should be more conscientious, or claim to be a native of Chiu Chow, just like some colleague who suddenly claimed to be a native of Fukien in order to prove that his pedigree was purer.

In fact, no matter we believe or not believe, support or not support, the public has already formed its own view. It is clear from the findings of public opinion survey published yesterday how the two Directors of Bureaux sitting before me are regarded by the public. Regarding their personal background, qualifications and experience, I have hardly any personal experience and I cannot act as their character referee. My focus is not on those matters. Instead, just like ordinary members of the public, I am concerned about how they have performed since their assumption of office, how they have responded to and dealt with questions, as well as whether their performance is convincing to the public. Members of the public are actually quite shrewd for they know that these two Directors of Bureaux are the lowest in rankings among the team of accountability officials now, and they even register negative popularity. Aren't they the negative assets of the Government? Would they cause the people to cast doubts about the credibility of the Government as a whole?

Our discussion today can be on a personal level, based on sensation or emotion, but I really have no special views about the personal background, performance, loyalty or even efficiency of the two Directors of Bureaux. Nonetheless, as they are public officials, accountability officials, they have to formulate policies, exercise public powers and allocate public funds. They are responsible for discussing public policies with Members. As such, the matter is escalated to another level. They do not serve LEUNG alone, and they should no longer be LEUNG's fans. Nobody wants to see public powers and public funds being privatized or possessed by supporters of a certain team or a certain leader. Many colleagues from the academic sector have cautioned me against not seeing the wood for the trees. Hence, I hope that with this motion proposed by Mr WONG Yuk-man, I have the opportunity to discuss certain problems related to the system with Honourable colleagues.

Since the implementation of the Accountability System for Principal Officials, are there still many areas pending improvements? Should we introduce certain mechanism, so that persons who aspire to serve Hong Kong and become principal officials under the accountability system would have to answer questions raised by Legislative Council Members first? Should we introduce a better system so that we can appraise or even censure principal officials? As a matter of fact, I consider that some immature ideas, particularly this accountability system, have indeed created a lot of troubles. Members of the public want to entrust important responsibilities to capable persons who are "whiter than white paper and clearer than clear water", but they have been disappointed time and again. Is that a problem with the people or the system? I think more efforts are needed in both aspects. I do not want to see that members of the public will eventually give up, surrender or lose faith in the process of democratization because they have been disappointed repeatedly by such a political team. Just like this pessimistic debate today, it is such a waste of time, and this is indeed regrettable.

We should establish a civilized system, a rational system of governance which allows Hong Kong people ruling Hong Kong under the system of democracy. Hence, along this line, Honourable colleagues should not forget that a very good study had been undertaken by Mr Andrew LI, the former Chief Justice of the Court of Final Appeal. He had examined the relevant issues thoroughly in relation to allegations about the acceptance of advantages by the former Chief Executive, and published the Report of the Independent Review Committee for the Prevention and Handling of Potential Conflicts of Interests (the Report). Many recommendations are set out in the Report, and I hope the Chief Secretary or other colleagues can talk about them later. For instance, Recommendation 2 states that, "..... the Chief Executive should formulate, adopt and publish the guidelines applicable to his consideration and handling of conflict of interest questions concerning politically appointed officials (PAOs)". The Report also recommends that, "..... where any PAO has withdrawn from the decision-making process in relation to any matter due to conflict of interest, this fact should be stated as and when the decision concerning that matter is publicly announced by the Administration, identifying the PAO in question and the nature of the interest involved". These are changes in the system. The Report also recommends that in case of any inadequacies in performance, an official should be subject to applicable sanctions as decided by the Chief Executive, including warning, public reprimand, suspension or dismissal, in order to incorporate the

sanction provisions into the present regime. The Report also sets out various recommendations concerning the advantages or potential conflicts of interests of family members and close relatives. There are altogether 36 recommendations in the Report.

Back in June this year, that is, before the end of the last-term Legislative Council, the Government had submitted a follow-up paper on the matter. But its so-called follow-up actions are invariably that, "Draft guidelines have been submitted to the Chief Executive-elect Office", or "The recommendation has been included in and has been submitted to the Chief Executive-elect Office". The time then was June, and of course it was still the Chief Executive-elect Office. But what is the progress of implementation now?

President, the system is in fact more important than the people. A good system can save the ordinary citizens and protect their interests even though bad officials are in office. But if the system is imperfect, the officials would come under constant suspicion, and members of the public as well as their interests would of course suffer as a result.

I so submit.

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

MS EMILY LAU (in Cantonese): President, I speak in support of the motion moved by Mr WONG Yuk-man.

Some Members often say that the Legislative Council does not have much power, but if the Council could pass a motion of no confidence, or if there are enough votes to ensure its passage even before it is actually passed, the person concerned must step down. I do not know whether the same rule applies to LEUNG Chun-ying's group, but when Mr TUNG Chee-hwa was the Chief Executive, we had proposed a motion of no confidence in the then Secretary for Justice Ms Elsie LEUNG for not prosecuting Ms Sally AW Sian. At that time, the motion could have been passed and the Chamber was not as quiet as today; I cannot recall whether the President was present or not, but that was indeed a very intense situation. Subsequently, the motion was not passed, and Mr Ronald

ARCULLI of the Liberal Party even wept and went out. Clearly, he was under great pressure. A few years later, we moved another motion of no confidence in the Chairman of the Housing Authority Ms Rosanna WONG in relation to the incident about substandard pilling of public housing estate at that time. As we knew for sure that enough votes had been secured to carry the motion several days before the debate was actually held, Ms WONG announced that she would resign and step down even before the motion was proposed.

Hence, Members should know that such motion could be a very forceful weapon which we must use carefully. President, having sat there and listened to so many speeches, you should know that some very convincing arguments have actually been made, so much so that even the Liberal Party has also indicated support. I hope that in addition to the Liberal Party, other Members who have spoken or yet to speak will also support this motion because it serves as a warning for LEUNG Chun-ying's group. Besides, as Mr WU Chi-wai has pointed out, members of the public actually have no confidence in the Government or the executive authorities as a whole. This lack of confidence is caused by so many different incidents that I really have no time to list them all. But it is clear from the speeches we just heard that both Members of the democratic camp and non-democratic camp are quite dissatisfied. While Dr LAM Tai-fai's dissatisfaction is obviously quite high, he said he would not take part in voting. Hence, I hope the executive authorities would understand the public discontent and deal with them as much as possible. They should not act like some Members of the royalist camp, for example, Mr NG Leung-sing who categorically denies that anything is wrong, or Mr IP Kwok-him who also toes a similar line. What they say will actually harm you for you may wrongly think that you can go unchecked.

President, as Mr Ronny TONG and Mr LEUNG Yiu-chung have said, when Secretary Paul CHAN was a Member of the Legislative Council, I had high respect for him because unlike certain Members, he was very conscientious and his speeches were pragmatic. However, after he became a Director of Bureau, his way of handling things is truly disappointing and astonishing. For example, the way he issued a press release at midnight would definitely give people the impression that he was hiding something intentionally, or he did not even want the press to report on the case. Notwithstanding the Secretary's explanation just now that he did not have enough time to prepare the necessary information, if that is the case, why not hold a press conference the next morning, say, at 11 am?

I notice that since the outbreak of the incident for such a long time, Secretary Paul CHAN has not formally held a press conference, not to mention that he could have attended the relevant Panel meetings of the Legislative Council. I have requested repeatedly that he should give a clear explanation once and for all by providing us with a chronology of events, listing out in detail when and what had happened over the years. In fact, I have also made the same suggestion to LEUNG Chun-ying. No matter who is the person concerned, he should do so as he is the root of controversies. Just like the then Financial Secretary Antony LEUNG who bought a car before the tax increase, I also suggested that he should provide us with a chronology of events setting out the relevant details because once the events were presented in a chronological order, everything would become clear, what he had done and what he had said at particular points of time would become clear, unless he had lied deliberately.

Why is Secretary Paul CHAN unwilling to do so? I think this only serves to give people the feeling that he is hiding something intentionally. Moreover, on the few occasions he met the reporters, he only spoke briefly and then left. How can such acts convince us that he is frank and sincere? If he has really nothing to hide, he could have held a press conference formally and openly in a large venue and answer all questions from the reporters until they have nothing further to ask. That is the only way to handle the matter properly. Likewise, my suggested approach also applies for LEUNG Chun-ying.

In respect of Secretary Eddie NG, the one concern often mentioned by Members and in press reports is that, why does he always hide behind the skirt of the Chief Secretary for Administration? Members all consider that in that case, we might as well do without Secretary Eddie NG. For meetings we could not attend, reporters were subsequently told by other attendees that he just sat there silently, leaving almost all the talking to the Chief Secretary. Then what has he done actually?

No matter how capable the Chief Secretary is, we can see that she has lost some 10 to 20 pounds already because she must pick up the pieces on behalf of the two Directors of Bureaux one by one. How many more pieces can she pick up again? Is the HKSAR Government really so appalling? If they do not want to step down, that is their own business; but Hong Kong people want to have a good government with good governance. If the things they have done and said

are so appalling, how can they blame members of the public and the Legislative Council for being so dissatisfied?

Hence, I hope the several Directors of Bureaux present in the Chamber now can look at the poll findings published by the University of Hong Kong and see how low their rankings are, but of course, the rankings of others are not too good either. President, I hope the authorities will review the matter thoroughly and truly implement the various recommendations on avoiding conflicts of interests set out in the report submitted by Mr Andrew LI, the former Chief Justice of the Court of Final Appeal, as undertaken by LEUNG Chun-ying. Having said that, there is no news from the Government at all so far. How then can he win the confidence of the Council and the people?

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

MR PAUL TSE (in Cantonese): President, I think this kind of motion will not only come up once or twice in the current term of the Legislative Council. Instead, many similar motions may be proposed. President, what are the reasons? Perhaps it is because the current-team Government has given a strong impression to the general public that it is comprised of the so-called LEUNG supporters. For example, the background or professional qualification of the appointees has not been verified carefully, and there is a mismatch between the appointees and their areas of responsibility, and so on.

Subjectively speaking, I will not pass any judgment on what the two Directors of Bureaux had done or on matters they are being accused of because the objective evidence so far is indeed insufficient. Hence, my speech today will not focus on whether they should resign on the basis of their so-called acts or incidents, or whether we should have confidence in them. Instead, my vote today will focus on the yardsticks to be based on in assessing the merits and demerits of this so-called accountability team in the light of the mechanism under which it is formed? What sanctions should be imposed under different circumstances, and under what circumstances should the ultimate punishment of dismissal or voluntary resignation be imposed?

Given the long history of the judicial system in Hong Kong, a relatively clear system has been established with objective criteria and standards of proof to be based on in determining the prosecution of charges, conviction and sentence. However, on the political front, particularly in respect of the accountability system, I am afraid that everything is still in a very primitive and confused stage, or even going from bad to worse.

President, although the term "Directors of Bureaux" appears in Article 46 of the Basic Law, I believe that the "Directors of Bureaux" as referred to — pardon me, it should be Article 48 — are completely different from the Directors of Bureaux or accountability officials that we are talking about now. I have visited many persons who had participated in the Preparatory Committee for the HKSAR and the Drafting Committee for the Basic Law. Basically, they had neither discussed the introduction of an accountability system, its enforcement and implementation, as well as the yardsticks for assessing the merits and demerits. As a result, the system has become increasingly unsatisfactory, so much so that it is now regarded by the public as the most convenient mechanism for "recruiting one's own buddies".

To be fair, the current low popularity rankings of both Secretary Paul CHAN and Secretary Eddie NG are of course, to a certain extent, attributable to the incidents that had happened. But I think more importantly, they reflect public dissatisfaction on the entire accountability system as well as the appointments of the entire governing team of LEUNG. How can a person who has human resources experience or the relevant background be suddenly tasked to handle education matters, or how can an accounting professional be suddenly tasked to handle land matters — although he may have some experience in auditing the accounts of companies in the relevant fields — how can the public, and in particular, the hundreds of specialized civil servants who have been working hard for promotion in the relevant departments be convinced about their appointments?

From many past incidents, we have the impression that these so-called Directors of Bureaux can do nothing without the support of civil servants in the background. The civil servants either pull the strings or take the blame. When an incident happens, the Directors of Bureaux would come forward in a well-packaged manner. Yet, whenever there is a major crisis to test their

competence, their real ability will show. They may totally fail to deal with the crisis or the problem. This is invariably what has happened time and again.

I have said at the onset of my speech that this motion of no confidence will not be an isolated incident because the same crisis will keep emerging in the coming four years unless our Directors of Bureaux are super diligent and super brilliant, such that they can completely grasp the professional knowledge of the relevant field within a short span of time. However, if I were suddenly assigned to take up the duties of a Director of Bureau, I am afraid that I might also make many mistakes, I might lack the confidence and be blamed for always hiding behind my so-called "nanny". This is a reality in politics.

Hence, regarding this motion today, if the severity of individual incidents relating to the two Directors of Bureaux is examined separately, there may not be strong justifications for moving for a motion of no confidence. But if we examine the entire system, the formation of LEUNG's governing team, the criteria for making the relevant appointments, as well as the mismatch between the appointees' expertise and experience and the policy areas they are appointed to oversee, there are perhaps some basis for moving a motion of no confidence. In particular, considering the low objective popularity ratings of the two Directors of Bureaux at present, the public really has little confidence in them.

President, I hope this motion can also give the relevant officials an opportunity to thoroughly reflect on themselves, and more importantly, an opportunity for the entire governing team of LEUNG to thoroughly understand what is happening now. Or perhaps more importantly, I agree with the so-called confirmation system proposed by Dr Kenneth CHAN or Mr SIN Chung-kai, or the need to review the system against the report submitted by Justice Andrew LI, so that various issues related to our accountable governing team can be studied thoroughly, which include the selection and confirmation process, the handling of misconduct, as well as the applicable disciplinary proceedings and sanctions. Objective yardsticks for these matters must be formulated expeditiously; otherwise, similar incidents will follow one after another.

There is no party system in Hong Kong. In other places, even for the president or the prime minister, while he certainly has the right to select his own governing team, this power is not absolute, his appointments of supporters or whoever must be subject to his party's consent or other so-called constraints.

The mechanism is never meant to give the president or the prime minister absolute right in making all decisions. There is no such safety mechanism in Hong Kong. Hence, it is inevitable that such kind of incidents would happen. If we do not want to see any recurrence of similar incidents, we must act expeditiously, both in the levels of the Government and this Council, so that a mechanism can be formulated as soon as possible which allows an objective selection and appointment process for the relevant officials, as well as the sanction of misconduct.

Thank you, President.

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

MR ALBERT CHAN (in Cantonese): President, it is always Mr WONG Yuk-man who talks about ancient Chinese texts or philosophy when speaking in this Council. I will try to follow his steps today, though it may be like teaching fish to swim. Many Honourable Members have quoted this teaching of Confucius on governance that, "if the people have no faith in their rulers, there is no standing for the state"⁷. I think government officials should read more books of this kind in their leisure. Having done some research, I know that this saying comes from the chapter entitled *Zi Gong asked about government*. When Zi Gong asked Confucius about government, the Master said that the three requisites of government were that there be sufficiency of food, sufficiency of military equipment, and the confidence of the people in their ruler. Zi Gong further asked that if it could not be helped, and one of these must be dispensed with, which of the three should be foregone first? The Master replied that it should be the military equipment. Zi Gong again asked that if it could not be helped, and one of the remaining two must be dispensed with, which of them should be foregone. The Master answered, "Part with the food. From of old, death has been the lot of all men; but if the people have no faith in their rulers, there is no standing for the state." His meaning is that food should be foregone because all men must finally die, but if the people do not have confidence in their rulers, the state will have no standing. Obviously, governance cannot do without "faith".

⁷ <<http://ctext.org/>>

Now the biggest issue is that the two Directors of Bureaux whom we demand their stepping down are both "negative assets", with popularity ratings in the range of -20 or so. The public has absolutely no confidence in them. The philosophy and theory of governance handed down over 2 000 years have illustrated clearly that there is no governance without faith. Now the entire team of LEUNG Chun-ying's Government is made up of liars; it is a lying governing team. In this lying governing team, some Directors of Bureaux can hardly get the trust from the people, resulting in a critical governance crisis for the entire Government in an unprecedented scale. This crisis is not about personal gain or loss, or personal reputation. It does not only concern the interest of the 7 million people of Hong Kong and Hong Kong society, but also about whether "one country, two systems" can be implemented and practised in Hong Kong. The entire governance of "one country, two systems" has been built on sinking sand with new problems keep emerging, such as the Liaison Office of the Central People's Government in the HKSAR ruling Hong Kong, manipulating Hong Kong's elections and manipulating Hong Kong's economy. In some cases, academics have been threatened by pro-China people.

Given the current confusing and shaky political atmosphere, the Government's foundation has already become vulnerable and unstable. Under this volatile atmosphere, some inconsiderate government officials still cling onto their offices, resulting in some serious governance problems. Hence, so long as these problems remain unresolved and unhandled, "one country, two systems" in Hong Kong could face a total breakdown at any time. Should this occur, they have done a disservice to Hong Kong people; I think many pro-China people also clearly know that they have done a disservice to the leaders in the Motherland, and they have done a disservice to DENG Xiaoping — although I consider that DENG Xiaoping had also done a disservice to the Chinese people for his sins as a slaughterer of ordinary citizens in cracking down the 4 June Incident must not be forgiven, no matter how many contributions he had made.

Therefore, when handling the present governance crisis in Hong Kong, the Government should not regard it as some criticisms or retaliation from the so-called pro-democracy camp, especially radicals like Mr WONG Yuk-man and me. To ensure smooth governance in Hong Kong, Hong Kong people must regain some slight confidence in our future development, and major changes must be introduced to the governance team. In fact, reorganization of government structure as well as replacement or dismissal of Secretaries of Departments and

Directors of Bureaux are commonplace. When facing a governance crisis, or when people have doubts or shaky confidence in the governance, many governments and countries will invariably resort to reshuffling of the governing team for the sake of regaining the faith of the masses or members of the public on the government. That is also the practice adopted by our Motherland. When a spate of rail accidents happened many years ago, the then officials responsible for transport all resigned. Of course, after resignation, they continued to get promotion and remained in the centre of power. However, reshuffles and staffing changes are part of the art of governance, that is, it is genuinely an art, and not the art of hypocrisy LEUNG Chun-ying and his officials engage in.

Hence, under the current situation, the simplest and most direct approach is that Secretary Eddie NG and Secretary Paul CHAN should resign on his own accord. I think that is the best solution to the problem. So long as they remain in office, public hatred for the Government will only be intensified whenever they are in the news. Whenever they appear in front of the camera, the antagonism and hatred felt by members of the public for the Government will increase. Hence, so long as they remain in office, they will only create trouble and chaos for the governance. Therefore, President, while it is certain that today's motion will not be carried as a result of the support from the pro-establishment camp and the functional constituencies, the defeat is really the beginning of further deterioration of the crisis currently faced by the Hong Kong Government. Step down, the two Directors of Bureaux!

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

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

(No Member indicated a wish to speak)

SECRETARY FOR DEVELOPMENT (in Cantonese): President, Honourable Members, I would like to thank Mr WONG Yuk-man for the motion and the 22 Members who have expressed their views on the motion. In my first speech, I have recapped the facts of the two incidents related to me, as mentioned in the motion, so that Members can have a better understanding of the sequence of

events. At this time, I will try not to repeat the facts. However, with respect to the doubts cast by Members time and again after my speech, I cannot but repeat my answer, even though I may well be talking to high walls because no matter what I have said and how clear I have explained, it is to no avail to those who choose not to listen.

President, concerning Mr LEUNG Yiu-chung's question about the relation between Harvest Charm Development Limited (Harvest Charm) and Richfield, may I quote my wife's statement issued on 1 August, "Harvest Charm was only responsible for selling the flats concerned to the real estate company and Harvest Charm had no working relationship with the real estate company."

Regarding Mr CHAN Chi-chuen's query concerning the alleged tax evasion, allow me to repeat the statement issued on the same day, "The moving charges and price of the flat received by Harvest Charm were recorded in the Company's profit and loss statement and submitted to the Government for filing tax returns. There was no tax avoidance or tax evasion involved."

Mr James TIEN questioned whether my wife could ignore the illegal alterations in the flats concerned after selling her shares of Harvest Charm and let those illegal works remain. This is not the fact. In her statement issued on 3 August, my wife indicated that as a former director of Harvest Charm, she had to bear certain responsibility and so she had commissioned the rectification works at that time. Knowing that I have to attend the motion debate today at the Legislative Council and answer Members' questions, my wife had recently asked Harvest Charm and got the following reply, "Concerning the property in Tai Kok Tsui, Harvest Charm has commissioned an authorized person to submit to the Buildings Department the plan of the demolition works of the unauthorized building structures on the balcony and the Department is going through the assessment and approval process with respect to the proposed demolition works. The works will commence when the plan is approved. As regards the property in Shanghai Street, because some of the tenants had been unwilling to move out initially, the resumption of the premises was delayed. After resuming the premises, Harvest Charm has engaged an authorized person to handle the demolition and maintenance works. Hence, we have not ignored the rectification works."

President, I was a Member of this Council for almost four years. I know very well that one who speaks loudly does not necessarily mean he is reasonable but sometimes it is a sign of one having run out of reasons and blindly making accusations. Therefore, I will not respond to those loud and ferocious but inaccurate accusations. Besides, as I said at the beginning of the debate, I would ask Members to pay attention to the objective facts. It is neither appropriate nor responsible to make accusations against someone's integrity on the basis of speculative reports or comments, or even biased reports.

Regarding Mr Kenneth LEUNG's question about whether I owned shares of the two overseas holding companies of Harvest Charm, or whether I have received dividends through trust, I can clearly answer in the negative. If anyone still has related accusations, please produce evidence.

President, concerning the drink-driving incident, I have earlier heard Mrs Regina IP quoting her friend who was present at the scene and pointed out that I did not drink much. I do not know who that person is. I only learn about this incident today but let me reiterate, I was confident that I did comply with the law and did not drive under the influence of alcohol on that day. I have already taken the initiative to ask the police to follow up and I will do my best to assist their investigation. President, driving after drinking and "driving under the influence of alcohol" are two distinct matters which cannot be mixed up. After this incident, I have also had a serious reflection. I agree that one should not drive after drinking alcohol and if one has to drive, he should not drink. I will always remind myself of that.

Lastly, I would like to speak a few words about how I feel after assuming the post of the Secretary for Development. Over the last 10-odd years, I have been gradually reducing my involvement in business engagements and increasing my participation in social service. Other than the business of my accounting firm, I had transferred my family properties to my wife a long time ago, and let her manage them. After becoming a Member of the Legislative Council in 2008, I had merged my accounting firm with another firm so that I could devote more energy and time for public services with all my heart and strength. I will contribute the latter half of my life mainly to serving the community.

The work of the Secretary for Development is very important, which includes land planning, land supply, land-related matters, building safety, public

works projects, conservation, water supply, sewerage, harbourfront, and so on. These are all closely related to the people's livelihood and are subjects of public concern. I always remind myself to listen carefully with an open mind, be bold to take actions at work, be clean and honest and serve the community wholeheartedly.

In the last few months, I have deeply appreciated that an accountability government official is constantly under the scrutiny of the community and media, either in public or in private. I am willing and ready to come under such scrutiny and will open my ears to criticisms about me and always stay alert in getting along with people and dealing with affairs.

I hope that the public, the media and this Council will pay more attention to our policy work in future and give us suggestions and responses because that is very important to the future work of the Development Bureau and even to the whole Government. Only through mutual interaction can we make the policies more comprehensive and well-rounded. In the days ahead, I will continue to work closely with my colleagues in the Bureau and the departments under it and together with one heart, we will strive for a better Hong Kong. Thank you, President.

SECRETARY FOR EDUCATION (in Cantonese): President, first and foremost, I thank Honourable Members wholeheartedly for the views they expressed just now. Now, I would like to respond to the salient points.

Regarding a Member's view that I have "attempted to push through the national education subject, arousing strong public antipathy", I cannot agree with it. In handling the entire incident, the Government and I had tried to respond to the demands from various sectors in an appropriate and timely manner. I have already outlined the process in my opening speech. Now I would like to give Members a factual account on some points.

Since assuming office in July, I came to understand that some members in the community still had worries about the Moral and National Education (MNE) subject. Therefore, my colleagues and I had been maintaining dialogue with school sponsoring bodies (SSBs), principals, students, parents as well as other stakeholders through further meetings. I had also closely liaised with our team

in the Government in the hope of implementing the relevant responses as far as practicable.

In early July, noting the concerns and panic in the community about the publication of *The China Model: National Conditions Teaching Manual (The Teaching Manual)* in the market, I had instantly pointed out that *The Teaching Manual* was rather biased. I had also clarified time and again that *The Teaching Manual* had nothing to do with the curriculum guide of the MNE subject, and they should not be muddled together. Afterwards, I published three articles on the Education Bureau's website successively to clarify the views of various parties and eliminate public misunderstanding by clearly stating that, *inter alia*, the subject put great emphasis on universal values and it was absolutely not about only mentioning the bright side of things in China or evading sensitive topics; there was absolutely no intention of brainwashing or political indoctrination; the awarding of "marks" or "grades" to students was not recommended; there was no public examination for the subject and hence, the allocation of school places for students would not be affected.

In terms of communication, my colleagues at the Education Bureau and I had made continuous efforts to introduce the policies and latest developments in the introduction of the MNE subject to various sectors in the community through different channels, including many interviews on television and radio. Although I have been criticized by many as "holing up" in this incident, by my own standard, my frequent appearances before the camera during that period could be an indicator of my efforts in maintaining communication. I had also met with friends in the media personally, and maintained dialogue with different organizations on various occasions, which include Parents Concern Group on National Education, the Federation of Parent-Teacher Associations of the 18 districts in Hong Kong, the Committee on Home-School Co-operation, various SSBs and students' organizations. Specifically with regard to student organizations, I recall that during the two weeks from 1 to 15 July, I had contacts with a particularly active student organization on five occasions including an open discussion on radio. In respect of parents, we met with two groups of parents respectively on 28 July. On 18 September, I attended a large-scale seminar held especially for primary and secondary SSBs, which was attended by more than 200 SSBs and individuals. With all these arrangements, we only wanted to bring out the point that it was our earnest hope to understand their concerns instantly so that we could respond thereto in an appropriate and timely

manner. There is never any intention or action on our part to "push through" the MNE subject.

Noting the intense concerns and worries expressed by various sectors in the community on the implementation of the MNE subject, the Government announced on 29 July that a committee on the initiation of the subject would be set up expeditiously. On 8 September, the Chief Executive announced the change of MNE policy in person. My colleagues at the Education Bureau and I then took immediate actions to implement the same, which included the announcement made on 10 September that the sensitive parts of the curriculum, in particular, the part on contemporary China and related assessment which had aroused public concern, would be taken out immediately. We also explained the entire arrangement immediately by amending the circular memorandum issued previously by the Education Bureau. In particular, the original three-year initiation period had been abolished so that SSBs and schools could exercise their discretion and decide on their own whether, how and when to implement the subject, as well as the implementation modes, in accordance with their professional judgment. During that stage of the process which culminated in the crucial development on 8 October, we stressed in particular that the Government and the Education Bureau would no longer ask schools to adopt the curriculum guide, that is, the curriculum guide had been shelved, and it would not be used as the basis for school inspection. Some Members just mentioned that whether we would continue to collect information or appoint teachers to perform monitoring work. Here, I wish to specifically reiterate that insofar as this subject is concerned, given that the curriculum guide has been shelved, no school inspection would be arranged for this subject as we have already stressed before.

President, as I said in the meeting of the Legislative Council on 17 October, my colleagues and I will reflect on the development of the incident in the past few months in various aspects and learn from the experience. When handling sensitive or controversial issues in future, we will widely expand the scope of consultation to platforms of both education and non-education sectors as soon as possible and widely listen to public opinion, so that policies which suitably cater for the need of society there and then would be formulated.

Now, with regard to certain questions or views put forth by several Members just now, I would like to respond specifically from three different aspects.

First, on the question as to whether I had received any instructions from the Liaison Office of the Central People's Government in the HKSAR (LOCPG), I can reply in no uncertain terms that I have definitely not received any instructions from LOCPG. Education matters have always been within the limits of the autonomy of the SAR Government. Every word and sentence in the entire curriculum guide for the MNE subject were drafted by a professional committee under the leadership of Prof LEE Chack-fan, which was set up under the Curriculum Development Council. The Mainland Government has no involvement at all in this area of work.

Second, since I assumed office, nobody has ever told me that the implementation of the MNE subject is my political mission; I repeat and I stress: nobody.

Third, I would like to talk about another incident again, that is, on 18 July, some Members have been asking about, and sometimes the press as well, my "secret visit to Beijing". Here, I would really like to explain the entire incident again. Before I assumed office, I attended a meeting in the Central Government Offices on 28 June, during which I relayed to the Permanent Secretary that I had been approached by a Mainland official who told me that he knew I would become the Secretary for Education, and that I should visit my counterpart in the Mainland for communication purpose. That was at that time that we agreed that we should try to arrange a date for a courtesy call for communication purpose. They hoped that the visit would be made after 20 July. I then told the Permanent Secretary that 20 July was a critical stage in the 12-year history of Hong Kong's education reform achieved after four years in waiting as the results for the first Hong Kong Diploma of Secondary Education after the introduction of the New Senior Secondary curriculum would be released on that day, and I must stay in Hong Kong on that important day. Hence, according to the then arrangement, we had already decided on 28 June that I might conduct a courtesy visit to the Mainland on 18 July. Insofar as the entire incident was concerned, on 17 July, Members would recall that the Chief Executive had attended a meeting of this Council for communication purpose, and I arrived at Beijing very late that night. I arrived at Beijing at 1.15 am. In the next morning, I used 45 minutes to repeat the things I had said previously at the Panel on Education of the Legislative Council. That was what had happened in the entire process. I then hurried back to Hong Kong in the afternoon. As to why a press release had not been issued, I had all along requested that the trip be made public starting from

my departure from Hong Kong to my departure from Beijing. But I must apologize because due to some internal miscommunication, there were different interpretations of the relevant policy, and a press release had not been issued. The trip was only made public afterwards. That is the point I want to stress in particular.

Another point which I want to say is that I must take this opportunity to apologize to the Chief Secretary for Administration. Just now, Members have used all sorts of descriptions on her, which I consider to be very unfair because if they consider the overall organization structure between the Chief Secretary and Directors of Bureaux, the Chief Secretary is specifically responsible for overseeing various Bureaux including the Education Bureau. She is my direct supervisor. Hence, in respect of matters relating to the operation of Government, particularly on resource allocation and financial arrangements, she would often give me enormous support. This is something I hope Members would understand.

Some Members said that I again asked her to attend the meeting last week. I would like to explain the matter to Members once and for all. In the last two weeks, three organizations have written to request a meeting with the Chief Executive; such requests were made by several school principals. As the Chief Executive really had no time for this meeting, he asked us whether the Chief Secretary could attend on his behalf. That is why the meeting was held last week. Instead of just a meeting with a few persons, it would be attended by school principals associations in all 18 districts, various councils and professional teachers organizations. That was why I took the initiative to specifically invite the Chief Secretary to attend the said meeting. It was as simple as that. Separately, at this stage, we want to listen to the views of school principals in all 18 districts, various councils and professional teachers organizations. That is why we would not say too much. That is another reason why I have not talked too much about the matter. At the end of the day, the Education Bureau is directly responsible for the announcement of all policies and all relevant arrangements, and that is also my duty. That is why I later took the initiative to meet the media and announce the relevant new arrangements.

Lastly, regarding the questions about our policy on Secondary One student population, I only want to mention two points. As the saying goes, "A fall into the pit, a gain in the wit", we will maintain even closer contacts with school principals with regard to the relevant arrangements. My vision is very clear, and

it has strong support from them. First, population decline is nobody's fault, but a fact we must face. The fact we must face today is that the number of eligible Secondary One students will drop from 61 000 now to 50 000 in three-a-half years. That is a drop of 11 000 students. But the number will rise again to 65 000 to 69 000 in four years. Hence, we must emphasize that it is only a short-term problem. All other issues relating to education reform, quality of education, and so on, are medium to long-term policies which we want to discuss later. But at the present stage, we have to deal with this immediate problem.

I have stated very clearly that we must "protect and support schools", "protect and support teachers", and "protect and support the educational capacity of Hong Kong". While I do not want to dwell on the details further, I would like to assure Members that we will closely engage schools, principals and councils in discussions in the entire process. Such discussions are still ongoing. It is our hope that we can join hands with the education sector so that a proposal with consensus can be worked out eventually. We hope that with concerted efforts of the education sector and the Education Bureau, we can deal with the problem together, and there is absolutely no question of us listening to views selectively. When individual organizations approached me, just as what Mr IP Kin-yuen mentioned previously, I had already discussed it with him on several occasions. Even when I was asked to attend a meeting 36 hours ago, I had said that we could meet sometime late this week or early next week. That was what I had actually said. Hence, I hope Members will have confidence in us. We have really gained in our wit after the fall, and will work with the education sector closely on this matter.

Lastly, I wish to thank Honourable Members again for their criticisms, support as well as understanding. With a humble heart, I will continue to learn, listen and try my best at work so that I can gain the confidence of Members through achievements. As the motion is not based on facts, I hope Members will vote against it.

Thank you, President.

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, on behalf of the HKSAR Government, I implore Members to oppose this motion of no confidence.

In the speeches given by the Secretary for Development and the Secretary for Education, who have respectively spoken twice, they have stated their commitment to the public office and responded to Members' views and criticisms. The SAR Government's accountability team will certainly continue to listen to the views of Members and the community, work hard to maintain rational discussion with different parties, accommodate and respect different viewpoints and work together to serve Hong Kong. With regard to the false accusations which have implications on the general public, we are obliged to point out the fallacies.

Firstly, the Government has responded time and again to the criticisms against the Secretary for Education on his handling of the Moral and National Education (MNE) subject. Members had a thorough discussion at the Legislative Council meeting held on 17 October and obtained a specific voting result, which I am not going to repeat. The proposal to introduce the MNE subject was put forward by the last-term Government in October 2010, which aims to foster students' moral integrity and cultivate their national qualities. Following his assumption of office as the Secretary for Education on 1 July 2012, Secretary Eddie NG has put in efforts for months to get the discussion on national education back on the right track. He has been working with enormous zeal. By using different channels, such as publishing online articles, attending seminars and meeting with the media, he has approached people from all walks of life (including the mass media, teachers, students and parents) to listen to their views, discuss the relevant policy with them, as well as offer explanations and clarifications with respect to the concerns raised by people from different strata. The entire government team has supported the work of Secretary Eddie NG and the Education Bureau through concerted efforts.

The allegation made against the Secretary for Development in the original motion has nothing do with the governance of the Government, and Secretary Paul CHAN has already responded and given an account of it when he spoke earlier. As Mr Abraham SHEK and Mr IP Kwok-him have said, discussions in the Legislative Council must be based on objective facts. The Secretary for Development has responded time and again to media's enquiries since August 2012, which demonstrates that he is fully aware of people's expectation of him as the Secretary for Development and is eager to expeditiously address public concern. Secretary Paul CHAN reiterated that he had resigned from directorship of Harvest Charm Development Limited 15 years ago in 1997. Earlier, he had also stated clearly that he had not received any benefit from his overseas

company. As Secretary Paul CHAN was aware of the relations between his post and the real estate business, in order to avoid conflict of interest, he issued a statement in August to promise that, during his tenure as the Secretary for Development, he and his wife will not invest in the Hong Kong property market, except for self occupation. This is a very concrete response to dispel the concern over possible conflict of interest.

With regard to other allegations, just now the Secretary has indicated that it is inappropriate to make any public comment for the time being for fear of prejudicing the relevant investigation.

Earlier, a Member mentioned the problem concerning the system. As both Secretary Eddie NG and Secretary Paul CHAN are principal officials of the SAR Government, they were, according to the Basic Law, nominated by the Chief Executive for appointment by the Central People's Government. Likewise, their removal should also be recommended by the Chief Executive to the Central People's Government. If a principal official has breached the law or is guilty of dereliction of duty, he will be subject to legal sanctions by the Judiciary. The proposal of this unsubstantiated motion of no confidence has not only denied the efforts made by the two Directors of Bureaux in promoting education and development, but is also unfair and inappropriate.

The Government fully appreciates people's expectation of the conduct of the politically appointed officials. In fact, before principal officials are appointed

(A Member yelled)

PRESIDENT (in Cantonese): Chief Secretary for Administration, please hold on. I would like to remind Members that you must not yell in the seat when other Member or a public officer is speaking, or else I will order you to leave the Chamber.

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): In fact, all principal officials have to undergo a detailed integrity check before they are appointed. Politically appointed officials of all ranks must observe the requirements of the Code for Officials under the Political Appointment System,

and ensure that there is no actual or potential conflict between his official duties and personal interest. Also, they must declare their different kinds of investments and interests by filling in the Declaration Form for public inspection, and report to the Chief Executive any personal interest that may be perceived to influence their judgment in the performance of their duties. These mechanisms can effectively prevent any conflict or transfer of interests. Furthermore, politically appointed officials shall be monitored by the Legislative Council, the media and members of the public.

The current-term Government has drawn relatively more people from different background to work in the public service. Both Secretary Paul CHAN and Secretary Eddie NG, coming from different professions, have joined the Government out of a sense of commitment. Although they and their families have been subject to immense pressure, they manage to react calmly and stay the course. After Secretary Eddie NG and Secretary Paul CHAN resumed office, they have worked wholeheartedly with due diligence and in full accordance with the law; they have acted honestly and with integrity. Their performance in the past few months demonstrated that they have accepted the appointment with the desire to serve the community, and they are well aware of people's expectation of their conduct and integrity. As such, they do deserve a fairer judgment.

The politically appointed officials of the current-term Government are dedicated to serve with "one heart, one vision". They wish to make some achievements and do some real work for the people. Within the four months after the new Government has assumed office, a number of initiatives have been introduced to respond to the aspirations of the community and improve people's livelihood. This is obvious to all. In the days to come, the SAR Government will continue to win more confidence from members of the public with real action. From a rational and fair perspective, I implore Members to oppose this motion. President, I so submit.

PRESIDENT (in Cantonese): As Mr WONG Yuk-man has used up his speaking time, he may not reply. The debate will now come to a close. I now put the question to you and that is: That the motion moved by Mr WONG Yuk-man be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Mr WONG Yuk-man rose to claim a division.

PRESIDENT (in Cantonese): Mr WONG Yuk-man has claimed a division. The division bell will ring for five minutes.

(While the division bell was ringing, a Member spoke aloud)

PRESIDENT (in Cantonese): The meeting is still in progress, Members please observe the order of this Council.

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 James TO, Mr Frederick FUNG, Dr Joseph LEE, Mr CHEUNG Kwok-che, Mr Charles Peter MOK, Mr Kenneth LEUNG, Mr Dennis KWOK, Mr IP Kin-yuen and Mr CHUNG Kwok-pan voted for the motion.

Dr LAU Wong-fat, Mr Abraham SHEK, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Ms Starry LEE, Mr CHAN Kin-por, Dr LEUNG Ka-lau, Mr IP Kwok-him, Mr NG Leung-sing, Mr Steven HO, Mr YIU Si-wing, Mr MA Fung-kwok, Miss CHAN Yuen-han, Mr KWOK Wai-keung, Mr Christopher CHEUNG, Mr Martin LIAO, Mr POON Siu-ping, Mr TANG Ka-piu, Ir Dr LO Wai-kwok and Mr Tony TSE voted against the motion.

Geographical Constituencies:

Mr LEE Cheuk-yan, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr Ronny TONG, Ms Cyd HO, Mr Alan LEONG, Mr LEUNG Kwok-hung, Mr Albert CHAN, Mr WONG Yuk-man, Ms Claudia MO, Mr James TIEN, Mr WU Chi-wai, Mr Gary FAN, Mr CHAN Chi-chuen, Dr Kenneth CHAN, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr SIN Chung-kai and Dr Helena WONG voted for the motion.

Mr CHAN Kam-lam, Mr TAM Yiu-chung, Mr WONG Kwok-hing, Mr CHAN Hak-kan, Dr Priscilla LEUNG, Mr WONG Kwok-kin, Mrs Regina IP, Mr Paul TSE, Mr CHAN Han-pan, Mr LEUNG Che-cheung, Miss Alice MAK, Dr Elizabeth QUAT, Dr CHIANG Lai-wan and Mr Christopher CHUNG voted against the motion.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 31 were present, 10 were in favour of the motion and 21 against it; while among the Members returned by geographical constituencies through direct elections, 34 were present, 19 were in favour of the motion and 14 against it. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the motion was negated.

PRESIDENT (in Cantonese): Fifth Member's motion: Alleviating poverty.

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

I now call upon Miss CHAN Yuen-han to speak and move the motion.

ALLEVIATING POVERTY

MISS CHAN YUEN-HAN (in Cantonese): President, the subject of my motion today is "Alleviating poverty". I hope that my fellow colleagues, particularly

those from the business sector, will stay here with us. I really hope that I can have your support as this motion is only meant to help the poor maintain a basic living. Even if this motion is "passed", it only means that this Council is still concerned about the problems faced by the poor and the grassroots. Yet, to be honest, I am quite worried that this motion will not be passed, though the requests made are so basic. From the 11 amendments proposed, I can sense that Members have diametrically opposite attitudes towards this motion. It seems that there is a voice telling me, "CHAN Yuen-han, don't try in vain to seek money from the rich and the large consortia." Such antagonistic sentiment has caused me to have disquieting thoughts when I read these amendments last night. I almost could not sleep.

I think we all know that the poor in Hong Kong are actually very poor. They are so desperately poor that is way beyond our imagination. At present, the Gini Coefficient of Hong Kong is 0.537, which indicates that Hong Kong is the place with the widest wealth gap in the world. Right now, we have a poor population of 1.15 million. In 2011, the population of working poor was 610 000; and the latest figure released by Oxfam Hong Kong yesterday is over 650 000, among them, more than 290 000 people are poor elders. I still have a lot of relevant figures in hand, indicating the pathetic and deplorable situation of the poor. I believe the Secretaries, particularly Secretary Matthew CHEUNG, are very familiar with these figures. How is the life of the poor? The Secretary had previously joined me to observe the lives of the poor elders in my District Council constituency. However, we have some arguments over certain issues recently. I do not intend to tell what these issues are; but I am afraid that he will not have a clear idea about the plights of poor elders and singleton elders if he just sits in his office.

President, allow me to give some examples. At the last meeting of the Panel on Welfare Services, attended by the Secretary as well, a number of poverty issues were on the agenda. During the meeting, we raised the issue that the current Comprehensive Social Security Assistance (CSSA) payment rates lag behind and fail to meet the actual needs of recipients. Mr CHAN Han-pan "challenged" an official of the Social Welfare Department by asking him to rent a flat in Tsuen Wan with the rent allowance. Other colleagues mentioned that some single mothers had to live on the CSSA payments granted to their children to support a family of two or even three persons. I think all of us have come across many such cases if we visit the poor districts. I once met an old singleton lady, she drank tap water on the street to save money. I asked her why she

drank tap water; it was a hot summer day, and when I asked her to buy some drinking water, she said no. It turned out that she had no money to buy drinking water. Let me tell you, she drank tap water in a public toilet. I bring these cases to light as I want to seek your support for today's original motion.

In view of the plights of the needy in Hong Kong, the SAR Government should do something to address the poverty issue root and branch. It should not just introduce stopgap measures as the previous Government did. In the past, Donald TSANG always refused to establish a poverty line. When I learnt that the current SAR Government would define poverty, I asked it to act expeditiously and implement measures as soon as possible for the welfare of the poor. When the authorities seek resources to meet the relevant expenditure, they should have the courage to think out of the box. The business sector should also take a step forward. These are the key points that I want bring out through this motion debate.

President, the purpose of defining poverty is to identify who are most in need of help. While the Government now intends to establish a poverty line, I hope that it can make some forward-looking suggestions. Regarding the advantages for having a poverty line, I think the Secretary should have known my views. The problem of wealth gap has existed since the reunification. In these 10-odd years, I have often asked the Government to deal with two sets of figures but it has not responded to us. If there is a poverty line, we can know precisely who are in need of assistance and we can assess the effectiveness of the poverty alleviation policy.

According to the international standard, people with a daily income of less than US\$1 or US\$1.25 are classified as poor. If we take this standard, there will be no poor people in Hong Kong. As the Government is going to set a poverty line, it should adopt a more flexible approach. While there are views suggesting that the poverty line should be drawn at half of the median income, I think this level is too low. The line should be drawn at 60% of the median income. As the Government intends to address this issue, it should take into account various standards instead on referring to a single standard. Specifically, I hope the Secretary can have a broader perspective by referring to the nutrition index, which is very important, and some other indices in setting the poverty line.

Moreover, as the inflation rate and rent level vary from district to district, the Government should consider different specific circumstances and set different benchmarks. Why does the Government have to do so? As we all know, the purchasing power of the same amount of \$10,000 is different in Wan Chai and Sham Shui Po. If I am forced to live in Wan Chai where goods and services are expensive, the subsidies I receive may not be enough to buy daily necessities. Prices in Wan Chai are now very high. As living cost varies in different districts, the Government must not be too rigid.

Furthermore, the Commission on Poverty (CoP) should have a clear picture of poverty before it develops welfare plans for the needy. Regarding the poverty alleviation measures adopted by the previous Government, we may at best say that they were not the right remedies; but to be frank, they were completely irrelevant. Recently, I voiced my views to the Legislative Council Subcommittee on Poverty on the setting of a poverty line. Let us take the Work Incentive Transport Subsidy Scheme as an example. The Government was initially on the wrong track and it only adopted a dual-track approach after listening to our advice. At first, the Government did not realize that it should also give help to people at work, and I think it is because the Government has not kept abreast of the people's needs. Another example is the recent Old Age Living Allowance. The Government's proposal has led to social division, elders with only some meager savings for their funeral expenses cannot be benefited. Today, some elders called me at the office, telling me that I am right. Why did they say so? It is because Macao has treated the poor well with its generous measures, giving each elderly person more than \$10,000, that is, more than \$1,110 per month. Therefore, I think the CoP should not merely hold meetings and discussions; it must communicate with the grassroots to avoid being an armchair strategist. The authorities must also work out different welfare initiatives for different groups in the poor population.

I would like to briefly explain why I had to ask the Secretary to visit my constituency? In my constituency, there are a lot of elders in need of community medical services. When they go to see a doctor or go out for other purposes, they need the company of others. They also need meal delivery service. All these needs are indeed interrelated but the Secretary has only focused on providing a few of them and neglected the others. While the Government says that it wants to help women in seeking employment, it should engage women living in the same district to accompany elders for their medical

appointments or provide the elders with community medical care and meal delivery services. This initiative will not only give elders a happy life, but will also create job opportunities for a group of women, bringing an overall improvement to the community.

On the issue of working poor, Oxfam Hong Kong released the latest figures yesterday. The figure for 2011 was some 610 000 people. Yet, in less than one year (I have to check the date to ascertain the time period), the population of the working poor has grown to more than 650 000 as stated by Oxfam Hong Kong. Raising the minimum wage is certainly a way to tackle this issue; yet, if a work incentive subsidy is provided, that is, the provision of a living subsidy or allowance, we will be able to alleviate poverty and promote employment at the same time. It is therefore very important for us to have this subsidy. For some CSSA families, they do not only have to meet the schooling and food expenses of their children, but also have to pay for interest classes like dancing and singing. They have to spend a lot on their children. Perhaps, you may ask: Why do kids from poor families have to learn singing? The reason is that under the assessment system of some schools, the participation of extra-curricular activities is counted for the students' promotion. My friends in this Chamber, you really have to understand why the poor are so miserable in Hong Kong.

Mr TIEN is aware of their plights as he has visited some poor districts before. He should know how poor the residents in Sham Shui Po are. Many Members from the business sector, after reading the original motion, have immediately suggested deleting words like "capital gains tax" and "progressive profits tax system". I understand why they do so and I hope that the business sector can forgive me for using these words. However, if they continue to safeguard the interests of large consortia, what will be the future of Hong Kong? In fact, my proposals are meant to protect small and medium enterprises and make it easier for them to compete with large consortia in this community.

My friends, I must emphasize once again: The Hong Kong Federation of Trade Unions proposes the introduction of capital gains tax and progressive profits tax system on the basis that our salaries tax is calculated at a progressive rate. Why cannot profits tax rates be progressive? Warren BUFFETT has also proposed imposing a heavier tax on the rich. Here, I am only talking about BUFFETT's conscience but not his other acts. The capital gains tax that we advocate is imposed on net profits only. In other words, only companies with a

net profit of over \$10 million will have to pay more tax. Mr SHEK may think that this tax is targeting at developers, if he is so kind-hearted — I do not want to use the expression "with a Buddhist heart" — he should be willing to consider how he can do more for the people.

Let me reiterate, the salaries tax of more than 3 million wage earners is progressive in nature, why not apply the same to the profits tax? I hope the business sector can have a broader vision. They do not have to be scared. If today's motion is passed, I may have some new enemies. People may say, "CHAN Yuen-han, we will withdraw our investments as you are creating troubles which will worsen the economy. Consortia can simply spin off to circumvent the new measures. After all, it is difficult to stave off evil." I have heard of such threats for more than a decade, but why no one has taken the first step? Some people even say that my suggestions will scare off foreign investment. Recently, I have finally got some spare time for television. When I watch the Pilgrimage of Hope, a TVB's programme, I realize that even in places at war, there are business operations and there are people in love with those places. Therefore, please do not be afraid. What matters most are business opportunities and profits. Before the reunification, a certain consortium had withdrawn from Hong Kong and invested elsewhere. However, it ended up losing money and has to come back to Hong Kong again. Hence, as long as there are profits, there is no reason to worry. The Government should also put aside its worries and stop bluffing Hong Kong people.

Meanwhile, I want to urge the financially-strong consortia in Hong Kong to remember where their wealth comes from. The present success of our society is built on the efforts of Hong Kong people, our sound systems, the hard work of labourers, as well as the toiling masses. Elders who now live in poverty had once contributed to the manufacturing industry. Why cannot the community be generous to them? As for the working poor, they would rather live on their own meager wages instead of relying on the CSSA simply because they want to live with dignity.

I really hope that "corporate conscience" is not just an empty word. Corporates should really give a hand. Recently, I feel much depressed. I was outraged by the remarks of Andrew SHUEN Pak-Man at City Forum. He is even more terrible than Mr Tommy CHEUNG. He blamed Mr Tommy CHEUNG for passing the minimum wage. I do not know his political

affiliation, and I am not going to dwell on this point. Yet, I was really mad at him. I said in response that we were not advocating populism or welfarism. What is the only benefit in Hong Kong that is non-means-tested? It is education. Apart from that, every benefit is subject to a means test, even for healthcare benefits if you need medication. Yet, before the introduction of drug formulary, there was no means test for healthcare benefits.

Hong Kong is not only "a city of demonstration", it is also "a city of means tests". Is there any non-means-tested subsidy in Hong Kong? Right now, even for elders aged over 70, they are required to go through a means test before they can receive the Old Age Living Allowance. I must stress that we are not advocating welfarism. There are no welfare benefits because every benefit is subject to a means test. Ineligible applicants will not get a dime from the Government. Today, some elders say that "Miss CHAN, you are right" and they ask me why our Government cannot adopt the same good measures as the Macao Government. I can only ask them to ask the Government and the Secretary about that.

Let me repeat once again, we are just trying to protect the dignity of the poor, including hundreds of thousands of working poor who refuse to rely on the CSSA. For elders who have contributed to the welfare of Hong Kong, I want to continue to speak up for them, so that they can live with dignity. I hope that the rich people in Hong Kong can learn from BUFFETT and have a kind heart. Is my motion today so bothersome that you must delete all the proposals raised? Regarding the amendments to my motion, I notice an interesting point this morning, I mentioned to my colleagues that some people do care about the grassroots, but there are also many people who oppose these simple tax reforms which are actually open for discussion, and most of them are from the business sector.

I hope we can be more open-minded when facing the poor today. If the poverty problem remains unsolved, the poor may rise up I had raised a warning to the Chief Executives of the last few terms of the SAR Government, including Mr TUNG and Donald TSANG. I have not yet warned LEUNG Chun-ying because he has done a few things right. For example, he is willing to set a poverty line and establish the CoP. However, if he fails to handle the poverty problem properly, forcing the poor to rise up, this community will not so stable as it is at present. I hope that Hong Kong, an affluent city with the widest

wealth gap in the world, can manage to pass this motion and do some real deeds. If the Chief Executive, LEUNG Chun-ying, can really stick to his stance in the election without being affected by any party, he will still have our support as we fight for the grassroots and wage earners.

Once again, let me stress that the poverty problem does not only affect people who are uneducated and those who have only received secondary education. Many university graduates and professionals are now getting poor. This is exactly the problem we have in our society today. Many of those who seek help from food banks are people in the middle class. Why do we not give the poor a chance to get rid of poverty? Why do we not think of more ways to help them out?

Thank you, President. I so submit.

PRESIDENT (in Cantonese): Miss CHAN, please move your motion.

MISS CHAN YUEN-HAN (in Cantonese): President, I move my motion.

Miss CHAN Yuen-han moved the following motion: (Translation)

"That since the 1970s, the Census and Statistics Department has computed the Gini Coefficient based on household incomes for reflecting the disparity between the rich and the poor in Hong Kong; the Gini Coefficient announced in June this year reached 0.537, which hit a new record high in 40 years, indicating a worsening trend in the disparity between the rich and the poor, and reflecting the failure of the Government's poverty alleviation measures to achieve their effectiveness in the past; the current-term Government has decided to establish the Commission on Poverty, demonstrating its intention of alleviating the poverty situation in Hong Kong, but the authorities must also conduct studies on opening up new resources for poverty alleviation; in this connection, this Council urges the Government to:

- (a) request the Commission on Poverty to commence work as early as possible and report regularly to the Legislative Council on its work progress;
- (b) expeditiously establish a poverty line, so that the Government and the society may compile statistics on the number of people in poverty and assess the effectiveness of poverty alleviation measures by means of objective and open criteria;
- (c) introduce new poverty alleviation measures, including the provision of employment living allowance, to assist the working poor;
- (d) comprehensively review the Comprehensive Social Security Assistance system, including the Social Security Assistance Index of Prices and the amount of rent allowance, etc.; and
- (e) improve the tax regime by, for example, exploring the introduction of a capital gains tax, and implementing a progressive profits tax system under which higher rates of tax apply to organizations reaping huge profits, with a view to increasing tax revenue and meeting new expenditure for poverty alleviation."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Miss CHAN Yuen-han be passed.

PRESIDENT (in Cantonese): Eleven Members wish to move amendments to this motion. This Council will now proceed to a joint debate on the motion and the 11 amendments.

I will call upon Mr Frederick FUNG, Dr Fernando CHEUNG, Mr CHEUNG Kwok-che, Mr TAM Yiu-chung, Mr Michael TIEN, Mr Albert HO, Mr Frankie YICK, Mr Christopher CHEUNG, Mr Alan LEONG, Mr Albert CHAN and Mr Kenneth LEUNG to speak respectively; but they may not move the amendments at this stage.

MR FREDERICK FUNG (in Cantonese): President, today, we are not talking about absolute poverty, which means people are so poor that they do not have enough food and may starve to death. There is no such case in Hong Kong. What we are discussing right now are two poverty issues in Hong Kong: first, relative poverty; and second, wealth gap. We should not get confused, equating poverty with wealth gap. There can be cases where people are poor but the wealth gap is not wide; there can also be cases where the wealth gap is wide but people may not be poor. These are two different cases, and I will try to elaborate on them.

What is poverty? We must first define it. According to the standard international definition, a person is poor if his income is only half of the median income. Then, do we have a poor population? Sure. As half of the general income is the median income, and half of the median income is a quarter of the general income, the poverty problem exists in every society if people with an income in the lowest quarter of earnings are considered as poor. This is what we call "relative poverty".

Let us illustrate with the figures in 2011: about 17.1% of the population (or 1.19 million people) lived on half of the median income. The latest figure released by Oxfam Hong Kong in recent days was 1.18 million people, similar to the figure of last year. Meanwhile, there were 194 000 working poor households (or about 658 000 people). This is the relative poverty in Hong Kong.

What is a wealth gap then? It is measured by dividing local wage earners into 10 groups of the same size and comparing the highest income group with the lowest income group to see if the gap is wide. Let me give an example. In 2001, the wealthiest group earned \$79,000 while the poorest group earned only \$2,760, with each of these two groups represented one tenth of the population. What was the situation in 2011? While the wealthiest group earned \$95,000, the poorest group only earned \$2,070. That is weird. When we give cheers to the wealthiest people for their increasing income, we feel sorry for the poorest people as they have earned even less. The rich has earned 45 times more than the poor. This is what we call a wealth gap.

With such a wide wealth gap, what are the problems that follow? The poor may start thinking, how come I can only earn \$2,000 but some earn \$95,000 for the same eight-hour work? Is the society being fair to me? I cannot even

rent a "sub-divided unit" with this \$2,000. The wealth gap will then provoke the sentiments of unfairness and anger among the poor, causing social instability.

What causes the problem of wealth gap? There are three traditional views. The first one is that it is the product of capitalism. Under capitalism, there will always be rich people and poor people. Poverty is the natural product in the course of economic development. How can everybody be rich? Yet, some suggest that we do not have to be afraid of the wealth gap as the "trickle-down theory" is working in Hong Kong. Under this theory, wealth will trickle down to the lower echelons in the process of economic development and wealth creation. However, we know from the above figures that this claim is wrong. Otherwise, the wealth gap between \$79,000 and \$2,700 in 2001 would not have been widened to that between \$95,000 and \$2,000 in 2011. Therefore, the "trickle-down theory" is completely wrong.

The second view is that, in the present-day post-industrial society, the focus has shifted from manufacturing industries to service industries. Physical strength is no longer important. Instead, we now emphasize on knowledge, skills and innovation. If you do not have any knowledge, skills or innovation, surely you can only earn \$2,000.

The traditional wisdom tells us that as long as we hard work, there will be infinite business and career opportunities. Therefore, we need not worried. However, the working poor of 658 000 people also work eight or 10 hours a day, are they not hardworking? Are they not diligent? How come they cannot even afford to rent a "sub-divided unit"? How come they cannot even feed themselves? How can they support their families? Is it fair?

The present situation is that the wealth gap has put labourers at risk. When some are rich, some are so poor that they do not even have enough food. Where does the problem lie? The problem lies on government policies. From the time I was in secondary school to the time I graduated from university, and joined the Legislative Council, the Government has always pursued mercantilism. It always inclines to the market and puts business in the very first place. As a result, not only business operation and speculative activities are dominated by the market, but also the provision of our daily necessities, such as accommodation, transportation, employment, products in supermarkets and even textbooks, without giving regard to the affordability of the grassroots. While market players like textbook publishers are allowed to reap handsome profits from their

businesses or speculative activities, the Government has ignored that the ladder of upward mobility has been blocked after economic restructuring. As people have failed to move up the economic ladder, they cannot make a better income; they have also lost their chances for better development or promotion. Consequently, a wealth gap is formed.

It is rightly because the Government emphasizes too much on mercantilism and *laissez-faire*, it has failed to formulate any targeted policies, especially in the area of poverty alleviation. I do not think the Government has taken poverty alleviation to heart. The dissolution of the Commission on Poverty (CoP) two years ago is a clear proof. Then, President, what is our way out? We must change, and that is our way out. First of all, the Government must change its political philosophy of non-interventionism in governing Hong Kong. If it continues to say that it will not intervene as it has to follow the line of marketism yet, our market is not a normal one; it has been distorted. President, as you know, to businessmen or large consortia, a bigger market share will bring bigger influence or even control in the market. If the Government leaves the problem of people's livelihood completely to the market, the market will take control of our livelihood and distort its development.

The second change required is that the Government must give up the concept of "big market, small government". If the Government continues to adopt the concept of a "small government" as its governance philosophy, the poverty problem will only get worse and we will have more poor people. Therefore, as the Government of Hong Kong, it must give a new thought to its role and position, establish a democratic system and govern in a caring and human way. The Government must govern the market, not just make businessmen rich, but also take care of the basic living and the survival of 7 million people in Hong Kong, and seek continuous improvement for them.

The third change required is that the Government should no longer rely on the market. How does the market operate? The market follows profits. How does the market operate at present? It only engages in business that can get more profits. If the profits are not attractive enough, large consortia will not be interested in investment. In this market-driven environment, as I have just said, labourers without any innovative abilities or skills will become "useless". President, if the Government continues to rely on the market, continues to

emphasize market share and continue to stress on profits, it will not be able to do anything to help the poor.

President, market is callous and does not care about the people. Unless the Secretary follows the market and does not care about the people, he should not turn a blind eye to these problems. If the Government really wants to address the issue of poverty, please consider my following suggestions. Firstly, the Government must not continue to rely mainly on the financial and real estate industries. Instead, it must develop a diversified economy. President, over the years, I have suggested that the Government should promote a green economy, innovative arts and scientific economy so as to add pillars to our economy and give room to more possibilities. This suggestion will bring us more hopes and let the younger generation see their prospects.

Secondly, the Government should set up a high-level body to review the overall social and economic policies. President, I hope that the Government will consider the following specific proposals. First, set up a development fund for new industries by adopting the "intervene and leave" approach; second, set up a development bank to provide small and medium enterprises and social enterprises with low interest and long repayment loans; third, provide rental and tax concessions to start-ups; fourth, promote the development of social enterprises vigorously; fifth, encourage companies to shoulder their corporate social responsibilities.

President, I also have an expectation of the CoP. I hope that it will not adopt the same perspective of the former CoP. It should see from the angle of caring about the people, caring about the problems in Hong Kong and caring about the changes required for Hong Kong's economy. It should set up a system which can actually address the problem of poverty. Thank you, President.

DR FERNANDO CHEUNG (in Cantonese): President, first of all, I would like to thank Miss CHAN Yuen-han for moving this motion, and I also support the amendment of Mr Frederick FUNG. However, I would like to clarify one point in the speech just given by Mr Frederick FUNG. Just now, Mr FUNG has mentioned that the poverty line is drawn at half of the median individual/household income. This value is called "the 50th percentile". I

must speak this term in English as I am not sure how to translate "percentile" into Chinese.

According to Mr FUNG, when the poverty line is set at half of the median individual/household income, there will always be a quarter of the population living in poverty. It is in fact a fallacy as we confuse percent with percentile. Theoretically, the 50th percentile of the median individual income is not a relative value, it is an absolute value. If we set our poverty line at this level as in the case of many countries, it does not mean that there is always a quarter of population falling below this line. As a matter of fact, it is possible for us to eradicate poverty. Given that the poverty line is drawn at an absolute value, we may help all those who live below this line to move upward by granting relief through our social security system. Even if the poverty line remains at the same level, we may still eradicate poverty by not allowing anyone to fall below the line. Yet, this line is still drawn according to the international definition of poverty, that is, people with an income at or below half of the median individual income are poor.

Therefore, I must explain this point clearly. In fact, even the Government is confused about this point and often makes mistakes. Last Monday, at the meeting of the Panel on Welfare Services, the Government said that the income of the Comprehensive Social Security Assistance (CSSA) households was the average income earned by people of the lower 25%. Again, they confused percentile with percent. I would love to give a lecture on these two concepts if I am given this chance. You will then understand their difference. It is indeed well justified for the international poverty line to be drawn in this way. As this line is absolute instead of relative, it can serve as a benchmark to facilitate the advancement of our policies which help everyone to move above the poverty line.

Needless to say, our poverty problem is extremely serious. As an Asian international financial centre, we have kept on saying things like "Nylonkong" (New York, London and Hong Kong) for years. However, in the last decade, our poverty rate was around 16% to 18%, suggesting a poor population of more than 1 million people, which is excessively high.

Oxfam Hong Kong has just finished a survey on working poverty which finds that 10% of our working households are poor. In this survey, the international poverty line which I just mentioned was used. Recently, the Hong Kong Council of Social Service has conducted a survey on "Deprivation and

Social Exclusion in Hong Kong" in which more than 1 000 people were selected at random for interview. This survey shows that 18.3% of people live in deprivation. What is the meaning of deprivation? Let us review the living conditions of these 18.3% households. Among them, 20% do not have sufficient living space at home but have to stay in bed all day; more than one third cannot offer to buy a gift when their relatives or friends get married; 60% cannot afford to let their children participate in extra-curricular activities or buy supplementary exercise books; two thirds of the deprived families cannot afford to consult private doctor in case of emergency and have to wait for public out-patient service. It is difficult to imagine how hard it will be if we cannot afford to pay some \$100 or \$200 to see a private doctor near our residence in case of emergency, but have to wait for accident and emergency (A&E) services. President, I do not know if you have ever waited for A&E services. A&E patients often have to wait for five or six hours, and sometimes, seven or eight hours. If you are not feeling well and have to seek A&E services, I am sure that your condition will get worse after the long wait. In addition, more than 80% of the deprived families are unable to have dental check up periodically or receive dental services.

When we have about 20% of families living in deprivation, do we feel shame in chanting "Nylonkong"? We have talked about poverty alleviation for many years and had once set up the Commission on Poverty (CoP), which was hastily dissolved soon after Donald TSANG came to power. Therefore, when LEUNG Chun-ying now reestablishes the CoP after coming to office, we will certainly have high hopes on the CoP. In our discussion on the Old Age Living Allowance, the retirement protection that we propose is actually a right but not a welfare benefit. When we propose to the Government that these schemes should not be introduced with assets test but in the form of social insurance to give protection, we often find that the Government will either distract us or fend off this issue.

What is so special about a social insurance system? Members, three weeks ago, when I spoke on a motion moved by me, I said that as I had worked in the United States for more than 10 years, I would be entitled to enjoy their retirement protection. Their system is abbreviated as "OASDI", with "OA" stands for "Old Age", "S" for "Survivors" (Survivors refer to dependants. Dependants will receive protection when the principal passed away.), "D" for "Disability" and "I" for "Insurance". That system covers certain key changes in

life, which can be so drastic as to drag ourselves or our family members to poverty. In view of these changes, we may introduce a social insurance system to give universal protection by requiring every member of the public to make a monetary contribution. If any person later falls into any specified situation, he can be well protected. For example, if you passed away, your dependants will get protection; if you are disabled, you and your family can receive protection; if you retire, you can also enjoy protection. These changes are indeed something which may be experienced by anyone of us.

In today's society, we believe that everyone is entitled to basic education; no one should be denied of appropriate medical care due to financial difficulty; and everyone should have a reasonably decent living environment. All these are basic human rights. In an advanced society, the reason why we can claim to be advanced, civilized and economically rich is that everyone, not a selected few, is well protected.

Today, more than 100 countries are providing this kind of protection. Unfortunately, here in Hong Kong, we are still arguing how the assets test should be introduced and how we should protect these basic human rights. Why do we lag so much behind? In fact, the biggest advantage of providing protection in the form of social insurance is that everyone can be protected. As we have joined this community as a Hong Kong citizen, our citizenship should allow us to receive such protection. This is a basic right that we should enjoy as a citizen. This is the relation between a modern government and its people. We should not simply live under capitalism of the primitive jungle state or the rules of market, telling people to rely on themselves if they want to survive in this market; and if they cannot survive on their own, they have to live at the mercy of others or rely on charity. This is actually a very backward approach. How come Hong Kong is in such a state?

With the establishment of the CoP, I hope that the Government can set some specific indicators. A few years ago, in the Third Legislative Council, we had set up a Subcommittee on Poverty Alleviation. This Subcommittee had visited Ireland and England to learn from their anti-poverty strategies and measures. As early as 1997, the Government of Ireland had already developed a national anti-poverty strategy, with a clear target of reducing its poor population from the proportion of somewhere between 9% and 15% to between 5% and

10%. This target was reached in 2004. Therefore, in 2004, they put forward a new target of lowering the proportion of its poor population to below 5%.

Members, we should no longer engage in empty talk. We hope that the Government can face up to this problem, with the CoP being responsible for developing specific indicators on poverty alleviation. I so submit. Thank you, President.

MR CHEUNG KWOK-CHE (in Cantonese): President, yesterday, Oxfam Hong Kong announced that over the decade, the number of poor households in Hong Kong has remained at over 400 000, while the number of poor people has remained at more than 1.1 million, accounting for nearly 20% of the total population. This corresponds to a poverty rate of about 17.6%, which means that one in every six people in Hong Kong is poor.

Of all the working households in Hong Kong, about 10% (or 194 000 households) were "working poor households", representing an increase of some 11% compared to 2003. Among them, most are working households with three to four members. Furthermore, the total number of people living in these working poor households has increased from 608 000 in 2003 to 658 000 in the second quarter of 2012. Most importantly, nearly 60% of the working poor households are living below the Comprehensive Social Security Assistance (CSSA) level. In the second quarter of 2012, 113 000 out of 194 000 working poor households had a monthly income of less than the average CSSA payment for a household of corresponding size and they account for nearly 60% of the total working poor households. Of all these working poor households which are supposedly eligible for CSSA, only 11 000 have applied for low-income CSSA, accounting for less than 10%, which indicated that a large proportion of eligible working poor households were not on CSSA. These are the latest analysis of Oxfam Hong Kong, which fully reflects the poverty situation in Hong Kong.

President, in the original motion of Miss CHAN Yuen-han, it is stated that the Gini Coefficient announced by the Censuses and Statistics Department in June 2012 reached 0.537, which hit a new record high in 40 years. I would like to give one more figure. Since the compilation of the relevant statistics in 1971, the Gini Coefficient of Hong Kong has remained above 0.4. As a matter of fact,

any Gini Coefficient above 0.4 has gone beyond the alarm level. In other words, there is a danger of social uproar in Hong Kong. Over the past 40 years, wealth disparity in Hong Kong has remained above the alarm level, and has climbed all the way up to its height this year. I want to express again my sincere wish that the Commission on Poverty to be re-established by the Government will work practically at source to alleviate poverty. Our Gini Coefficient has reached 0.537, and though there is still a short way from 0.6 which indicates "the likelihood of a social unrest", we are in a pretty dangerous situation.

I have spent so much time talking about this because I am afraid that the Government will "start well but finish poorly". I noticed that after the SAR Government introduced two measures to cool the property market in October, the market has adopted a wait-and-see attitude. This actually reflects that people do not have trust in the Government's measure to combat the soaring property prices. While the measures have not achieved an instantaneous effect in pressing down property prices, reactions have been detected from property developers. Property hegemony has all along been the major factor leading to the deterioration of the disparity between the rich and the poor in Hong Kong. If the Government really wants to do something for the general public in respect of housing, it should resist against the property developers. Or else, this would again be like "cooking congee without rice".

President, it is normal that some people got rich faster than others due to the availability of opportunities or personal efforts, and there is no big deal to find disparity in people's wealth. However, it would be unforgivable if those who got rich faster deprive others of an opportunity to develop and block the ways which the poor people can develop, or take advantage of their superiority obtained with their wealth to seize the hard-earned fruit of the general public and even make it an established practice. Being a responsible government, it should safeguard people's livelihood by taking institutional preventive measures, making remedies or adopting "biased policies". But if it bucks the trend and gives institutional priority to consortia to engage in profiteering, it will only position itself as the enemy of the people. Some people said "Poverty is no evil, but creating 'persistent poverty' is an evil deed". I hope that the Government will genuinely face up to the problem of disparity between the rich and the poor, and improve the social system at source, thereby properly alleviating poverty and treating members of the public fairly.

At present, the major factor causing the disparity between the rich and the poor in Hong Kong is the unreasonable social system, which has resulted in social inequality. Last week, for example, I had mentioned housing problems such as the insufficient supply of public housing flats, the risk of sub-divided units and the exorbitant rent; problems with the land use policy; healthcare problems such as self-financed drugs, as well as problems with the education system like the privatization of higher education has pushed up the tuition fees. Of course, there are also social security problems such as working poverty and elderly poverty. All these have resulted in an extremely unreasonable distribution of wealth. For example, in the last decade, the monthly household income in the group with the lowest income (that is, the first decile group) has increased from \$3,500 to \$3,580, representing an increase of 2.3%. On the other hand, the monthly household income in the group with the highest income (that is, the 10th decile group) has increased from \$45,000 to \$55,000, representing an increase of 22.2%, which is almost 10 times higher than the first decile group. Some people described this as a catastrophic race between a bicycle and a Ferrari racing car. The race has been running for 40 years, but the referees have turned a blind eye to the fairness of the game. Worse still, the game does not seem to have a finishing line and the gap has been widening in a geometric progression. No matter how hard the bikers ride and practise, it is absolutely impossible for them to alter their tragic fate in such a game.

I have therefore amended the original motion. Firstly, "without rules, nothing can be done", so I call on the Commission on Poverty to tackle the most urgent task, and that is, to expeditiously establish a poverty line. My preliminary suggestion is to use 60% of the post-social transfer median household income as the yardstick. The purpose of adopting the measuring approach of the Organization for Economic Co-operation and Development (OECD) or the European Union (EU) is to facilitate comparison between Hong Kong and other similar regions. With reference to the experience of other countries, the United Kingdom established the poverty line with a relative approach, which was set at 60% of the median household income without deducting the housing costs. Ireland also set the poverty line at 60% of the national median household income. The official poverty line of the EU is set at 60% of the national median equalized disposable income after social transfers. Taiwan has also established official poverty line. Before 2011, the poverty line was set at 60% of the average consumption spending per person over the previous year. After 2011, the

formula has changed to 60% of the median monthly disposable income per person over the previous year, which means 60% of the median disposable income per capita. Numerous related studies have also been conducted in the community. Local academics, such as WONG Hung and LEE Kim-ming, had studied the poverty line in as early as 1999 and their report was determined by the Engel curve. Furthermore, the Hong Kong Social Security Society, the Alliance Concerning CSSA and the Oxfam Hong Kong have also, in as early as 2005, compared the poverty alleviation institutions and policies of various governments, and given inspirational advice for Hong Kong.

President, I call on the Commission on Poverty to draw up a poverty line within one year. Debates on this issue have continued for many years and there should not be further delay as the grassroots cannot wait any longer. Other major improvements to the social system include reforming the CSSA system; introducing a negative income tax and rent control measure as mentioned by me last week. Also, it is necessary to deal with the universal protection system which offers fundamental protection to the public. I so submit.

MR TAM YIU-CHUNG (in Cantonese): President, poverty is a problem which all societies have to face directly and alleviation of poverty is therefore a major topic which has often been discussed in this Council. In this connection, a subcommittee on poverty alleviation has been set up under the Legislative Council in previous terms to explore possible solutions. The original motion proposed by Miss CHAN Yuen-han today calls on the Government to re-instate and improve the policy-making mechanism, the CSSA system and the tax regime. Miss CHAN said that she could hardly sleep and felt very anxious, but I want to tell her — she is not present at the meeting — the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) will support her. I trust that Members of this Council, regardless of their political background, are not indifferent and unsympathetic.

Although Hong Kong's economy has been improving in these two years, poverty problem is still serious. If we use household income as the yardstick, there were 707 600 people living in households with income below average CSSA payment in 2011. Poverty alleviation has all along been the policy commitment of the SAR Government, but given that poverty alleviation involves

different policy areas, it is necessary to establish an inter-departmental select committee to co-ordinate the relevant work. We hope that the re-establishment of the Commission on Poverty (CoP) will effectively take on board public views and formulate immediate measures to improve the living conditions of the grassroots. Poverty alleviation must be accompanied by proactive fiscal measures. In recent years, the Government has often refused to introduce welfare policies which need to be implemented in the longer term on the ground that they would have a continuous charging effect on public expenditure. Instead, short-term programmes or measure of handing out candies have been implemented. The Community Care Fund is currently acting as an implementer of short-term poverty alleviation plans. Following the re-establishment of the CoP, the DAB considers that the Government should explore the need to merge the Community Care Fund into the CoP. The CoP is underpinned by four task forces, and this bears resemblance with the organizational structure of the Community Care Fund. Thus, the merger will avoid overlapping in organizational structure and provide sufficient financial resources for the CoP to implement alleviating measures in the future.

Although the Government did introduce a lot of poverty alleviation measures in the past, there were divergent views on the effectiveness of the measures in the absence of a standard yardstick. The establishment of a poverty line can help provide a minimum standard for maintaining people's basic standard of living, based on which the poverty alleviation measures can be objectively evaluated, such as the number of people whose poverty situation have improved under the CSSA system. Therefore, the DAB considers that the current-term Government should expeditiously establish the poverty line to improve the policy-making mechanism.

At the individual level, the major cause of poverty is low income, family changes, illness or ageing. Therefore, effective poverty alleviation measures must include a package of employment and financial assistance initiatives. As the DAB thinks that the Government should do more in these two respects, I have therefore proposed some relevant amendments.

Regarding employment assistance, the DAB considers that the Government should create more jobs for grass-roots workers; strengthen employment training; assist the ethnic minorities in securing employment, and strengthen child care and after-school care services so as to enable parents of low-income families to go out to work without worries. Last year, the Government implemented the Work

Incentive Transport Subsidy Scheme in all 18 districts and practical experience shows that it can genuinely help the low-income people. In order to provide employment assistance, we suggest replacing the Work Incentive Transport Subsidy Scheme by a maintenance grant scheme for low-income families, so as to enable families not eligible for CSSA but whose incomes are still on the low side to receive monthly grant after a simple declaration of income and assets. With regard to the difficulties of young people to get employed, the Government should create more jobs that are suitable for them and provide enhanced training programmes to upgrade their vocational skills. Besides, it should also provide more subsidized training courses for young people so as to help them master new job-specific skills. In particular, the Government should assist them in participating in economic areas where Hong Kong enjoys clear advantages, including creative, information technology and green industries.

Regarding financial assistance, the DAB considers that apart from comprehensively reviewing the CSSA system as proposed in the original motion, the Government should also introduce timely and specific financial assistance measures, which include improving the existing Old Age Allowance (OAA) system; providing the elderly with subsidized denture-fixing services; setting up a subsidy system for carers of persons with disabilities; introducing healthcare vouchers for children; reducing students' schooling costs, as well as providing rent allowance in respect of housing. On resolving the problem of elderly poverty, the DAB has all along suggested that the Government should not rely on the CSSA system alone, but should provide necessary financial assistance to the poor elderly who are not eligible for CSSA. As the current-term Government has finally proposed the Old Age Living Allowance, we hope that Members of this Council will stop filibustering, so that this beneficial measure can be introduced as soon as possible. Apart from introducing a new system, the DAB also hopes that the Government will improve the existing OAA system, which include abolishing the existing asset and income test for application for Normal OAA for elderly people aged between 65 and 69; allowing elderly recipients of Disability Allowance to receive OAA at the same time, and expeditiously implementing the "Guangdong Scheme" and extending it to Fujian Province, thereby enabling more elderly people to shake off poverty. In helping persons with disabilities and the chronically ill, the Government should introduce a new initiative called the subsidy for carers of persons with disabilities, under which 120 000 carers of Disability Allowance recipients will receive a monthly subsidy, so as to alleviate the financial burden of these carers.

I must stress here again that the Government should extend the service scope of the subsidy for dental services for the elderly programme under the Community Care Fund and relax its eligibility requirements. At present, the beneficiaries of this programme is very limited as only elders who are receiving Home Care Service subsidized by the Social Welfare Department can apply. In other words, only some 23 400 people can benefit from the service. These 20 000-odd beneficiaries have fallen far short of the demand of over 100 000 people. The Government can actually consider providing an allowance for the needy elders to seek the relevant services in the market direct. This can also save elders the trouble of suffering prolonged toothaches as a result of the negligible dentists participating in the programme.

Poverty alleviation cannot succeed without enhancing complementary measures in local districts to achieve the objective of the district-oriented poverty alleviation policy. Although the Government has all along emphasized a district-oriented approach to alleviate poverty, a number of districts are facing the difficulties of inadequate complementary measures. The District Offices face a shortage of manpower and they lack additional project-specific funding for local poverty alleviation work. Worse still, as District Officers do not have adequate authorization, they have to put in extra efforts to promote inter-departmental co-operation and the result is not satisfactory. I therefore hope that the Regional Social Welfare Officers can have project-specific funding for handling the special problems in the districts. Therefore, apart from the proposals made in the amendment, we also hope that the Government will directly increase the resources provided for local poverty alleviation work.

With these remarks, I hope that Members will support my amendment. Thank you, President.

MR MICHAEL TIEN (in Cantonese): President, first of all, I have to thank Miss CHAN Yuen-han for proposing this motion on "Alleviating poverty", which will arouse more concern for the poor people.

Many people thought that my taking part in the programme "Rich Mate Poor Mate" is just to "take advantage" or "do a show". And yet, if any senior public officer or the Chief Executive would like to give it a try, I am sure that the Government would be more capable of helping different grassroots in a focused manner, and will not be at a loss when discussing the poverty problem.

I admit that though I had taken part in the programme "Rich Mate Poor Mate", it does not mean that I can fully understand the miseries of the poor. Nonetheless, in the course of that short experience, I did feel the biggest day-to-day problem which they are facing, and that is, having no hope and no tomorrow. Not only is there a need to help them make ends meet, we must also move one step further by giving them hope. In this connection, this motion on "Alleviating poverty" can include more long-term poverty alleviation measures. Over the years, I have advocated the idea that "teaching someone to fish is better than giving him a fish", which means helping the grassroots to achieve self-reliance.

I think that there are two pretty controversial proposals in Miss CHAN Yuen-han's motion: First, "exploring the introduction of a capital gains tax", and second, "the provision of employment living allowance". I believe some Members may have reservation about this motion because of these two proposals, and they would therefore have a lower chance of voting for the motion. Hence, I decided to delete these two proposals in order to provide colleagues with more alternatives, with a view to enabling this motion on "Alleviating poverty" to get passed.

First, although I proposed to delete "..... exploring the introduction of a capital gains tax, and implementing a progressive profits tax system", it does not mean that I do not support the study. Furthermore, I hope that the Government would comprehensively review the tax regime. Given that I have used the word "comprehensively", there is no point to keep the words "for example". Deleting the abovementioned controversial words will make the motion less controversial.

In fact, many advanced countries have introduced capital gains tax and progressive profits tax, such as the United Kingdom, the United States, France, Germany, Finland, Denmark and Australia. So long as the tax is effectively collected, it can actually make a fair distribution of wealth. As to whether there will be any adverse effect on, for example, the economy, stock or property market, or the incentive of overseas enterprises to invest in Hong Kong, we must proceed with great care and conduct a thorough study. The tax regime varies from country to country and may involve a great number of frivolous and complicated details. Given that the focus of our discussion today is on the

alleviation of poverty, I do not consider it necessary to associate the sensitive capital gains tax and progressive profits tax with this motion.

Also, another proposed deletion in my amendment is "..... the provision of employment living allowance" . I want to stress that I do not oppose the provision of subsidies to the working poor. I only oppose a broad-brush provision of subsidies for people's living, which is too generalized and conclusive, and cannot well utilize the resources. I advocate that "teaching someone to fish is better than giving him a fish". While the same amount of money can be used to provide monthly subsidies for living expenses, the resources can otherwise be used to encourage the grassroots to undergo retraining for self-enrichment, thereby enhancing their competitiveness.

Perhaps some people may ask: If the grassroots are in a precarious state and "living from hand to mouth", how can they spare time to undergo retraining? My response is that so long as the money is used for good value, I support giving a waiver of the training fee and providing a living supplement after they have attended a certain number of lessons each month, with a view to enhancing their productivity.

I had put forward this proposal when I was the Chairman of the Employees Retraining Board (ERB). At that time, the ERB was developing the Certificate in Foundation Skills for Employment courses, which aimed at teaching the grassroots some commonly used English words, phrases and short sentences, and how to search information on the Internet, thereby enabling them to catch up with the knowledge-based economy and work as office assistants in small and medium enterprises. As such, they no longer had to engage in labour work for the rest of their life. But, unfortunately, the relevant proposal was not accepted by the Government. Although I had been annoyed by this for quite some time and even thought of resigning from the ERB, I have all along kept this thought to myself.

In my amendment, I retain the proposal to "expeditiously establish a poverty line" because I agree that there should be objective criteria to determine who should or should not receive the support, and the number of people to be supported. Take the recently discussed asset limit of the Old Age Living Allowance as an example. Some people suggested \$186,000, \$300,000 and even \$500,000, but there is no objective indicator for us to forge a consensus.

We may have to stay up day and night, night and day for this endless argument. As it is no easy task to forge a consensus on the poverty line, the last-term Government simply refused on the excuse that it has "no urgency".

I really admire LEUNG Chun-ying for his commitment and would like to give him a big clap. Noting that it is no easy task to forge a consensus on the poverty line, I have reservation about a Member's proposal to come to a decision within one year.

Last of all, I want to share with Members my viewpoints on shaking off poverty, and that is, "teaching someone to fish". Fishing requires skills, money to buy the fishing tools, as well as fishing grounds. Also, it is important to keep releasing fish fry into fish ponds. As students who got zero mark in public examinations today would become the disadvantaged groups tomorrow, what kind of skills should be taught so that they know how to fish? In my opinion, young people with strong creativity power usually show no interest in traditional mainstream education. Thus, if the Government can take the initiative to promote low-skilled creative industries, it will be more suitable for them.

Let me use the production of micro movies as an example. Some advertisers said that the advertisement fees currently charged by the free TV broadcasters are exorbitant, it is however easier to broadcast advertisements specifically for its target customers on the Internet. As far as I understand, young people producing a three-minute short video clip for broadcast on the Internet will charge only about \$30,000. In case greater publicity is necessary, only an additional \$30,000 will be charged so long as they possess the necessary techniques. This adds up to a total of just \$60,000. At present, Television Broadcasts Limited is charging an advertisement fee of \$90,000 for the broadcasting of a 30-second commercial during prime time. We can therefore see that this is undoubtedly a great business opportunity.

In the light of the abovementioned example, how can the Government provide assistance then? Following the line of the principle of "teaching someone to fish" as stated by me earlier, the authorities should teach young people how to produce movies and carry out publicity. Buying fishing rod is tantamount to buying filming equipment. With regard to the fishing ground, the Government may provide a platform for them to display their movie products at

low costs by holding exhibitions. What does the "fish fry" mean then? It means the new mindset that the Government will be tasked to promote to the advertisers, which is commonly known as "creating demand" in the business sector. The traditional thinking is that whenever there is demand, there will be supply. However, under the new mindset, the Government may create demand and this is precisely what the Government needs to do nowadays.

In the long run, in order to help the poor shake off poverty, we must link education and training with the development of industries. Under the existing government structure, education, training and economic development are overseen by two different Directors of Bureaux, which is unfavourable to the development in this regard. I therefore consider that the Secretary for Commerce and Economic Development must join the Commission on Poverty, because only in so doing can we examine the poverty problem prevailing in the community in a serious, comprehensive and thorough manner.

I so submit.

MR ALBERT HO (in Cantonese): President, during Donald TSANG's governance in the past seven years, one of the most significant administration blunders was the worsening poverty problem in Hong Kong. Within the past few years, the poverty rate in Hong Kong has risen continuously, from 17.4% a decade ago to the current 18.3%; and the poverty rate in 2010 was 17.9%. As compared to the situation in 2001, the number of people living below the poverty line has increased by 60 000, representing an increase of 5.2%. According to the latest statistics, based on the poverty line set according to international standards, 1.2 million people are now living in poverty, and the problem of elderly poverty is particularly serious; and problems such as women in poverty and working poverty should also be matters of concern. Under such circumstances, the Donald TSANG Government even dissolved the Commission on Poverty (CoP). Secretary Matthew CHEUNG was also responsible for the welfare policy back then; he repeatedly refused to set a poverty line for he considered that this would not help solve the problem of poverty. We feel regretful about that.

If today's vote of no-confidence motion can be amended, the name of Secretary Matthew CHEUNG should be added because he completely failed to

solve the poverty problem in the past few years when he was in office, and he even allowed the problem to aggravate. Even worse, while so many people are living in poverty, the wealth disparity rate and the income gap in Hong Kong have continued to rise and expand. As a cosmopolitan city and a world financial centre, Hong Kong is certainly the home of many celebrities who are among the richest in the world. Our property markets are very buoyant, with local property prices, land prices and rents among the highest in the world. It is obvious to all that many people are indulging in luxury and extravagance. Nonetheless, in such an affluent society, there are still so many poor people, there are many elderly people who need to collect carton boxes for a living because they are not eligible for Comprehensive Social Security Assistance (CSSA). Why can't they receive CSSA? Because our system is undesirable, and they dare not ask their children to make declarations to state that they refuse to support their parents.

We know very well about Hong Kong's financial position. We have a reserve of \$600 billion and another \$600 billion investment surplus of the Exchange Fund; this sum of \$1,200 billion can be utilized at any time, and we have not counted the monetary reserves yet. The United Nations has repeatedly criticized Hong Kong, asking us to face up to the poverty problem. The disparity between the rich and the poor has become a serious and urgent problem, do we not feel ashamed? We should be ashamed.

Today, Secretary Matthew CHEUNG has finally stated, on behalf of the current-term Government, that it would re-establish the CoP and set the poverty line. We think this will bring us back on the right track, and we certainly render our support. However, as I have pointed out at the meeting of the Panel on Welfare Services, setting a poverty line is one of the important steps to take, and after establishing a poverty line and working out the specific numbers, we cannot just set some "impractical" goals, saying that there are a lot of work to be done and long-term plans should be made, without formulating specific targets on poverty eradication. This will only make everything meaningless. The most important thing is that specific poverty eradication objectives should be set after the establishment of the CoP and a poverty line.

As Dr Fernando CHEUNG has stated clearly just now, we can actually upgrade the living conditions of people below the poverty line so that they can live above the poverty line, thereby eradicating poverty. I remember that, two years ago, the head of the planning team of the National Bank of Sweden visited

Hong Kong to learn more about the situation of Hong Kong. He wanted to exchange views with Members, but as other Members could not spare time to meet him, I had spent an hour or so discussing with him. He spent half an hour explaining to me the situation in Sweden. I asked him if it was true that his country did not have poverty problems, and how they solved the problem of poverty. He told me that he could say very proudly that there were indeed no poor people in his country. There were many rich people though and poverty eradication was a success. Furthermore, as far as I remember, it was stipulated in their country that 2% of government spending should be donated each year to help backward countries eradicate poverty. There are very explicit provisions.

Therefore, poverty is not just a relative problem and we cannot say that there are many poor people in this Chamber when compared with the richest. There are international standards as well, and after setting the standards, we can really make many people live above the poverty line and with greater dignity, as well as enjoy equal rights, care and attention and dignity. So, this is a very important point. Despite the many inadequacies in the past and our criticisms, let bygones be bygones, I hope the Secretary can now have the determination and courage to do a good job in this area, to make up for the serious deficiencies in the past few years.

The Democratic Party certainly supports Miss CHAN Yuen-han's original motion. I believe we have reached a consensus on many important issues, though some issues are still open to discussion. Nevertheless, the Democratic Party will absolutely and undoubtedly support the original motion. I only wish to make two points, and the first point is about a negative income tax policy. Nobel laureate, Milton FRIEDMAN, pointed out in 1962 that owing to the unsatisfactory poverty alleviation policies of the United States Government, and coupled with the fact that many economic and social policies had dampened the poor's incentive to work, he thus advocated the implementation of a negative income tax policy. Under this policy, if an employee's salary fell below a certain level, he did not need to pay salaries tax and could receive income subsidies from the Government, thereby eliminating working poverty and encouraging all people with working ability to go out to work. This not only provided human resources for the community, but also allowed poor people to regain dignity through employment.

Back in the 1970s, the United Kingdom and the United States already introduced a negative income tax policy. For instance, if the annual salary of a low-income family without children in the United States was less than US\$13,660 (approximately HK\$106,000), they would be given an annual subsidy of US\$464. There were also other specific figures. Hence, negative income tax is an important measure, and I personally think that this measure can eliminate the labelling effects of CSSA. In fact, many low-income people will become CSSA recipients, and such labeling effect is undesirable and it should be removed. I hope the Government would consider this policy that we have advocated for years.

The second point is the introduction of a progressive tax system so as to promote the redistribution of income. One vital point is to establish the universal retirement protection system. The Democratic Party is of the view that it is now time to vigorously promote discussions in the community on this issue, so as to expedite the formulation of poverty alleviation policies to solve the problems of an ageing population.

MR FRANKIE YICK (in Cantonese): President, according to a recent survey conducted by the Hong Kong Council of Social Service, the number of poor people in Hong Kong in 2011 reached 1.15 million; and as reported in the newspapers today, the latest figure provided by Oxfam Hong Kong is even higher. Calculating on the basis of 7.1 million Hong Kong people, on average, one in every six to seven persons is poor. The poverty problem in Hong Kong is indeed very serious.

It is stated in a report published by the United Nations four years ago that Hong Kong is the city with the most serious wealth disparity problem in Asia. The Gini Coefficient published by the Government in June this year was as high as 0.537, reflecting signs of worsening of the wealth disparity problem. Among the poor population, the problem of elderly poverty is most serious.

However, Hong Kong does not lack the resources and abilities for alleviating the poverty problems. Hong Kong is a developed economy and is one of the most affluent cities in Asia. Although we had to face a number of adversities and difficulties in the past decade, our Gross Domestic Product (GDP) still had an average growth of 4.6% in the past 10 years. As Mr Albert HO has

mentioned earlier, the total amount of our foreign exchange reserves amounted to \$2,646.5 billion, which ranks the world's top 10, much higher than that of developed countries such as the United Kingdom and the United States. We also have huge fiscal reserves of more than \$600 billion.

Therefore, we, the Liberal Party, do not support the introduction of a capital gains tax, and the introduction of taxes such as a progressive profits tax to increase revenues for use on poverty alleviation. Instead, should we make the best use of the investment incomes of the foreign exchange reserves to help the poor? My colleagues will later discuss this point in greater detail.

President, based on the above views and stance, the Liberal Party cannot support the original motion and other Members' amendments requesting for introducing new types of tax and broadening the tax base. We also think that another handout by the Government and reinstating rent control as proposed in an amendment are unnecessary. As Mr Michael TIEN has just said, we should teach people how to fish rather than just give them fish because this is not a long-term and effective policy for poverty alleviation.

We hope that the re-established Commission on Poverty can comprehensively consider solving all poverty issues, including elderly poverty, working poverty and inter-generational poverty. It should also review all policies related to poverty alleviation, including education policies, human resources policies and welfare policy, so that poor people can really get rid of poverty, and most important of all, they can become self-reliant and contribute to society.

The Liberal Party agrees that the Government should set a poverty line to provide clear and unambiguous indicators. Various sectors of the community can assess if the poverty alleviation policies and measures are effective. Many member states of the European Union define the poverty line on the basis of 40%, 50% or 60% of the household income, and we can also refer to the practice of the European Union.

The Government has all along put in a lot of resources in social welfare, social security and the CSSA Scheme. In the 2012-2013 Budget, the total social welfare expenditure exceeds \$48 billion, with over \$18 billion spent on the CSSA Scheme. Basically, it can be said that our social security system may not be the

best, but definitely it is not the worst. Although the Government has put in a lot of resources, it still fails to effectively alleviate the wealth disparity problem. This reflects the necessity to review comprehensively the CSSA Scheme and the relevant poverty alleviation policies.

In our view, it is essential for the Government to achieve the following three objectives through the CSSA Scheme: first, assist able-bodied CSSA recipients who are unemployed to move towards self-reliance and provide them with sufficient incentives to facilitate their early return to the labour market, thereby reducing the overall CSSA expenditures in the long run; second, provide living allowances to the needy grassroots to alleviate working poverty; and third, reduce the abuse of the CSSA Scheme.

President, to encourage CSSA recipients to take up employment and stay in employment, the Government currently specified that the monthly earnings from employment could be partially disregarded up to a maximum of \$2,500 per month. We think this amount should be appropriately increased so that recipients can have a higher overall monthly income (including CSSA payments and salaries), this can provide a greater incentive to keep recipients in employment.

The Liberal Party has always suggested that the Government should rename the "Low-income CSSA Scheme" as "Work Incentive Scheme", so as to eliminate the labelling effect. Unfortunately, the Government has not adopted our suggestion. The Liberal Party suggests that the Government should provide a work incentive scheme that encourages employment, and working poor families that are not eligible for CSSA but their household incomes are 50% or less than 50% of the relevant median household income can apply. Just like the current "Low-income CSSA Scheme", the applicants can receive appropriate living allowances under the work incentive scheme, so as to alleviate working poverty.

Certainly, the Government must also strengthen the supervision of cases and the follow-up mechanisms to avoid some CSSA recipients being perfunctory or ostensible. While they have participated in the Scheme, they actually try by all means not to re-enter the job market, so that they can continue to live on CSSA and go unchecked.

In addition, the Government has not set a time limit for assistance to the unemployed CSSA recipients. To avoid their long-term reliance on CSSA, the Government should actively consider the practice adopted in other developed countries which stop providing assistance to recipients after a reasonable period of time; for example, after a period of two years. The purpose is to encourage these people to actively re-enter the job market. Of course, the Government should also exercise discretion when handling cases where the recipients have tried hard to find a job but still cannot return to the labour market.

In conclusion, a new mechanism should be introduced into the CSSA Scheme to encourage recipients to re-enter the job market, with the objectives of helping them achieve self-reliance and gradually get out of poverty. President, I so submit.

MR CHRISTOPHER CHEUNG (in Cantonese): President, undoubtedly, the Government and the business sector are duty-bound to alleviate poverty. However, we think the direction of the poverty alleviation policy as proposed by Miss CHAN Yuen-han is debatable. I oppose the original motion on behalf of the Business and Professionals Alliance for Hong Kong (the Alliance) because we think that solving the poverty problem by increasing various allowances is no different from catching fish in a tree. Likewise, we also oppose the "handout" amendments proposed by other Members.

According to the Alliance, various sectors of the community should look squarely at the poverty problem and be willing to assume social responsibilities as corporates and individuals. For this reason, we support the amendments of Mr Michael TIEN and Mr Kenneth LEUNG to comprehensively review the tax regime, and conduct a study on broadening the tax base, with a view to increasing recurrent tax revenue and meeting new expenditure for poverty alleviation.

The Alliance requests the Commission on Poverty (CoP) to commence work as soon as possible, implement the proposed measures after obtaining a consensus in society, and report regularly to the Legislative Council on its work progress. In our view, the Hong Kong society should respect personal dignity, rights and social justice, adopt a comprehensive social welfare concept, so as to allow public participation in building a harmonious society. All missions that

care about and support the community must be based on some fundamental values of the community. We also believe that the social welfare policy should not only take care of the disadvantaged in society, but also empower individuals and families, as well as promote harmony in society.

In the past, the Government's welfare expenditure on poverty alleviation has been on the increase, which has considerably narrowed the gap between the rich and the poor. Although the Gini Coefficient announced in June this year was a record high, the post-tax and post-social transfer income indicates that the wealth disparity problem in Hong Kong has not greatly aggravated in the past 10 years.

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

As a matter of fact, one of the main causes of the widening wealth gap in Hong Kong is the transformation of the economic structure. The Social Welfare Advisory Committee projected in a report published last year that, with the further development of Hong Kong towards a knowledge-based economy, the income gap and the Gini Coefficient will continue to rise. We believe that "teaching someone to fish is better than giving him a fish". In this connection, we support the establishment of more social enterprises to help poor people become self-reliant. Good social enterprises not only provide poor people who are employable with employment opportunities and the opportunities for social reintegration, but can also help to enhance their self-confidence and self-esteem.

The former CoP had studied in-depth the poverty problem in Hong Kong and categorized the problem into four main types: first, elderly people living in hardship due to the lack of protection; second, people who need assistance due to injury, sickness and the lack of work capability; third, children growing up in poor families suffering from the same unfortunates as their parents, that is, "inter-generational poverty"; and last of all, low income employees who cannot make ends meet or support their families, that is, "working poverty".

We believe that what most poor people need are not living allowances or rent allowances, and their problems cannot be solved by rent control. What they

need is a social ladder for upward mobility and improvement of their living conditions.

With social changes, the community should attach greater importance to the problem of "working poverty" among young people. At present, for a considerable number of young people, even university graduates, though they have worked for many years, they are still hard up after repaying student loans and paying rents, not to mention supporting their parents. The problems faced by children in "inter-generational poverty" and the "working poor" cannot be solved by merely handing out \$6,000.

Deputy President, some time ago, most Hong Kong people have received the \$6,000 handout from the Government. Many taxpayers are willing to assume civil obligations, but for many poor elderly people or those who live in hardship because of injuries or sickness, \$6,000 is vital for them as the money can meet their living expenses. If the Government had not indiscriminately distributed more than \$30 billion to all Hong Kong people, disregarding whether they are rich or poor, but had used the money for poverty alleviation, for providing healthcare, education and employment for the poor, the taxpayers' money would have been more effectively spent.

Recently, some academics have pointed out that there are three major errors in our poverty alleviation policies over a long time, which warrant our reflection. The three major errors include: first, the Government has failed to seriously understand the causes of poverty and has not taken measures to avoid people falling into poverty; moreover, the Government has not shown adequate concern to the new generation of the working poor. Second, the Government has mistakenly thought that increasing the Comprehensive Social Security Assistance payment can solve the poverty problem. In fact, the poverty problem in Hong Kong today is very complex, and a new mindset must be adopted to open up more channels for poverty alleviation; social security alone cannot alleviate poverty. Third, the Government has never considered the link between poverty and social changes.

Last but not least, the Alliance also opposes the amendments of some Members to propose the introduction of a progressive tax system, a capital gains

tax, and the implementation of negative income tax. We believe that the low and simple tax regime in Hong Kong is the cornerstone for our success and for maintaining our competitive edges in the international community. Changing the tax regime to alleviate poverty is undoubtedly killing the goose that lays the golden eggs, and putting the cart before the horse. We deeply believe that the current rise of welfarism in European countries has led to overwhelming financial burdens and economic crises; that should serve as a warning for us.

We also oppose the use of the investment income portion in the Exchange Fund for economic and social development, as well as poverty alleviation. The Alliance supports all sensible, reasonable and legitimate measures for alleviating poverty, to allow room for the Government and various stakeholders to have discussions about widely acceptable proposals.

I so submit, Deputy President.

MR ALAN LEONG (in Cantonese): Deputy President, from the speech of Mr Christopher CHEUNG just now, it seems that he or the Business and Professionals Alliance understands the predicaments of many Hong Kong people. These people may only have two meals or one meal instead of three meals a day and they also have difficulties in finding a roof over their head. If all the proposals in the original motion are deleted, I really do not know if these people can still stay alive for the implementation of poverty alleviation measures after the community has reached a consensus.

The Oxfam Hong Kong Poverty Report was published yesterday. It is stated in the Report that one in every six Hong Kong people is living in poverty, and the population of the working poor has increased to 650 000, the highest in 10 years. Similarly, the annual report published by the Hong Kong Council of Social Service earlier indicated that the poverty problem in Hong Kong was serious. Though the population in poverty has dropped slightly, the number was still high and the number of poor elderly people has increased but not decreased.

Deputy President, the severity of the problem, as reflected by the statistics, has not only surfaced up till today. During the last legislative term or even at an earlier time, the Civic Party had already asked the Government to address the problem seriously. As Hong Kong has not set a poverty line, the Government of the past terms could frequently played with numbers, turned a blind eye to the

unofficial poverty figures provided by civic organizations, and tried as far as possible to evade the problem. Given such inertness, there is a widening gap between the rich and the poor in Hong Kong, and the number of poor people has been on the increase.

While the LEUNG Chun-ying Government has promised to set a poverty line through the Commission on Poverty (CoP), it has not provided the timetable and details. In television interviews, some members of the CoP indicated that setting a poverty line is not the most urgent task, it seemed that they did not really want to take up this work. Hong Kong people have waited far too long for setting a poverty line, so as to focus on combating poverty. On behalf of the Civic Party, I ask the Government to set a reasonable timetable rather than delaying setting a poverty line under the pretext of carrying out studies. Moreover, the poverty line must be able to reflect the reality. It cannot be set too high, otherwise the population in poverty will seem to be lowered for window dressing effect. After setting the poverty line, the Government should work out some poverty alleviation objectives to solve the poverty problem of specific target groups. As in the example given in my amendment, the authorities can set year-on-year indicators to reduce the population in poverty or the Gini Coefficient every year.

Deputy President, my amendment also proposes that the Government should "adopt the recommendations in the Report of the Subcommittee on Poverty Alleviation noted by the Fourth Legislative Council, and put in place the 15 recommendations of the Report on poverty alleviation measures, most of which have yet to be implemented". This is not the first time that I proposed these recommendations. The Subcommittee on Poverty Alleviation of the last-term Legislative Council had completed its work and submitted a report in 2010. Secretary Matthew CHEUNG has taken two years to consider the recommendations in the Report of the Subcommittee on Poverty Alleviation noted by the Legislative Council.

Apart from setting a poverty line and the poverty eradication objectives, as well as re-establishing the CoP as I have just stated, the Subcommittee on Poverty Alleviation of the last-term Legislative Council had also made many commendable recommendations. For example, the Government must review the Comprehensive Social Security Assistance (CSSA) policy, to ensure that those in

need, such as the elderly, have enough money to live on and they do not have to collect cardboards or suffer from hunger. The inadequate CSSA standard payments and the failure to catch up with inflation have always been subject to criticism. At that time, we asked the Government to study which items should be classified as basic needs for the purpose of inclusion in the CSSA standard rates; review the requirement for the elderly to apply for CSSA on a household basis, so as to ensure that the elderly would not be reluctant to apply for CSSA because they did not want their children to sign the "bad son statements", and hence they would rather continue to suffer from poverty and hunger. We also proposed that the Government should consider removing the provision that a CSSA recipient should have resided in Hong Kong continuously for at least one year, to ensure that the elderly would be protected even if they wanted to settle in their hometown. In addition, to assist the working poor, we also asked the Government to extend the Transport Support Scheme, and consider providing tax credit for the working-poor households.

Furthermore, the Subcommittee was highly concerned about the development of social enterprises. We asked the Government to formulate a long-term plan and provide policy support to promote the development of social enterprises. The Government should also play an intermediary role to link up social enterprises and the business sector, so that social enterprises could on the one hand, meet the objective of improving society, and on the other hand, operate smoothly.

Lastly, the Subcommittee on Poverty Alleviation had also put forward recommendations to assist the employment of the disadvantaged groups in different districts. For instance, stipulating in the government service contracts the requirement to employ a certain percentage of socially disadvantaged and local residents; encouraging social enterprise operators to accord priority to employing local residents; developing economic activities at district level to create job opportunities for the low-income and low-skilled workers in the district concerned.

Deputy President, owing to the time constraint, I cannot describe in detail other recommendations of the Subcommittee on Poverty Alleviation. Nonetheless, after the Secretary has listened to this debate today, I hope that he would forward these recommendations to the CoP, and expeditiously work out the details and the timetable for the implementation of these recommendations.

Some of the recommendations must be studied in detail, and a timetable for the study is also required. No matter what the study outcomes are, whether it is worthy or not worthy to implement the recommendations, and whether there are difficulties making it decide not to implement them, we think it should give this Council an explanation, and to give an account to Members and the general public.

Deputy President, on the part of Miss CHAN Yuen-han's original motion about improving the tax regime, let me spend the last two minutes on explaining the position of the Civic Party. The introduction of a capital gains tax and implementing a progressive profits tax system are two issues that must be carefully handled, and the Government should not indiscriminately state that they cannot even be studied. If so, how can we deal with the uneven distribution of economic gains through improving the tax regime?

A capital gains tax can be implementing in different ways; for example, how much is the value of a property to which a capital gains tax will apply? How long should a person have owned a property before tax can be exempted? Levying taxes on non-local people or non-Hong Kong people only can also be considered in greater detail.

In addition, a progressive profits tax system can be considered and it is not an issue that cannot be discussed. When we discuss this issue, we can consider the application of measures to companies with profits exceeding certain amounts, and using progressive tax bands. There should be extensive discussions in the community about these matters, and the details should be worked out in ways that are most suited to the subjective and objective circumstances and situations in Hong Kong before implementation.

Deputy President, the Civic Party supports Miss CHAN Yuen-han's original motion.

MR ALBERT CHAN (in Cantonese): Deputy President, our motion debate today is on alleviating poverty, that is, how to provide relief or assistance to persons living in poverty. However, some Members have proposed amendments, demanding the Government to consider measures to stop assisting people who have all along rely on such benefits. I find this very ridiculous and

disheartening. According to the study report on poverty published by Oxfam Hong Kong yesterday, the poverty problem is worsening. While the situation has yet to improve, some Members returned by functional constituencies with an industrial and business background are now demanding in this Council that the Government should reduce the assistance provided to the poor, or to those who have been living in poverty for a long time. To put it bluntly, they are worse than beasts. They should learn from Mr Michael TIEN what he did in the television programme "Rich Mate Poor Mate" by trying to live in poverty and get a taste of the plight of the poor. Isn't that right? They should not live in the ivory tower as representatives of big consortia, and demand in this Council that the Government should stop assisting the poor. They are worse than pigs and dogs.

Deputy President, on retrospect, we know that the Government is the culprit for creating the poverty problem, while this Council is the accomplice for perpetuating the existence of poverty, because over the years, this Council has continued to endorse the budgets and policy addresses of the Government. The existence of the poverty problem is the evil fruit created by government policies. As the Government's taxation system, industrial policies, public policies, housing policies and land policies are geared towards social manipulation by financial hegemony and developer hegemony, the wide disparity between the rich and the poor is inevitable. The substantial increase in our poor population is an unavoidable outcome of economic manipulation wrought by financial hegemony and developer hegemony. The emergence of financial hegemony and developer hegemony, as well as their gradual ascension in status and monopoly of the economy are all created by government policies. The Government is the accomplice. It is evident from the former Chief Executive's sea-land-air corrupt practices that he was only good at travelling with the rich on cruises and luxurious airplanes to enjoy the fruits of their wealth, and was completely oblivious to the existence of the poverty problem.

Each policy address had ignored the need to provide assistance to the poor population. All budgets had refused to deal with the poverty problem directly. Over the years, we have proposed to disburse cash to the people, \$6,000 in the beginning, and then \$8,000. Isn't that right? Providing direct cash disbursement would immediately improve the poverty situation to a certain extent, even though the poverty problem may not be resolved once and for all. Over the years, we have repeatedly suggested that in order to improve the

economy, the Hong Kong Government must completely reform and reformulate its industrial policy, so as to allow the development of high value-added industries and increase the working population, particularly semi-skilled workers and skilled workers. All along, we have made this suggestion to TUNG Chee-hwa and then Donald TSANG. While Donald TSANG ignored our proposal completely, TUNG Chee-hwa only focused on the development of tourism and the financial industry, and completely ignored the importance of promoting industrial development. The industrial population in Hong Kong only accounts for 1.8% of the entire working population, while in Singapore, the rate is 20%. Back in the 1970s and 1980s, the industrial population in Hong Kong accounted for over 20% of the entire working population, but the percentage has been dwindling gradually since then. Hence, if there is no policy to create employment, the work types for semi-skilled workers and skilled workers will definitely become less and less, resulting in low incomes of workers and falling into poverty.

Deputy President, in my amendment, I request the Government to disburse \$8,000 to the people. When we first proposed a cash disbursement of \$6,000 over four years ago, Macao had yet to hand out cash to its people. But the Hong Kong Government completely ignored our proposal. I wonder if the then Chief Executive of the Macao SAR had heard our suggestion. Perhaps Members of the Legislative Assembly of the Macao SAR also had the same proposal, or the Macao Government considered that handing out cash was the best thing to do. Six months before Macao handed out cash to its people, that is, more than half year before that, we had already submitted a paper to the Hong Kong Government, but it was completely ignored by the Hong Kong Government. So far, Macao has handed out cash to its people seven times, with every citizen receiving over forty thousand dollars. But the Hong Kong Government only reluctantly handed out \$6,000 to the people after my splashing of "hell money" last time. In fact, direct cash disbursement is the fairest and most impartial option, it is better than tax refund or rates refund. In one case, one company under a mega consortium, an estate developer, got over \$90 million in rates refund. Some Members said it was fair and gave their support, but when it came to disburse \$6,000 or \$8,000 to ordinary members of the public, they said it was a waste of public funds. What kind of legislative assembly is it? What kind of elected representatives of the people are they? They only know how to flatter and ingratiate themselves with developer hegemony, the rich and the powerful,

and completely ignore the grassroots. They are cold-blooded and have no conscience at all.

Deputy President, we do not think that Secretary Matthew CHEUNG would speak for the poor. He is merely a "human flesh recorder", repeating over and over again. With neither humanity, righteousness nor conscience, this "human flesh recorder" only keeps on repeating his existing policies over and over again. Hence, Secretary Matthew CHEUNG, you are responsible for the poverty problem in Hong Kong. You have not represented the poor and fought for their rights. Like other Members, you are an accomplice. Therefore, Deputy President, the poor must continue to suffer and bear the hardships in life. But, Deputy President, let us look at history. Here, my advice to the rich and the powerful is that poverty is the leading cause of revolutions throughout history, such as the French Revolution and the Russian Revolution. Back then, the Chinese Communist Party also started off by having the support of peasants suffering from hardships and hunger before the communist revolution eventually became successful in China. Similarly, one sixth of the people in Hong Kong are living in poverty. They must feel frustrated, hopeless and angry about their lives. They have contributed to Hong Kong's development for most of their lives, but when they are in their forties or fifties, they still have great difficulty in meeting basic needs of life. They have to collect scrap paper and soda cans for food; they are street-sleepers without a home; they want to look for a manual labour job but without success. When this group of angry and hopeless people feels that the Government has completely ignored their existence, interests as well as basic rights of living, they will rise in opposition sooner or later.

At present, the People's Liberation Army (PLA) is stationed in Hong Kong. Relying on the backing of the police and the PLA, senior officials in the Hong Kong Government have blatantly ignored public wrath. No matter which place Donald TSANG goes in the world, so long as there are Hong Kong people, he will be reproved by them. Isn't that right? These senior officials have become shameless. I also call upon people in the world that whenever they meet these senior officials from Hong Kong, including the retirees and "Eunuch LAM" who is studying theology in the United Kingdom, they should criticize these officials for aiding and abetting the evil-doer, the rich and the powerful, in safeguarding their interests, while ignoring the hardships and sufferings of the general public. Likewise, Hong Kong people should do the same. Whenever they meet these senior officials, they should scold these officials and make their lives difficult

because the plight of the poor and the grassroots in Hong Kong is created by their policies. They should be blamed for their faults and sins. Hence, as long as this problem remains unresolved and unimproved, the rich and the powerful, as well as the senior officials in Hong Kong (*The buzzer sounded*) must be blamed.

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

MR KENNETH LEUNG (in Cantonese): Thanks to Miss CHAN Yuen-han for proposing this motion. Regarding the disparity between the rich and the poor, Hong Kong ranks first in Asia, and fifth in the world. As just mentioned by many Honourable colleagues, our Gini Coefficient has recently climbed to 0.537. In fact, Hong Kong's Gini Coefficient has been over the alarm level of 0.4 since record-keeping began in 1971.

Regarding Miss CHAN Yuen-han's motion, I would like to express my views in four aspects. First, I consider that the Government should establish a poverty line expeditiously. Establishing a poverty line can help provide a direction to our long-term welfare policy, and serve as a point of reference. But it is questionable as to how Hong Kong's poverty line can be established. I concur with the views expressed by Dr Fernando CHEUNG earlier that the poverty line should be an absolute value. With effective poverty alleviation policies from the Government, the population below the poverty line can in fact be reduced so that more people can achieve upward mobility across the poverty line.

Second, regarding the issue of working poverty, it is indeed a very serious social problem which has been mentioned by many Honourable colleagues just now. According to the Oxfam Hong Kong Poverty Report published yesterday, as at the second quarter of this year, as many as 658 000 persons are living in working poor households. Are these persons reluctant to work? No, they are not. Are they not working hard enough? No, they are not. In fact, the major cause of working poverty in Hong Kong is the exceeding high standards of living, while salary levels are relatively low. Therefore, I suggest that the Government should revisit the existing relief measures by considering whether the transport subsidy can be refined to become a work incentive subsidy for low-income

families upon application and granted on a household basis, and increase the levels of subsidy, and so on.

Third, regarding the review on the Comprehensive Social Security Assistance (CSSA) system, many Honourable colleagues conversant with social policies have already mentioned that the CSSA system must be improved and refined expeditiously. Let me give an example. Can the standard rates of CSSA be increased and the rent allowance under CSSA be adjusted to keep up with the increase of rental in private market? Separately, many people have requested that the "declaration of not providing support to parents" be abolished. The Government must expedite the handling of these matters.

Fourth, regarding Miss CHAN Yuen-han's suggestion on improving the tax regime, as a tax consultant with over 20 years of experience, I certainly have some views of my own. Of course, as a Member returned by the functional constituency, people may ask me if I belong to the industrial and business sectors. In fact, I have always provided service to the industrial and business sectors, but I am only their hired gun. Hence, I have some views of my own on Hong Kong's tax regime. All along, Hong Kong has adopted a simple taxation system which is highly effective. As at September 2012, Hong Kong's fiscal reserves stood at over \$600 billion. While Hong Kong is only a city, the size of its fiscal reserves ranks 17th in the world. The Government is not lacking in financial resources. If the Government can prioritize its allocation of resources, such resources can definitely be used to alleviate poverty.

Given that Hong Kong adopts a territorial source principle of taxation, if we impose additional profits tax on major enterprises and increase the tax rates, major enterprises may eventually be forced to take their business activities offshore. I suggest whether consideration can be given to lower the profits tax rates on small and medium enterprises (SMEs)? By lowering the profits tax rates on SMEs, would more SMEs be encouraged to set up regional offices in Hong Kong which can in turn create more job opportunities and allow upward mobility for those living below the poverty line?

Separately, there is the proposal on capital gains tax. I have learnt about the experiences of many overseas countries or places which implement a capital gains tax. In fact, local experiences show that the cost of administering a capital gains tax is extremely high, and enforcement is also very complicated. As a

result, the revenue from this kind of tax is comparatively small. Hence, I do not support the introduction of a capital gains tax by the Government at this stage. Hong Kong's tax base is extremely narrow. Statistics show that there are 688 000 registered companies in Hong Kong, but only 83 000 (or 12%) pay profits tax. In respect of salaries tax, Hong Kong has a working population of 3.5 million. But of these 3.5 million working population, only 1.4 million pay salaries tax.

Huge fluctuations in government tax revenue during an economic downturn can directly impact on the Government's poverty alleviation measures. Hence, between 2005 and 2006, the Government had conducted consultation on broadening the tax base. At that time, I strongly supported the Government's proposal to explore new tax options. Having said that, the Government's consultation on the introduction of a Goods and Services Tax (GST) was quite unsatisfactory. At that time, the Government only focused on the need to keep the tax regime simple, but it had neither catered for the spending patterns of the grassroots nor provided the necessary exemptions. However, if the intention was to keep the tax regime simple, a GST was not really a viable option. Nonetheless, given the volatile economic cycles we experience nowadays, I agree that the Government should review again the broadening of the tax base and conduct the relevant studies immediately.

Another thing which I want to point out is that economic freedom and poverty alleviation are in fact not mutually exclusive. I cannot agree with the statement just made by Mr Frederick FUNG that the previously adopted policies of active non-intervention and "big market, small government" are outdated. In fact, many Honourable colleagues in this Council, or even the Chief Executive LEUNG Chun-ying, have misunderstandings about the active non-intervention policy. I would like to take this opportunity to defend this policy.

Having looked up some articles written by former Financial Secretaries, Mr John COWPERTHWAITTE and Mr Philip HADDON-CAVE, I know that having an active non-intervention policy is actually not the same as doing nothing. Instead, the Government must look into each and every aspect to decide whether intervention is necessary. Sir Philip HADDON-CAVE had also expressly stated that the market was not omnipotent, and if the market showed signs of imbalance or monopoly, or side effects created by a handful for the purpose of greed, the Government must intervene. I also agree with Mr Frederick FUNG that the

poverty problem in Hong Kong is in fact closely related to our economic structure. Nowadays, most young people in Hong Kong either work in the financial sector or the real estate industry. If more types of diversified industries can be introduced into Hong Kong, it can encourage and facilitate upward mobility of young people in Hong Kong.

Although I do not agree with Miss CHAN Yuen-han's proposals in respect of taxation, overall speaking, I still consider that her original motion is going towards the right direction. Hence, I will support Miss CHAN's original motion. I so submit. Thank you.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Deputy President, first of all, I would like to thank Miss CHAN Yuen-han for moving the motion debate on "Alleviating poverty" and the other 11 Members for proposing amendments. They are Mr Frederick FUNG, Dr Fernando CHEUNG, Mr CHEUNG Kwok-che, Mr TAM Yiu-chung, Mr Albert CHAN, Mr Christopher CHEUNG, Mr Michael TIEN, Mr Albert HO, Mr Frankie YICK, Mr Alan LEONG and Mr Kenneth LEUNG. The current SAR Government has high regard for the poverty issue and is facing it squarely. In fact, the current-term Government has given top priority to poverty alleviation. On 17 October, when the Chief Executive gave his speech to the Legislative Council, he said, "As a capitalist society, it is understandable that an income and wealth gap exists in Hong Kong. The gap itself is not a problem, but poverty is. While pursuing the common goal of economic development, our society also has the basic responsibility to help the frail and poor and to provide a safety net to protect the livelihood of those who cannot provide for themselves. Economic development and poverty alleviation are not mutually exclusive. In fact, we need persistent and more vigorous economic growth to enhance the capacity of both the Government and the community to tackle poverty and other social problems."

The Government announced last Friday (9 November) the establishment of the new Commission on Poverty (CoP), together with its terms of reference, structure and membership. The new CoP will undertake an overall review of the underlying causes of poverty, study and handle various poverty issues in a systematic manner to give relief.

The top priority of the CoP is highlighted in the first point of its terms of reference, that is, to set a poverty line as a tool for gauging the poverty situation in Hong Kong and assessing the effectiveness of poverty alleviation policies. It is a breakthrough for the current-term Government to set a poverty line. It shows our political courage, our commitment to face up to the poverty issue, and our determination and sincerity to relieve the plight of the needy. Also, the CoP will identify favourable conditions for personal development, self-reliance and social mobility so as to lay a solid foundation for poverty alleviation.

Another characteristic of the new CoP is that it will focus on policies. Specifically, it will review existing policies and formulate new policies to achieve the objectives of preventing and alleviating poverty and social exclusion, as well as promoting social mobility. It will not just propose some stopgap measures. Instead, it will study the provision of an appropriate safety net with a breath of vision and in a pragmatic manner to better help the disadvantaged overcome material deprivation and improve livelihood.

In poverty alleviation, the current-term Government will give the highest level of leadership, offer forceful cross-bureau co-ordination, maintain good communication with the Legislative Council and other stakeholders, and solicit social participation. The Chief Executive will chair annual summits of the CoP by himself to provide general supervision and policy directions on poverty alleviation. The summits will bring together relevant sectors in the community with an aim to reach consensus. They are also the forum for the Government to report its progress on poverty alleviation to the public. We expect that the participants will include Members of the Legislative Council and District Councils, as well as representatives of the business sector, trade unions, community organizations, training institutes, and so on.

Moreover, the CoP, chaired by the Chief Secretary for Administration, is a cross-sector and cross-party commission. With four Legislative Council Members being members of the CoP, it is believed that they can serve as the bridge to improve the communication between the CoP and the Legislative Council. Meanwhile, among the six Task Forces under the CoP, five of them are chaired by non-official members. The only exception is the Social Security and Retirement Protection Task Force, with Chief Secretary for Administration and I taking up the posts of chairman and deputy chairman.

From the above arrangement, it is evident that the Government is open-minded and strives to gather the efforts of various sectors of the community. We really want to draw on collective wisdom so as to do well on poverty alleviation by adopting pragmatic measures and build a harmony, caring and inclusive community.

Within the Legislative Council, the House Committee has set up the Subcommittee on Poverty. Last Monday (5 November), I attended its first meeting and had candid communications with Members. I believe I still have many chances to further exchange views with Members and the public on the issue of poverty alleviation.

Deputy President, I so submit. I will give a concise response after listening to Members' views on "Alleviating poverty". Thank you.

IR DR LO WAI-KWOK (in Cantonese): Deputy President, although a standard for calculating the Gini Coefficient has yet to be adopted internationally, the Gini Coefficient is still widely used as an important reference for measuring income disparities of different countries or places.

According to the latest figures published by the Census and Statistics Department of the Hong Kong Government, the Gini Coefficient (based on post-tax post-social transfer monthly household income) of Hong Kong in 2011 was 0.475, while the original figure based on income data was even as high as 0.537. Both figures are higher than the alarm level of 0.4 which is widely considered a sign of serious income disparity.

According to the Oxfam Hong Kong Poverty Report published yesterday, it is estimated that there are some 1.17 million poor people in Hong Kong, that is, one in every six people is poor. Regardless of which angle one takes, it is an indisputable fact that the wealth gap in Hong Kong is widening.

Hong Kong is a civilized society with advanced economic development. I think we would all agree that it is the demand as well as the embodiment of social justice that all citizens be allowed to enjoy basic livelihood protection. Hence, the SAR Government has set up a new Commission on Poverty tasked to examine

comprehensively the current situation and causes of poverty in Hong Kong, and formulate the corresponding policies, in order to achieve the social effects of poverty prevention and alleviation. This is really an important step to take.

Deputy President, faced with the gradual widening of wealth gap in society, we all hope that various remedial measures can be taken. But even under such circumstances, we should guard against the haphazard use of medication, or indeed the wrong medication, for fear of creating adverse side-effects. Otherwise, it would be a case of making mistakes with good intentions.

In today's original motion, there is a suggestion on implementing a progressive profits tax system. This has deviated from the well-established simple tax regime with low tax rates in Hong Kong, and Hong Kong's global competitiveness will be undermined. Separately, there is an amendment suggesting that the investment income portion in the Exchange Fund be set aside for meeting new expenditure for poverty alleviation. However, the primary objective of the Exchange Fund is to maintain the stability of Hong Kong's monetary and financial systems. Allocation of funds from the Exchange Fund is subject to the requirements laid down in the Exchange Funds Ordinance. I am afraid that once a precedent of allocating funds from the Exchange Fund is set this time for poverty alleviation, there would be future requests for the use of such funds on other social causes. It is just like opening a gate. As the Chinese saying goes, "You cannot pull one hair without moving the entire body". Given the impact of these proposals on the fundamental systems of Hong Kong, they should not be proceeded hastily. Otherwise, it may cause harm before any benefit.

Deputy President, regarding the policy on poverty alleviation, there are basically two trains of thoughts. The first one is to make use of income redistribution measures, such as the provision of benefits and subsidies, or even direct cash handout, for the purposes of regulation and protection. The second one is to target the causes of poverty and strive to create favourable conditions for personal development, self-reliance and social mobility, such as through education and job training to increase the competitiveness and skills of the labour force. Obviously, from the perspective of promoting sustainable development in society, the second approach is more proactive.

Insofar as specific measures are concerned, they are broadly two categories. First, the Government should accelerate the pace of local economic development and speed up the implementation of infrastructural projects, including the development and planning of the North East New Territories New Development Areas. When planning for new development areas, due consideration must be given to various social factors and livelihood requirements such as demography, employment and ancillary facilities. Second, the Government should actively promote the development of social enterprises, pledge to provide them with adequate resources, and encourage their co-operation with the business sectors. By developing social enterprises, job opportunities can be provided for the unemployed and the underprivileged in society, so that they can become self-reliant and regain self-confidence.

Deputy President, to achieve poverty alleviation and prevention, the authorities must identify and respond to the needs of different groups in society, and formulate multi-focal policies and measures specifically. At present, the new Commission on Poverty has just been established. Various sectors in society should give it the time and space to conduct the relevant studies, reviews and consultation. It is also the people's hope that the Commission can achieve a wider consensus in society and formulate longer-term policies. It may not be desirable if various limitations or restrictions are imposed on the Commission's work prematurely.

Deputy President, I so submit.

MR POON SIU-PING (in Cantonese): The SAR Government of the last term had made serious blunders in addressing the disparity between the rich and the poor in Hong Kong. Regarding such blunders, the Chief Executive, Mr LEUNG Chun-ying, the then convenor of the Executive Council, had written an article in a commentary column of *Ming Pao*. He pointed out that if one should think that as long as the "cake" was continuously made bigger, various industries and social strata would be able to get a bigger share and people in the middle and lower classes would get benefits from the trickling down effect, these were the two major fallacies of the SAR Government. I totally agree with the viewpoints in that article. The then convenor of the Executive Council is the incumbent Chief Executive, I have high expectations on him in rectifying the fallacies in the administration of the SAR Government in the past.

I must point out another major fallacy of the Government of the last term, that is, creating two opposing forces between making the cake bigger and allocating the cake properly. The Government only attached great importance to the former by improving the economy and making a bigger economic pie, while the latter was regarded as a means to "solve the unemployment and poverty problems through large-scale redistribution of wealth", which "focuses on providing high levels of welfare and fundamentally change our well-established mode of economic operation". While sticking label after label, the Government has disregarded the fact that improving the economy and proper reallocation of wealth should complement each other.

The gap between the rich and the poor in Hong Kong has now come to a stage that the forward development of the society is hindered. The Government even has to implement certain populist measures to allay social discontent. This year, the World Economic Forum has, in its assessment of the global political and economic situations, pointed out that social injustice would be the most pressing issue in the next decade. There has been a growing consensus that the uneven distribution of wealth today is perilous, with direct impacts on social stability. This also reflects the situation of Hong Kong.

The SAR Government announced the establishment of the Commission on Poverty (CoP) last Friday. I hope the CoP could commence work as soon as possible. At the Chief Executive's Question and Answer Session earlier, I asked the Chief Executive whether the introduction of capital gains tax for real estate would be considered, and the Chief Executive replied that he would not rule out such possibility, but he emphasized the complexity of this new tax. I agree that there is a certain degree of complexity in capital gains tax, hence there is a greater need for the Government to comprehensively review the tax regime as early as possible, so as to ensure that different strata of people can have a reasonable share of the fruits of economic prosperity.

I and the Federation of Hong Kong and Kowloon Labour Unions to which I belong have come up with some concrete measures to alleviate wealth disparity, such as setting up an unemployment loan fund, introducing a mandatory provident fund for family carers, abolishing the means test for the Work Incentive Transport Subsidy Scheme, creating an index on costs of basic living, and so on. These suggestions strive to strike a balance among effective use of public funds, sustainability and assisting the people in need. I do not intend to go into the

implementation details in today's debate. Nevertheless, I will certainly reflect the views to the CoP and related government departments in the future, in an effort to turn these suggestions into government policies.

Deputy President, while the CoP focuses on alleviating hardship, I have to bring up one point. The SAR Government also established the CoP in 2005 to 2007 for a term of two years chaired by the then Financial Secretary. As a high level Commission, it did not work effectively. How can the Government affirm that the new CoP can outperform the former CoP with satisfactory outcome? If the new CoP does not review the past experience and set a new direction, I worry that it is just old wine in a new bottle and the same mistakes will repeat again, failing to solve the problems of poverty and wealth disparity in Hong Kong.

I so submit.

MR CHRISTOPHER CHUNG (in Cantonese): Deputy President, I was born into a poor family. My father had 13 children, but only four of them have reached adulthood. As the 13th child, I was frail at birth. Fearing that I might not survive, he named me "Shu-kun" (tree root) in the hope that I would grow up and be strong. I am no stranger to poverty, and the issue affects me deeply. The motion on alleviating poverty moved by Miss CHAN Yuen-han today is about an issue that merits the public's attention.

Hong Kong is one of the most advanced societies in the Asia-Pacific region, with its GDP per capita reaching US\$35,000. Out of the list of 100 World's Billionaires published by the United States *Forbes* magazine in 2012, four come from Hong Kong and their rankings are in the top 50. In the increasingly wealthy Hong Kong society, the rising Gini Coefficient highlights the seriousness of the poverty problem.

In my view, the causes for the poverty problem in Hong Kong are manifold. The current-term Government has taken a step forward in its resolve to establish a high-level Commission on Poverty and unite the forces of various government departments to tackle the relevant problem. While my fellow members of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) will speak on the main content of the motion, I will focus on the two areas of housing and education in my speech.

Earlier, Secretary Anthony CHEUNG went to visit residents living in cubicle apartments and "cage homes" in Sham Shui Po, and tried to lie down on a matchbox-like "cage bed". Not only did he note the poor sanitary conditions of these units, he also found it hard to even turn around in them. Secretary Anthony CHEUNG had nothing but negative comments about these units. Yet, these "cage homes" and cubicle apartments are a godsend for the poor people of Hong Kong, since they solve the housing needs of some low-income groups. While these "cage homes" and cubicle apartments are dirty and cramped, they are in great demand due to the spiraling rents. According to the data of the Rating and Valuation Department, the monthly rent for a "sub-divided unit" as small as 180 sq ft is some \$4,000, while a 90 sq ft bedspace costs as much as \$2,000 a month. This is a great expense for households that do not receive Comprehensive Social Security Assistance (CSSA).

In my view, the fact that the low-income households of Hong Kong have always been in a state of being "inadequately fed and clothed" has something to do with the exorbitant rents of private residential flats. In this respect, it shows that the number of public rental housing units built by the Government each year is inadequate. As a result, the low-income classes have to put up with high rents. That is why the amendment moved by the DAB today adds the demand "to build more public rental housing flats".

As of March this year, there were still 189 500 applications on the Waiting List for Public Rental Housing (PRH). However, according to the Government's forecast, the number of PRH flats to be built by 2015 is only between 13 000 and 14 000 per year. This is only a drop in the bucket for those on the Waiting List, not to mention the growing number on the Waiting List in the next few years. In my view, building more PRH flats to help residents move into a flat, so that they do not have to pay exorbitant rents, is one of the ways to alleviate the poverty of low-income households. In this respect, the Government should continue to make efforts, including finding more land to build PRH flats and accelerating the speed of construction.

Moreover, the Government has pledged to allocate flats to those on the Waiting List for PRH within three years. Actually, this is not entirely true. As many residents have told us, if you want to be allocated a flat within three years, you have to move to the New Territories. Basically, flat allocation within three years cannot be achieved in the urban areas. I hope the Government can deal

with this issue seriously and truly enable those on the Waiting List to be allocated a flat within three years.

After housing, I want to move on to education.

The famous 18th century American politician and scientist Benjamin FRANKLIN once said that being poor is not the most terrible. What is most terrible is the idea of poverty and the thought that one is destined to be poor.

Deputy President, if we do not want the next generation to think that they are destined to be poor from birth, education is the best way to alleviate intergenerational poverty. As the saying goes, "Teaching someone to fish is better than giving him fish". Enhancing education to help the next generation and equipping them with the knowledge to create wealth is also one way to alleviate poverty.

In today's motion, most of the discussion is on how to help these people financially, while not much has been said about education. In my view, the Government should expeditiously implement 15-year free education. This is extremely important, since kindergarten is the starting point of every child's education. If children from poor families fail to receive good pre-primary education and fall behind at the starting line, their future learning and development may be affected. Hence, the DAB supports the implementation of 15-year free education as soon as possible. This will hopefully allow children, rich or poor alike, to have equal opportunities of development, and start from the same starting line, instead of being deprived of good pre-primary education due to poverty. At present, Hong Kong people helping the poor in the Mainland also help to build schools in the impoverished areas, rather than just meeting the needs of food and clothing. This is the long-term way to eliminate poverty.

Deputy President, these are my remarks.

MR WONG YUK-MAN (in Cantonese): Deputy President, clinging to the neoliberal doctrine of "big market, small government", the former SAR Government blindly believed in the "trickle down theory", thinking that the fruits of economic prosperity would eventually trickle down to benefit the grassroots, and that people could shake off poverty through hard work. Whenever we,

Members of the opposition camp, propose some poverty alleviation measures, the Government always uses the excuse of "big market, small government" or the need to exercise "fiscal discipline" to brush them off. Even more reprehensible is the former Chief Executive Donald TSANG's remark that Hong Kong is a capitalist society and that the disparity between the rich and the poor is hard to solve, as if it was none of his business.

The SAR Government's fiscal reserves amount to \$630 billion, while the Exchange Fund stands at nearly \$2,300 billion. Yet, our Gini Coefficient is at 0.537, almost on the verge of causing riots. There are 185 000 poor households. This is an extreme case of rich government vs poor people. However, the senior officials of the SAR know no shame and carry on as before. Hailing from the Hong Kong communist camp, LEUNG Chun-ying participated in a small-circle election under the banners of "down with the hegemony of developers" and "alleviating poverty". However, with the Old Age Living Allowance now being introduced, the Government insists on an asset test, acting no different from the stingy former government.

Lately, Mr Matthew CHEUNG, Secretary for Labour and Welfare, keeps talking about "fiscal discipline". Let me tell the Secretary what the so-called "fiscal discipline" means? It means cutting the amounts of Comprehensive Social Security Assistance (CSSA) payments by 11.1% in 2003. When the amounts are adjusted upward, they still lag behind inflation. Even now, they still have not returned to the level before 2003. "Fiscal discipline" implies that the CSSA amounts are not enough to meet everyday expenses. For the sake of "fiscal discipline", the rent subsidy under CSSA had been frozen after being reduced by 15.8% in 2003, and was only increased by 5.7% in January this year. For the sake of "fiscal discipline", elderly people aged between 65 and 69 have to go through an asset and income test to be eligible for the Old Age Allowance. Four years ago, we had to "throw bananas" before the asset test for elderly people over the age of 70 was scrapped and the amount was increased by \$300. But due to "fiscal discipline", those in need are not allowed to receive CSSA, the Disability Allowance and the Old Age Allowance simultaneously. "Fiscal discipline" also caused the rent of public rental housing to be drastically increased by 10% under the rent adjustment mechanism in September this year. "Fiscal discipline" led to the introduction of a drug formulary in public hospitals. Under the guidance of "fiscal discipline", the estate tax was abolished in 2006; the duty on wine was abolished in 2008, yet the tobacco duty was increased. Under the

guidance of "fiscal discipline", the Government refused to pay out cash to the public in 2011, but refunded \$30 billion in terms of rates, income tax, profits tax and business registration fees instead. In short, the "fiscal discipline" of the SAR Government means "robbing from the poor and giving to the rich".

In my view, the motion on alleviating poverty moved by Miss CHAN Yuen-han today is too mild. For my part, I would change it to "strongly condemning the SAR Government for robbing from the poor and giving to the rich". The widening wealth gap and the growing number of people living in poverty are a result of the SAR Government letting large consortia bully the people. The Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) and the Democratic Party were favour of the listing of The Link REIT. Last week, The Link REIT published its performance report, which showed that its net profit rose by 10% in the six months ended 30 September. During the preceding six months, the overall reversion rate for all tenants of The Link REIT rose by 25.9%, while the reversion rate for shops rose by 27.9%. Over seven years, The Link REIT has increased rent by an accumulated rate of 74%. The issue price of The Link REIT was \$10.3. Its present share price is \$40 per share, an all-time high, having tripled in seven years. Public housing tenants are mostly from the grassroots and are less well-off. By selling off the properties of public housing estates, the Government allows capitalists to fleece the grassroots. With "Cheung Kong in the south and The Link Reit in the north", Tin Shui Wai is the second poorest district in Hong Kong after Sham Shui Po. After discounting transport costs, the food prices in the district are even more expensive than in Yuen Long. Actually, if I cite more of these figures, I will fly into a rage.

In the first quarter of next year, the Chief Executive will deliver his Policy Address, and the Financial Secretary will deliver the Budget. The community is now preparing to express views on the Policy Address and the Budget. I have no high expectations of the Policy Address and the Budget, which will probably sing the same old tune about "not interfering with the market" and "strictly maintaining fiscal discipline". Deputy President, Hong Kong's profits tax rate is very low and the betting duty is also relatively low. People always ask me where the money is to come from. Just raise the profits tax rate and the betting duty rate. There is racing at the Jockey Club tonight. After deducting taxes and administrative costs, it donates all its surplus to charity. However, in terms of football betting, the Jockey Club is the bookmaker. It makes a sure profit.

The Government should tax it on its profit, right? This is something that the Government has never thought about. How come Macao can give cash handouts? Because they collect taxes on gambling profits. It never occurs to the Hong Kong Government to adopt these measures.

Macao is giving cash handouts of \$8,000 again. I wonder if Hong Kong people will be jealous. After I threw "hell money" at officials, the Government reluctantly agreed to give cash handouts of \$6,000. But in the following year, it felt it was inappropriate and waived rates and lowered profits tax instead. Alleviating poverty is a simple business. How complicated could it be? This Friday, we have to prolong the meeting to discuss the Old Age Living Allowance. We will definitely not allow it to get passed, Matthew CHEUNG. A few days ago, I asked some elderly people for forgiveness. I will try my best and make the last efforts to secure the additional \$1,100 for elderly people over the age of 70 without any asset test. Isn't it the right thing to do?

MR TONY TSE (in Cantonese): Deputy President, the poverty problem has long been a major area of concern of the Legislative Council. Every year, we raise relevant questions and motions on this subject. In his annual policy address, the Chief Executive will also propose measures to alleviate people's hardship. Members of the public generally expect that the new Chief Executive will, in his Policy Address to be delivered early next year, announce a series of measures in this regard to alleviate problems such as poverty and housing difficulties faced by Hong Kong people.

Mr LEUNG Chun-ying, the Chief Executive, has once criticized the last Government that its poverty alleviation efforts have aggravated the problem, what are the reasons? The former Chief Executive Mr TUNG Chee-hwa established the Commission on Poverty (CoP) in 2005 for a term of two years only. The CoP published a report before its dissolution to make a number of recommendations, including cross-district transport subsidy and some other recommendations, which have been put into implementation subsequently. Nevertheless, as the then Government tackled the poverty problem with an old mentality and old strategies, without proper co-ordination of resources and supervisory efforts, the Government failed to carry out poverty alleviation work satisfactorily.

In fact, every country and region surely has a wealth gap problem, the problem does not lie in how wide the gap is, rather, it lies in whether the poor still fail to meet their basic needs even with the provision of social security. In studying the poverty problem, we cannot look at the Gini Coefficient alone, not to mention there are still controversies in the international community on comparing the degree of disparity between the rich and the poor with the Gini Coefficient. Accordingly, in our discussions and studies on the poverty problem, the Gini Coefficient only serves as a reference figure, which is not identical to the absolute meaning of poverty. According to some surveys, no less than 15% of Hong Kong's population whose household income failed to meet the necessary expenses in daily life. The poverty problem must therefore be tackled.

In addition, before discussing whether additional resources and greater efforts are required for introducing more poverty alleviation measures, we should first review whether the current poverty alleviation measures and security systems are adequate, or whether measures in place are not appropriate, or whether systems in place but not adequate. If the problems are only related to the implementation and enforcement of measures, there is certainly a need for appropriate adjustments.

As regards the various proposals in the original motion and amendments made by some Members, while I support some proposals, I have reservations about certain specific proposals. In respect of reinstating rent control proposed by Mr CHEUNG Kwok-che, when I spoke on the motion debate on "Perfecting housing policy and resolving public housing need" last week, I stated that I would not support reinstating rent control, because this measure was like "quenching thirst by drinking sea water", it could not solve the problem at root and the interests of tenants of private housing could not genuinely be safeguarded as well. Worse still, the supply of rental flats in the market would drop which would pose further difficulties to tenants.

Furthermore, Deputy President, I have reservations about the introduction of capital gains tax. Our simple and low tax regime has long been one of the competitive edges of Hong Kong in the international community. We should never complicate the tax regime and affect the competitiveness of Hong Kong. Let us have a second thought to any proposals of changing or further complicating the tax regime.

Finally, Deputy President, I wish to talk about elderly poverty. According to the analysis made by the Hong Kong Council of Social Service based on the 2011 statistics from the Census and Statistics Department with the poverty line set at half of the median monthly household income in Hong Kong, the poverty rate of the elderly in Hong Kong rose from 32.5% in 2010 to 33.7% in 2011, representing an increase of 11 000 people in a year, reaching a total of 288 000 people. In view of this, the problem of elderly poverty is extremely pressing.

Recently, the Old Age Living Allowance which has attracted widespread social concern and extensive discussions, also aims at alleviating poverty, and helping the elderly who have greater need and financial difficulties. Under the guiding principles of effective use of public funds and proper use of resources, there is a genuine need to introduce a mechanism for income and asset tests. As regards the relaxation of asset limits, we can discuss it at a later time. I hope the Government and political parties will, having regard to the benefits of the poor elderly, reach a consensus expeditiously, so as to complete the vetting of the funding application for Old Age Living Allowance and offer assistance to the poor elderly.

Deputy President, I so submit.

DR CHIANG LAI-WAN (in Cantonese): Deputy President, since ancient times, conflicts of disparity between the rich and the poor have long existed in society. This problem is generally prevalent in developing regions. If this happens in developed regions, the conflicts will easily be highlighted and will more likely lead to disputes arising from social polarization. Therefore, the Government should face squarely this problem and address it.

Mr TAM Yiu-chung, Chairman of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) has suggested in his speech a number of measures and recommendations to alleviate poverty. My speech will focus on the wealth disparity problem. At the same time, we will also make some recommendations.

Since the reunification, under the care of the State, Hong Kong has made remarkable economic development. In the past 10 years, the average increase in

GDP is 5.3% every year, and unemployment rate has recently dropped to 3.37%. However, oddly enough, though everyone is under employment, how come the disparity between the rich and the poor seems to become increasingly serious? In June this year, the Gini Coefficient, which reflects wealth disparity, has reached 0.537, hitting a new record high in 40 years. This indicates that the Government's current poverty alleviation measures can only address general poverty issues, but fail to resolve the wealth disparity problem.

Moreover, according to an earlier survey, 10 years after the reunification, while Hong Kong's per capita GDP has risen by 34%, the 1 million people belonging to the lowest income earned less than they did 10 years ago. In other words, over the past 10 years, the general wage earners simply cannot share the fruits of economic success in Hong Kong. I believe that the root of the problem is the imbalanced industrial structure, which has led to a lack of opportunities for upward mobility of the public.

What are the causes leading to the imbalanced industrial structure? There are three main reasons. Firstly, industries in Hong Kong are overly unitary. The Government focuses only on the development of financial, real estate and tourism industries, and income differences among these industries are huge. Secondly, there is a lack of manufacturing industries in Hong Kong. In the past, a young guy could work as an apprentice in a factory. After he had completed the apprenticeship, he could become a technician, and then promoted to be a foreman, an assistant engineer, a deputy factory director or a factory director. However, since the northward relocation of Hong Kong industries, promotion opportunities have become increasingly limited. The third reason is the modernization of electronic systems in offices. In the past, in an office, new recruits could first worked as a clerk, then promoted to be a senior clerk, a secretary, a senior secretary, or even a manager. However, due to modernization of electronic systems, fewer employees are now recruited to work in an office, thus resulting in a substantial loss of middle ranking posts.

How can we help the public to have more opportunities for upward mobility? When Premier WEN Jiabao visited Hong Kong 10 years ago, he already mentioned that Hong Kong's economy was mainly affected by structural problems. Therefore, he encouraged Hong Kong to develop diversified industries and emerging industries of high added value. Chief Executive

LEUNG Chun-ying also mentioned in his election manifesto that the overall employment structure should be improved. Furthermore, he pointed out in his manifesto that he would establish an inter-departmental agency to draw up an overall economic development strategy and industrial policy. Therefore, I believe that the State and the SAR Government recognize the need for Hong Kong to develop high value-added and diversified industries, so as to create more middle ranking posts.

In that case, the Government should encourage the development of diversified industries to create more middle ranking posts for people in the professional, technical, as well as research and development fields, so as to provide the public with more employment opportunities for upward mobility, and narrow the wealth gap. Therefore, I suggest that the SAR Government should expeditiously set up a special committee for economic development and industrial diversification, in the hope that the committee would focus on developing diversified industries, building up and establishing local products with competitive edge, so as to increase diversified employment opportunities.

I hope that the newly-established Commission on Poverty will not only set a poverty line. I suggest that it should also concern about people who are comfortably off, or even set a relevant line. In the short term, government resources may be tilted towards assisting those people who are most in need of help. However, if the policy is too one-sided in helping people below the poverty line, people who are comfortably off cannot increase their income and their living condition may deteriorate, that is, those earning \$10,000-odd per month will likely fall into the poverty line. This is exactly the working poverty problem mentioned by many Members today.

In order to narrow the gap between the rich and the poor, the Government should also formulate medium and long-term policies to help people below the poverty line to move upward to the level of comfortably off. Not only should the Government formulate relevant policies, business tycoons dominating Hong Kong economic lifelines are also obliged to share the responsibilities.

There is an adage that goes, "incorruptible in poverty and righteous when wealthy". If conflicts between the rich and the poor are properly handled, a country and its people can enjoy peace and prosperity; otherwise the country will be beset by growing crises and social discontents. I believe that as long as we are of one mind and with concerted efforts, the wealth disparity problem can

definitely be alleviated. As for social conflicts and other poverty problems yet to be alleviated, certainly they can also be resolved step by step.

I so submit. Thank you, Deputy President.

MR YIU SI-WING (in Cantonese): Deputy President, Hong Kong, like other developed economic systems, has constantly been beset by wealth disparity, a social problem that has become increasingly serious. According to the latest data released by the Government, the median household income is \$20,600 based on 2.37 million households in Hong Kong. If the poverty line is set at 50% of the median household income in accordance with many international criteria, people with an income less than \$10,300 can be defined as poor.

According to Oxfam, the population of working poor in Hong Kong has reached 658 000 people, and the latest population in poverty has reached 1.17 million. Alleviation of poverty has become a task which brooks no delay. If the issue is not properly handled, it will produce a profound impact on social stability.

In recent years, the Government has time and again implemented different "giveaway" measures to alleviate people's difficulties. In addition, a Committee on Poverty (CoP) was established in 2005. The Government and the business sector also set up a Community Care Fund, each party contributing half of the funding. Since the establishment of the Community Care Fund, the poor elderly, needy students and "N have-nots" have all been benefited, indicating that in recent years the Government has, to a certain extent, concerned about the poverty problem. However, the current poverty alleviation measures are implemented without systematic planning and long-term considerations, and evidently they are not adequate to solve the many problems.

Deputy President, the current-term Government has recently announced that a commission would be re-established to alleviate poverty. This is a right direction. The public has high expectations on the re-established CoP. They hope that the CoP can expeditiously commence to provide support and initiate studies; it should seriously draw on the past experience in poverty alleviation, so as to formulate effective poverty alleviation policies in the future.

At present, criteria have been formulated for application of many welfare benefits. However, as different government departments have adopted different criteria, applicants are often at a loss. To avoid the abuse of social resources, if a widely recognized and credible poverty line is established, it can provide an objective indicator for assessing poverty and evaluating the effectiveness of poverty alleviation measures. More significantly, a poverty line can provide a standard criterion for application of various Government welfare benefits in future, which will be conducive to reducing social disputes and enhancing administrative efficiency. I support the CoP to accord priority in setting up a poverty line.

To ensure that the limited resources can help the maximum number of poor people, the task of poverty alleviation is to provide different assistances for different recipients according to their needs. For poor elderly and families that are incapable of self-reliant, the focus should be the provision of economic and living subsidies. As for the working poor and families with unemployed members, the main target should be poverty eradication.

(THE PRESIDENT resumed the Chair)

"Teaching someone to fish is better than giving him fish". Therefore, to avoid the worsening of the problem of inter-generational poverty, the Government should provide more employment opportunities, enhance the skills of workers through education, and provide subsidies and allowance, so that the employable poor can shake off poverty as early as possible.

President, as announced by the Hong Kong Council of Social Services, last year, among the 18 districts in Hong Kong, the Islands District has the highest poverty rate and the highest percentage of children population. About 15% of people living in the Islands District were between zero and 14 years of age. Sham Shui Po has the second highest poverty rate and the second highest percentage (17%) of elderly population in Hong Kong. Therefore, when "teaching someone to fish", one should suit the remedy to the case; similarly, in alleviating poverty, specific solutions should be prescribed to solve problems. Poverty alleviation work should not only vary from people to people, but also vary from place to place. The key is how to accomplish the proposal of

"addressing district issues at the district level and capitalizing on local opportunities" advocated by the Chief Executive.

Let us take Tung Chung, the area with the highest poverty rate in the Islands District, as an example. According to the figures released by the Social Welfare Department, Yat Tung Estate is the third public rental housing estate with the greatest number of households receiving Comprehensive Social Security Assistance (CSSA). Over 21% of the total households belong to CSSA households. What Tung Chung residents need most are adequate employment opportunities. Although the Government and related institutions have heavily invested in developing many large projects in Tung Chung, such as the Airport, piers, hotels, shopping malls, cable cars, exhibition center and the Disneyland, hoping to provide regional development and employment opportunities for Tung Chung residents, the lack of supporting facilities, such as skill training and a comprehensive transportation network has failed to achieve synergy and cannot benefit less than 100 000 residents in the area.

As far as I understand, currently the Development Bureau, the Commerce and Economic Development Bureau, and the Transport and Housing Bureau are respectively in charge of land development, tourism planning and transport arrangements in the area. No specific agency is responsible for co-ordinating the overall planning and livelihood issues in the area. In order to avoid indistinct distribution of responsibilities, I suggest that the Government should consider setting up a development task force comprising representatives of government departments, local organizations and members of District Councils to implement poverty alleviation policies focusing on local community economy, so that local community stakeholders can jointly participate in formulating relevant policies, and implement the goal of "addressing district issues at the district level". I hope that the poverty problem in Hong Kong can be gradually solved by adopting an approach of extending from "one point" to the "whole territory".

In order to attain success in preventing and alleviating poverty, apart from seriously formulating short-, medium- and long-term measures by the Government, various political groups, the business community and the public should also co-operate with each other. I hope that all community sectors (including members of the Council) can adopt a pragmatic and rational attitude (*The buzzer sounded*) to jointly address the poverty problem, so that the problem can be expeditiously solved.

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

PRESIDENT (in Cantonese): It is now nearly 8.30 pm. I estimate that the debate can be concluded before midnight. Therefore, I shall continue the meeting until we finish all items on the Agenda.

MR LEUNG CHE-CHEUNG (in Cantonese): President, first of all I would like to thank the colleagues for moving the original motion and the amendments today. I fully support most of the recommendations they proposed in the original motion and the amendments.

I have been a member of Yuen Long District Council for 18 years. As we all know, Tin Shui Wai has been considered as one of the poorest areas in Hong Kong for many years, I am therefore very concerned about this poverty issue. Poverty is not a new issue. However, many people's understanding of poverty continues to be overly one-sided, even negative. Some people opine that poverty is the result of laziness, greed and a lack of determination for self-improvement. I would like to point out that this concept is absolutely not correct.

President, I have personally handled many poverty cases. Most of the people are affected by real life situation that is beyond their control. Some parents are low-income people, cramped in a crowded room with the whole family. There was a divorced woman who lived in a public rental housing flat with her son and her daughter. As she did not receive Comprehensive Social Security Assistance (CSSA), she worked as a cleaner to support her two children. She picked up a bed at her workplace; the wardrobe and television set at home were dilapidated. However, she insisted on supporting her two children with her own hands. Last year, she died of illness. While such families are living in poverty, I strongly support their determination of self-reliant. Faced with the plague of poverty, the poor wish to have three meals a day, warm clothing and a place to live. However, more than 1 million people in Hong Kong fail to make such simple wish come true.

According to the latest poverty data released by the Hong Kong Council of Social Service, the poverty rate for 2011 was 17.8% and the number of the poor

was up to 1.2 million. The new figures released by Oxfam yesterday also indicated a rising trend of the rate. Poverty problems have arisen at all levels, affecting the working population, elderly and young persons, people with disabilities, ethnic minorities, and families. Therefore, we opine that employment assistance, policy-making mechanism, economic assistance and tax improvement system must complement each other, so that the poverty problem can be solved.

Property prices and rents in Hong Kong are both high. Some flat owners have converted their flats into "sub-divided units", "coffin units", or even "caged homes", or they have modified industrial buildings for rental purpose. These units have poor living conditions, and some are even illegal, though the rent may be a bit lower. Nevertheless, for low-income people, these units are good enough. However, the rent has accounted for half or more than half of their household income.

In my view, the construction of more public rental housing (PRH) for allocation is an important step to reduce their cost of living. For families still on the waiting list for PRH, the Administration should provide support and rent allowance in line with current market conditions. At present, rent allowance under the CSSA scheme is only reviewed once a year, which definitely lags behind the market rate. The property market has risen 20% since the beginning of this year, and the rents as well. Many CSSA families have to live frugally, using CSSA payments to subsidize rent payment.

President, we are also concerned about the working poor. Many low-educated, low-skilled and low-income people prefer earning their own living — as in the case of the woman whom I mentioned above — and they have not applied for CSSA. Hence, they cannot benefit from the Government's one-off relief measures in the past. The Government needs to consider establishing a living allowance scheme for low-income families, in order to assist this group of "N have-nots".

In addition to poverty problem, the "N have-nots" also have to face the problem of taking care of their children. Therefore, we opine that the Government must comprehensively strengthen child care and after-school care services, and extend the scope of subsidized child care services, so that parents of

low-income families can go to work without worries. Children can also have special care and guidance to reduce their chances of wandering around and going astray.

President, I have recently been appointed as a member of the Commission on Poverty (CoP). I hope that the CoP would commence work expeditiously. The primary task is to set up a poverty line, so as to assist the Government in formulating specific and supporting poverty alleviation measures, as poverty is closely related to population, elderly benefits and housing policies. I hope that I can bring my experience in handling poverty cases into the CoP, and work with other experienced members to help the Government in its poverty alleviation work.

President, I so submit. Thank you.

DR KWOK KA-KI (in Cantonese): President, I wonder if it is meant to be sarcastic, but Mr Stephen Frederick FISHER, a former colleague of the Secretary, yesterday announced a report produced by Oxfam Hong Kong regarding the poverty problem in Hong Kong. I believe the Secretary certainly knows its contents better than us. Yet, I would also like to point out here that the poverty situation as revealed by the report — the issue under our keen discussion today in this Chamber — provides a very good opportunity for reflection, especially so for the business community.

The GDP per capita in Hong Kong rose from \$183,018 in 2003 to \$257,810 last year. However, the population of working-poor households also increased from 608 900 of the same year to 613 100 in 2011, and climbed even higher to 658 100 in the second quarter of this year. That is hardly conceivable. Although some government officials have indicated that resolving the poverty problem is the "utmost important" task for the new-term SAR Government, the aforesaid situation is well evident. Some people ask whether it is necessary to set a poverty line. In fact, in deciding whether it is necessary to set a poverty line, the story of "The Emperor's Clothes" does not apply. The necessity does not vanish if the Government says it is not necessary. Even if the Government and the business community point out that they do not think there is such a need, they are just turning a blind eye to the situation. The need for setting a poverty line always exists.

Why do we discuss this issue today? It is because in such a highly affluent society like Hong Kong, the working population cannot evenly and effectively share the fruit and wealth accumulated in the community from their labour. Today, the Gini Coefficient of Hong Kong ranks among the highest in countries worldwide, reflecting the seriousness of the wealth gap problem in Hong Kong which is among the worst in countries worldwide. In the second quarter of 2012, the median monthly income of the wealthiest 10% of households in Hong Kong is 26.1 times that of the poorest 10% of households, up from the 23.3 times recorded in 2003. In other words, the growing wealth gap has been a creeping problem in Hong Kong.

There are various factors in our society contributing to today's situation. Other than Secretary Matthew CHEUNG, a number of Directors of Bureaux attended the previous motion debate session in this Chamber. I thus think that something significant had happened. It turned out that their presence was only to "back up" the two Directors of Bureaux who have lost the trust of many citizens and legislators. The Directors of Bureaux left afterwards. I originally thought that they would stay in this Chamber to join Secretary Matthew CHEUNG to hear Members' views on the poverty problem. However, my wish cannot come true and Secretary Matthew CHEUNG is now left "desperately alone" here.

Does the poverty problem only have to do with Secretary Matthew CHEUNG? Of course not. At present, some of the so-called "non-poverty population" in Hong Kong — that is people living above the poverty line — are leading a bitter life that is hard to put into words. Thousands upon thousands of families are living in "sub-divided units", private apartments and places we consider intolerable.

Many young people, including those who have received higher education in Hong Kong and wish to form a small family, earn a monthly income of 10 thousand dollars or more. They are not deemed as poor. Nevertheless, in the face of an utterly distorted housing market in Hong Kong, they will someday join the group of poor households for sure. They spend most of their income paying rents or mortgages for their apartments, bearing the brunt of high property prices which resulted from the Government's high land price policy and the "profit maximization" of property developers. When it is time for them to form

a family all the above factors have affected them, such that they cannot get rid of poverty.

What does "poverty" mean? It is difficult in Hong Kong to there are many poor people classified as "absolutely poor" as they are living below the poverty line. However, we are more concerned about those who are "relatively poor". What does "relatively poor" mean? Apart from housing, many families have to face other family needs. If their children are admitted to directly subsidized schools, they have to pay high school fees. Parents who do not trust Hong Kong's education system and send their children abroad for education have to splash out plenty of money. If children stay in Hong Kong for education but are coaxed into taking associate degree courses by tertiary institutions or the Government, they have to dole out over a hundred thousand dollars every year. Their parents may even have to take loans to pay for their children's two-year school fees. Those who graduated from associate degree courses would find themselves "struck in the middle of nowhere" and their parents would probably have to take another loan so that they can complete their education. As a result, the population in poverty will only grow larger in size over time.

Besides, those being neglected in the community are facing the same problem. It is even more miserable for families with children having learning disabilities. Under the existing education system, it is very difficult for them to improve their lot. Neither the labour and welfare policies nor the education policy of the Government offer any help to them. The existing ill-considered Hospital Authority Drug Formulary, coupled with a healthcare policy that requires patients to self-finance caring services, have created a huge financial burden of medical expenses for elderly patients. As such, the poverty population will only grow further.

The problem of poverty is not only about a poverty line. Nor do I believe that the Commission on Poverty (CoP) alone can resolve the problem. President, if the CoP can really tackle poverty, it should have tackled this problem several years ago.

I consider the suggestions made by colleagues in both the original motion and the amendments important. I also hope that the Government can "rack its brain" to think about it. The problem of poverty cannot be resolved by a

committee alone. Instead, it requires the concerted effort of the whole Government and other Directors of Bureaux, be they overseeing transport or housing affairs.

I so submit. Thank you, President.

MR WONG KWOK-HING (in Cantonese): President, today I wish to focus on talking about the difficulties and plight of people aged between 60 and 64, in order to express my support to Miss CHAN Yuen-han's original motion on alleviating poverty.

President, the difficulties and plight of people aged between 60 and 64 have all along been neglected by the Government and society, it seems that people of this age group have been forgotten by society. Various government policies have all along neglected people of this age group; they have not been well cared for; no study has been conducted and no policy has been formulated in this respect. Moreover, there are no political parties or organizations that show concern about them or have conducted relevant studies. As people of this age group have been neglected, a lot of poverty problems have thus arisen.

For people aged between 60 and 64, they have several characteristics. First of all, they are regarded as retirees, thus no employment opportunities are available for them. Moreover, while they may not have much savings and incomes, they have to wait for five more years if they wish to draw on the Mandatory Provident Fund, because only people who have reached the age of 65 can claim for accrued benefits of their MPF accounts. As regards "fruit grant", they can only apply upon reaching 65, and they have to go through a means test. Hence people aged between 60 and 64 are not eligible for "fruit grant". If they want to apply for Health Care Vouchers (HCV), they have to reach the age of 70, thus they have to wait for 10 more years. As a result, they are out of the HCV net. Recently, the Government launched the \$2 transport fare concession scheme, but people of this age group are not eligible and they can only enjoy the benefit when they reach 65. The above six "ineligibility" rightly reflect the predicament of people aged between 60 and 64, because social welfare policies and government benefits mostly draw the dividing line at 65. Only people aged 65 or above will be taken care of. In addition, we do not have an integrated, comprehensive or universal retirement protection system, therefore the needs of

people aged between 60 and 64 are usually neglected. They do not have a proper social status, and many of them are forced to work even after retirement to earn a living.

According to the 2011 Census conducted by the Census and Statistics Department, 89 000 people were at the age of 60, among them, 39 147 still had to work; among 90 000-odd people at the age of 61, more than 36 000 had to work; among the 82 000-odd people at the age of 62, more than 29 000 still had to work; among the 76 000-odd people at the age of 63, more than 24 000 had to work; among the 71 000-odd people at the age of 64, more than 20 000 had to work. There is a total of 409 566 people aged between 60 and 64, among them, 150 758 had to work to make ends meet, that is, only about 60% of retirees could actually retire and about 40% of retirees had to work after retirement, because they could not make a living if they stopped working.

If these people have to work, the transportation expenses would inevitably increase; unfortunately, they cannot enjoy the \$2 transport fare concession put forward by the Government. Therefore, I hope Secretary CHEUNG would take note of my comments and views on this matter, and I also hope the Government would consider whether the approach is too harsh and mean. In fact, in Shenzhen and many Mainland cities, people at the age of 60 can enjoy a free ride, As Hong Kong is so wealthy, why can we not allow people at the age of 60 enjoy free rides? Should the Government consider this issue?

Viewing from another angle, the healthcare burden on people aged between 60 and 64 is in fact rather heavy. According to the statistics of the Hospital Authority, the number of chronically ill aged between 60 and 64 who seek consultation at general out-patient clinics is even higher than people aged between 65 and 69, mainly for the treatment of hyper-pressure and diabetes, and other chronic illnesses are not included. According to the 2008 statistics, the number of attendances for people aged between 60 and 64 were 64 000, but only 59 000 for people aged between 65 and 69; in 2009, there were 71 000 attendances for people aged between 60 and 64, but only 62 000 attendances for people aged between 65 and 69. The phenomenon is very interesting, and we should find out why the attendance for people aged between 60 and 64 is higher than that for people aged between 65 and 69. The reason is that people of this age group can hardly take a good rest, as they still have to take up labour work, the demanding physical strength is detrimental to their health. Surely, they have

to pay for more traffic expenses, but unfortunately the Government has totally neglected the plight of people of that age group.

For that reason, I hope that the Government, in studying how to alleviate poverty, would not forget the plight and needs of people aged between 60 and 64, and would fill up the gap accordingly.

Thank you President.

MR LEUNG YIU-CHUNG (in Cantonese): President, the report recently published by Oxfam Hong Kong has just been quoted repeatedly by a number of Honourable colleagues, and indeed, the report's findings are staggering. A number of newspapers had cited the shocking figures as their major headlines. It turns out that one in every six people in Hong Kong is poor, and the figure is a record high in this decade. I was also shocked when I read those headlines. Why is that so, President? Because in the past few years, I have often heard the Government say that by 2033, one out of every four persons in Hong Kong will be elders. In the past few years, the Government has all along stressed that the problem of ageing population is so serious that it must be tackled immediately. But the question is, if having one in every four persons being elders is a serious problem, the present situation is really no better because one in every six people is poor. The situation is indeed quite serious.

But regrettably, in the past few years, I have not seen the Government taking any proactive actions to discuss or handle this problem. Instead, it has seemingly turned a blind eye to the problem. Since the last-term Government had set up a Commission on Poverty (CoP), the current-term Government will not lag behind and thus the CoP was set up hastily In particular, the Government has intentionally set up the CoP in the midst of our discussion on the so-called "special fruit grant" (that is, the Old Age Living Allowance (OALA)) so as to prevent us from stalling. The intention is to show us that the Government will tackle the problem of poverty alleviation, together with the problem of retirement. It also indicates that the Government will not ignore the problem of retirement, and by putting all matters together, we are forced to approve the OALA Scheme as soon as possible.

I will stop speculating on the Government's real intention. In fact, we all know that these are simply some routine acts. Most importantly, how can the problem of poverty be tackled? Will the problem be addressed by some pretentious acts of the Government? In fact, I also sense that notwithstanding the current-term Government's claim of giving priority to livelihood matters, regrettably, that is all empty talk without actions.

Why do I say so? For example, regarding the establishment of the CoP, I consider that there are some serious problems with its composition, namely, the absence of the most important stakeholder or the poorest people in the community. I dare not say that they have no representative in the CoP, but the number is indeed insignificant. Who are the poor people I am referring to? Apart from the elders, some single-parents are also living in poverty, but they have no representative in the CoP. If the CoP does not have any representative of these stakeholders, how can it understand their plight and seriously formulate some policies to take care of them? Hence, I consider that since the CoP is fraught with deficiencies right from the beginning, it cannot resolve the problem.

Apart from the CoP, the second issue relates to the Chief Executive LEUNG Chun-ying who — in his exchanges with others or in his manifesto — has repeatedly said that he would not reinstate rent control. If rent control is not reinstated, problems will become serious as he will neither reinstate rent control nor construct a large number of public rental housing (PRH) units. The number of PRH units produced is still maintained at 15 000 annually. Let us not forget that many friends are now living in private flats — not flats with a beautiful view, but "sub-divided units", cubicle apartments or even rooftop units in terrible conditions — with poor living environment and extremely high rents. As Members are well aware — I need not give any examples here — the per-square-foot rental of these accommodations is even higher than luxurious flats. We can imagine how difficult their lives must be. However, this type of stakeholders is not represented in the CoP. In the meantime, the Government has also stated clearly that it will neither reinstate rent control nor construct a large number of PRH units to relieve the housing problem. As we are all aware, the level of rents has been escalating in this period. What can these people do?

Our attention is also drawn to another phenomenon highlighted by the Oxfam Hong Kong report, that is, the problem of poverty among the working

population is worsening. Why is that so? The working poor do not receive CSSA payments. While they are willing to work, they all belong to the low-income group. As living expenses keep on rising, the problem of the working poor will continue to deteriorate. Given that no rent control is imposed by the Government, and they cannot live in PRH, and their salaries are not high Recently, we note that the level of minimum wage would only be increased to \$30 at most, that is, only an increase of \$2 per hour, how can their income level be improved substantially? Even with pay rises, they can hardly catch up with increases in rental. How can they not live in poverty?

Hence, concerning this problem, I consider that the following points are very important. First, the CoP must include more members representing the stakeholders, such as the poor people and the relevant organizations, before it can effectively formulate sound policies. Second, if no rent control is imposed by the Government, individual persons and working poor households must face with the problem of increasing rent. As a result, the problem of poverty among the working population will definitely deteriorate. That is another very serious problem. Third, the deep-seated housing problem will not be resolved if the production of PRH unit is still maintained at 15 000 annually without any increase, except by advancing the production over the next five years by one year.

In fact, as Members would know, among the basic necessities of clothing, food, accommodation and transport, rental incurs the largest amount of expenditure for many grassroots in Hong Kong. If the Government does not face up to and resolve this problem, how can the problem of poverty be resolved? How can people's standard of living be improved? Hence, I hope the Government will pay attention to and rectify the problems in this regard.

MR JAMES TIEN (in Cantonese): President, when Miss CHAN Yuen-han left the Chamber after moving her motion, I met her outside and we had a little chat. What I am going to say now is more or less what I told her just now.

At a meeting this morning, the Liberal Party conveyed to the Chief Executive our aspiration for the Government's governance in the next one or two years. Our paper is entitled, "LEUNG Government Returns Wealth to the People and Stops Being Miserly in Fiscal Management". What is the main theme of this paper? Hong Kong is now so much wealthier than the time back

in the 1970s and 1980s, or even around the reunification. Did the Government have sufficient resources to help the disadvantaged back then? No, it did not; but we think the Government has sufficient resources to do so now. Hence, today, we support the Government in taking more initiatives to help the disadvantaged; but such initiatives were not supported by us in the past. Our objection back then was because whenever we supported the introduction of poverty alleviation measures, the Government would invariably ask, "Where does the money come from?" That would of course rely on tax increases. Hence, I find it very strange today that many Honourable colleagues in the Chamber now — except Mr Vincent FANG who represents the business sector — most of them are not friends of the business sector.

I consider that right now, employers and employees must really work together. In the past, we have suggested the concept of co-operation between employers and employees on many occasions. All Members present are experts in poverty alleviation. The business sector strongly supports the views put forth by the Commission on Poverty (CoP). But Members should not casually make suggestions such as to "improve the tax regime", "exploring the introduction of a capital gains tax" and "implementing a progressive profits tax system under which higher rates of tax apply to organizations reaping huge profits, with a view to increasing tax revenue and meeting new expenditure for poverty alleviation". The crux is about meeting the new expenditure for poverty alleviation, but "where does the money come from"? Earlier, I have already expressed my views briefly, and I would like to talk about them in some details now because we also met with the Financial Secretary at our meeting with the Government today.

At present, the total assets of Hong Kong's Exchange Fund — last time, Dr Fernando CHEUNG also noticed the figure I mentioned — amounted to some HK\$2,600 billion, unlike the figure of some US\$780 announced by the Hong Kong Monetary Authority (HKMA). This amount is substantially bigger than some \$700 billion around the reunification. How can the Government accumulate such a large amount of Exchange Fund assets (fiscal reserves plus the Exchange Fund) within a few years' time? Of course, it is the result of satisfactory investment performance, relatively high rates of investment return as well as substantial budget surpluses over the years. With such hefty reserves held by the Government, I think employers and employees should work together. The business sector will support all suggestions made by the CoP. Even when I was a member of the former CoP — the time should be 2007-2008 and there were

not many representatives from the business sector; I was a member representing the Liberal Party or the business sector — I had supported all the recommendations except the one on minimum wage. Members can check those records if they want.

Nowadays, even the disputes over minimum wage have subsided. I think we should try our utmost to compel the Government to return wealth to the people and stop being miserly in fiscal management. Returning wealth to the people is very simple, just use the investment return from \$2,600 billion (that is, the earnings made annually) Over the past decade, the HKMA's rate of return is 5.4%; it was particularly bad last year, which stood at only 1.1%. I agree that given the poor economic performance in Europe and the gloomy outlook in the United States, it may be very difficult to achieve an average rate of return of 5.4% over the next five years should the low interest rate environment persist. But even with a rate of return of 1% or 2%, earnings in the range of \$20 billion to \$30 billion can still be made on a principal of \$2,600 billion. It would be more than sufficient to meet all the demands from Honourable Members. As we see it, the Government should consider using the some \$2,600 billion as the principal. Regardless of whether the money is used to defend the Hong Kong dollar, to prepare for a rainy day or to "store up grain against dearth", the annual government expenditure is about \$260 billion. The sum of \$2,600 billion is sufficient to meet government expenditure for 10 years, not to mention that such calculation is based on the assumption of zero income in these 10 years, which is quite impossible.

Hence, our Government is different from the governments in Europe or Greece. There is no need for political parties which represent the people or are most concerned about the grassroots to target the business sector at every turn, as if they envy other people who can make huge money while they cannot. If Members take a look at the situations overseas, Greece is even worse. If the people and the consortia have no money, how can they help others. Given our prevailing condition, I think all Members from the labour sector should focus on requesting the Government to use the investment returns from our reserves to bring benefits to society. Throughout the process, we have already stated very clearly that bringing benefits to society does not mean lowering the profits tax rates. Although Donald TSANG had said that profits tax rates would be cut from 16.5% to 15%, he had not lowered the rate. Nonetheless, from the views I gathered from the business sector, most of them hope to see a harmonious society

with our financial resources being used to benefit the middle-class, the disadvantaged, the elderly and single-parents, or invest into the education of future generations.

Looking from this perspective, I think there is much room for co-operation. Hence, we would have supported all the proposals if it was not proposed in the motion of exploring the introduction of various taxes to meet the new expenditure for poverty alleviation. Do Members really think that the introduction of a new tax can actually help the disadvantaged? No, it is not the case. Should the Government increase profits tax or introduce a value-added tax, the tax revenue would only go to the public coffers. As a result, the \$2,600 billion reserves could increase to \$3,000 billion. But there is still nothing we can do, and the disadvantaged can still get no assistance.

Hence, last but not least, I implore the business sector and the grassroots, or the political parties representing the business sector and the grassroots — the leftist, centrist or rightist — to truly engage in more co-operation at this point of time, and jointly call on the Government to help the disadvantaged in society. The business sector absolutely supports this initiative. Members should not demand for the introduction of additional taxes for the sake of poverty alleviation because they are not happy that the business sector makes profits. We already have the means to do so now. Thank you, President.

MR CHARLES PETER MOK (in Cantonese): President, regarding the original motion of "Alleviating poverty" put forward by Miss CHAN Yuen-han, I support most of the measures stated therein, including the establishment of a poverty line and the conducting of a comprehensive review on the Comprehensive Social Security Assistance system.

In my speech, I will mainly discuss certain issues which I am most concerned about but other Honourable colleagues have not mentioned too much. First of all, I would like to discuss the rate of youth poverty. Over the past decade, the rate of youth poverty has kept increasing, from 15.2% in 2001 to 19.3% in 2010, or from 132 000 people to 168 000 over the said period. Not only are the figures shocking, they have been on the increase over the past decade. In my opinion, the Government has not paid enough attention to the problem of youth poverty. Although the rate of youth poverty has dropped to

17.5% (or 150 000 people) since the implementation of the minimum wage in 2011, the figures concerned would still bring shame to a society as affluent as Hong Kong.

There are several causes for youth poverty, the first one being a high unemployment rate. The youth unemployment rate in 2010 amounted to 20.8%, which was four or five times higher than the overall unemployment rate of 4.4%. The problem of unemployment among young people is more worrying than that of other age groups. The reason is that the inability of young people to enhance their experience and skills through work would make one worry that they may not be able to move out of poverty for the whole of their life.

Why are these young people unemployed and poverty-stricken? I regard education and opportunities as the crux of the problem. According to the World Economic Forum's Global Competitiveness Report 2011-2012, Hong Kong ranked 37th in terms of tertiary education enrolment. The three knowledge-based economies topping the list were the Republic of Korea, the United States and Finland, whereas Asian countries ranking before Hong Kong included Australia, Singapore, Israel and Japan. However, what scares me is that Hong Kong's Secondary education enrolment ranked as low as 85th, only before China in Asia, at 90th, as well as those with even lower ranks, like Indonesia, Thailand, Vietnam and Bangladesh. According to the same research report, Hong Kong's quality of education was not inferior, and our quality of mathematics and science education also ranked favourably at 23rd and 11th respectively, but our rate of enrolment was that low. I think it may have something to do with our Gini Coefficient, and the disparity between the rich and the poor is one of the major causes. Our quality of education is not bad, but the rate of enrolment was that low. In addition, the comment made by the same report on Hong Kong is that business operators regard constraints in innovative capacity and the education level of the working population as the biggest problems of Hong Kong. That is the area where the crux of the problem lies.

Regrettably, the amendments proposed by the Members merely call for alleviating poverty, without mentioning improvement of education, except the one proposed by Mr TAM Yiu-chung. Yet, it only mentions employment training but stops short of pointing out that education is the root cause that should first be addressed. If we do not make any improvement to basic education (including dedicating a substantial amount of resources to education, offering

15-year free education starting from kindergarten, implementing across-the-board the policy of "one student, one computer" without being so mean, introducing small class teaching, strengthening support for universities' research and development, and so on), and if we do not really transform young people of Hong Kong, and empower them to compete in this globalized and highly competitive society of today, we can hardly alleviate and eradicate poverty at root.

In addition, I would like to talk about the tax system of Hong Kong. In her original motion, Miss CHAN Yuen-han proposes to "improve the tax regime by, for example, exploring the introduction of a capital gains tax, and implementing a progressive profits tax system". Even though the tax system has to be improved, should we implement a progressive tax system in one leap? I do not think so. As Mr Kenneth LEUNG pointed out in his speech, Hong Kong has been practising a low tax regime. Hong Kong does not lack money, and as Mr James TIEN said earlier, money is what the Hong Kong Government has. Hence, we do not need to levy more tax to help alleviate poverty. What should be done is to optimize the allocation of resources and make use of our surplus to implement poverty alleviation measures. Hong Kong is a free and open economy. Raising the profits tax rates will only speed up the departure of enterprises. As a result, our tax revenue may not increase, but there may be fewer employment opportunities.

In making the above remarks, I am certainly not protecting the interests of large consortia. I am a true believer of free economy and Hong Kong is a beneficiary of free economy. Even if we have to face such grave problems as poverty, we still have to act with caution in striking a balance among various factors. As regards consumption tax, such as the goods and services tax as mentioned by Mr Kenneth LEUNG, I am of the view that the prospect of broadening the tax base through such approach should not be ruled out. Yet, the implications of implementing this new type of tax on the grassroots have to be taken into account, and appropriate balancing measures should also be in place.

Alleviating poverty is both necessary and essential, since all Hong Kong people should be able to share the fruits of Hong Kong's economic development and live in dignity. However, the Chief Executive has said repeatedly on various occasions that he would focus on doing real work and address the problems of poverty and housing. As I hear more of such remarks, I become increasingly worried about the reasons behind the Chief Executive suddenly

becoming less vocal about economic development. Even in this Council, most of the topics raised for motion debates so far in the current term involve poverty and labour issues, instead of economic development.

Without economic development as well as more intensified investment in education, where do the opportunities for employment, wealth creation and a better life come from?

President, I so submit.

DR LAM TAI-FAI (in Cantonese): President, Oxfam Hong Kong published the latest data on poverty yesterday. As you have heard, the current poverty population in Hong Kong has increased to 1.17 million people, that is, one in every six Hong Kong people is in poverty. Upon reading this report and figures, I feel saddened and ashamed. Hong Kong is an international metropolis with flourishing industrial and commercial activities, holding more than \$600 billion of fiscal reserve and more than \$2 trillion of foreign exchange reserve. Theoretically speaking, the Government should be rich. However, one in every six Hong Kong people is in poverty. As such, Mr LEUNG Chun-ying's criticism on the unsatisfactory poverty alleviation work of the last Government is not groundless, he is absolutely correct in saying that "alleviation leads to aggravation of the problem". The last two Governments did not carry out poverty alleviation work satisfactorily, for which they were to blame. I really hope that the Government of this term can do real work and carry out poverty alleviation work satisfactorily, otherwise the poverty problem will be deteriorating, in particular inter-generational poverty.

The original motion on "alleviating poverty" moved by Miss CHAN today is very meaningful and very important with good intention. I appreciate the good intention and tenacity of Miss CHAN towards the lower stratum. Also coming from the grassroots, I have a better understanding of the hardships of the poor grassroots and I am emotionally attached to them. However, to be frank, Miss CHAN, I do not agree to your proposal of changing the tax regime to alleviate poverty. That is because between the policy on poverty alleviation and the change of the tax regime, many other proposals that can improve poverty alleviation work and help the poor can be considered. Frankly speaking, it is not easy to reach a consensus in the community on changing the tax regime, it is

particularly difficult to reach a consensus in the industrial and commercial sectors. Nevertheless, to alleviate poverty effectively, a consensus in the community and the industrial and commercial sectors must be reached.

Why don't I support a change of the tax regime? There are three major reasons. Firstly, as I have just mentioned, the Government is not in lack of money. Although fiscal deficit is anticipated, I believe it will be a wrong estimation again, and there will be surplus this year. The last two Governments failed to make proper allocation of resources and make the best use of reserves for poverty alleviation; old mentality and old measures are adopted without regard to new mentality and new policies in poverty alleviation. Given that the Government is so rich, there are indeed no reasons why Miss CHAN should target at the industrial and commercial sectors, and trying to snatch money from these sectors. In fact, I have mentioned time and again in the last few sessions that the current poor economic conditions in Europe and the United States had given rise to many uncertainties, the industrial and commercial sectors had experienced much difficulties in operation and they were in dire straits, they might have made money today but suffered from loss and closed down the next day. Increasing tax will only add to our burden. Labour issues such as minimum wage, standard working hours and universal retirement protection have come up one after another, it is not easy at all for the industrial and commercial sectors to cope with them.

Secondly, as many Members have said, Hong Kong has long maintained a low and simple tax regime, this is also our cornerstone of success. If the Inland Revenue Ordinance were changed all the time without thorough examination or assessment of the merits and demerits, given that a small move may affect the overall situation, to put it simply, it would affect the investment incentive of foreign investors as well as complicating and hindering the business environment of Hong Kong. If there were fewer investors, or a decrease in investment profits, job opportunities would naturally be reduced and the types of jobs would be limited, by then the lower stratum might find it even more difficult to look for a job and move upward. Therefore, we must give a second thought to the change of the tax regime. Just as the new Buyer's Stamp Duty we discussed this morning, this new and harsh measure deployed by the Government may not be able to help improve the living environment of the lower stratum and help them buy a flat, instead, businessmen may purchase property in the capacity of a company for value guarantee and long-term investment, thus this policy does not

work. At the same time, funds may flow to overseas countries for investment, which does not do any good to Hong Kong.

Thirdly, Miss CHAN suggested imposing more tax on companies with huge profits. In fact, it is difficult to define "huge profits", but I would like to tell her, under the current environment, the industrial and commercial sectors, especially small and medium enterprises in the industrial sector experience genuine hardship, their situation is filled with blood and tears. In a fast changing market with many uncertainties, it would not be easy even to earn a penny. When profits are made, it only means that their efforts are rewarded. We should give encouragement instead of imposing more tax as punishment, which is contrary to the principle of causality. In this regard, I do not think the target should be huge profits. On the contrary, if a tax on exorbitant profits is proposed, I think the Government should give due regard to it given its relevance to monopoly and hegemony. I oppose monopoly most and I hate hegemony. If a tax on exorbitant profits is proposed, I think consideration can be given, even if there is a request for additional tax payments from public utilities and monopolized bodies, consideration can also be given, but please do not snatch money from the industrial and commercial sectors. We are very miserable and we may need to borrow money to pay tax, which renders it meaningless.

President, time is running out. I hope the Government can focus on industrial development and real economy in preparing the Policy Address and the Budget this year. The good industrial development can open up plenty of employment vacancies and widen the types of jobs for the lower stratum to move upward. This is the way to tackle poverty from the root.

President, I so submit.

MR RONNY TONG (in Cantonese): President, I remembered Mr Frederick FUNG had moved a motion almost identical to this one for discussion in November 2010. In fact, motions related to poverty alleviation are moved almost every year.

President, what are the differences between the situation two years ago and the situation today? President, the differences lie in an increase in the number of poor people, a higher Gini Coefficient and a larger amount of money "flooding" the Government Treasury. What are the differences, President? There are

plenty. As of now, nearly 20-odd colleagues have spoken on essentially the same thing but only in different words. For examples, Mr Michael TIEN said "don't hand out fish, hand out fishing rods", if my memory serves me right, this was also what the Liberal Party said in the previous session. Earlier, Dr LAM Tai-fai said we should not snatch money from the industrial and commercial sectors, the wording may be different but the meaning is the same: "I don't care your life and death, I have no bread right now but only a cake". Mr Christopher CHEUNG proposed in his amendment the deletion of "but the authorities must also conduct studies on opening up new resources for poverty alleviation". The wording may be different but carries the same meaning as what was said by the Members returned by functional constituencies of the last term.

Certainly, there is a slight difference this year. An example is to hand out fish as vigorously promoted by Mr Albert CHAN. It may not be enough to hand out \$8,000, it would be better to hand out \$8,000 every year. President, is it possible to hand out \$8,000 every year? The so-called "fruit grant" we are discussing is to provide an additional grant of \$2,200 to elderly persons aged 70 or above without undertaking a means test, but it is still not allowed. In this case, handing out \$8,000 every year is a fairy tale.

President, many people said that the problem of poverty cannot be resolved and exists in every city. This is true, but in developed regions, Hong Kong still ranks first because of its most acute problem of poverty. Since the handover of sovereignty for more than a decade, poverty has always been a serious issue and a social problem, can it be resolved at no cost? Can this problem vanish without any painstaking process?

President, how many fishing rods can we hand out? In fact, the existing problem is not about fishing rods, President, there are no fishing baits. President, perhaps there may not even be any fish in the ponds, prawn fry cannot be raised. Many colleagues have given their speeches today, in particular the speeches given by Members returned by the commercial functional constituency, which make us feel somewhat dismayed or even a little furious, as we have heard all such speeches before. The presentation may be somewhat different, but the meaning is the same, that is, the best thing is not to change.

President, how about the proposal of establishing the Commission on Poverty? It was an old initiative, but what contributions had been made?

Nothing. In the consultation on policy address two years ago, I remembered we had met with Mr Donald TSANG. The University of Hong Kong had completed a public opinion poll two weeks earlier, indicating that social mobility in Hong Kong was worsening to a negative figure, which means it was not possible to go upward but move downward. The middle class is degraded — the word "degraded" is not used in the sense of scolding people, President, it means moving downward — the middle class becomes poor. In his debate with me, Mr Donald TSANG said, "no, Mr Ronny TONG, this is called snapshot effect, which means it is only the picture captured at the moment the snapshot is taken. It is not long-lasting, don't worry". President, two years later, it is not simply a snapshot but the situation is deteriorating.

President, at that time I told Mr Donald TSANG to his face that I was a vivid example of getting rid of poverty. However, in my younger days, I was not the only one. Looking around, I found many of my friends and classmates had got rid of poverty as I did. After reviewing what was in common among us, I found that the only thing in common was that we were all well educated. My classmates and I, coming from impoverished families, were able to enter a good school — the Queen's College. As of today, many of them have gained social status and made money. However, President, none of these scenarios can be seen over the past decade or so.

Two years ago — or last year, President, I could not recall it — I visited a primary school in Tin Shui Wai. The school principal told me that 40% of their students had never been to Kowloon, almost half of them had never been to Chinese restaurants. If the problem was set aside year after year, and we kept on saying not to snatch money from us year after year, not to do anything that makes us miserable, we would only end up discussing the same issue in the Chamber year after year while the poverty population would be on the rise.

President, the Administration must make up its mind to allocate more resources to promote quality secondary and tertiary education. We should tackle the rental problem and support the growth of small and medium enterprises and small businesses. We must go back to the 1950s and the 1960s where there will be social mobility again. Only in so doing can our existing problem of poverty be slightly alleviated. Otherwise all these are merely empty words.

Thank you President.

MR JEFFREY LAM (in Cantonese): President, in the face of the problem of poverty, we cannot rely solely on the Government to ceaselessly hand out money. Rather, we should be self-reliant and strive for a better life through working. Can the Government solve all the problems by robbing the rich to feed the poor like Robin Hood? I opine that in order to alleviate poverty, we need to develop the economy and create jobs.

In the aftermath of the financial tsunami, we can see that the economies of Europe and the United States have deteriorated rapidly with a plunge in export orders, and the overall economy of Hong Kong is absolutely not as prosperous as portrayed by some people. The fact is that the rising operating costs have placed small and medium enterprises (SMEs) under undue pressure. They have to look for business opportunities on the one hand, and strive to preserve the workers' "rice bowls" on the other. Coupled with the policy implications of the competition law, minimum wage, standard working hours and fraternity leave, SMEs are pretty miserable. I just received an SMS message, saying that the remarks made by Mr Ronny TONG reflected that he has totally no idea of the actual situation of Hong Kong and SMEs. Although SMEs are in great difficulties, Mr Ronny TONG still accused the representatives of SMEs and the business sector of telling lies. He said that these bogus representatives will affect the labour industry and the survival of SMEs in Hong Kong. Some people have over-simplified the social issues, thinking that the Government can get money easily by passing the hat around the business sector and enact legislation as what have been done in other places, with a view to surpassing the United Kingdom and the United States. They sounded as if this is the panacea for all the problems. They fail to understand that SMEs have been having a hard time toiling silently in Hong Kong. They just want to focus their attention on how to tide over the current difficulties.

Some people think that the poverty problem can be resolved by raising tax and adjusting the tax regime. As a matter of fact, Hong Kong owes much of its present day success to overseas investments and overseas enterprises setting up offices in Hong Kong. Many multi-national companies have even set up their regional headquarters in Hong Kong, which has created plenty of job opportunities. One of the reasons is our simple tax regime and low tax rate. A simple and stable tax regime can make investors rest assured that there would be no sudden changes in policies. Frequent changes in the tax rate and tax regime

will make investors become very cautious about their long-term investments, thereby creating uncertainties.

Hong Kong's tax regime is an important cornerstone of our success, and has attained world recognition. We can see that our neighbouring regions are actually learning from our strengths in recent years as Singapore and Taiwan have lowered their profits tax to 17%, just slightly higher than Hong Kong by 0.5%. I believe the low tax rate and simple tax regime is the correct approach and should be maintained no matter what changes have to be made.

After the French President HOLLANDE came to power, he proposed to impose a heavy tax of 75% on people earning more than one million Euros per year. This has sparked an exodus of high-income earners, who left France with their money. In order to retain the talents, some companies transferred them to work in offices outside France. This has ended France with a loss of both talents and money, which has dealt a serious blow to its economy. More people became unemployed and government revenue dropped. Where can it get money to combat poverty then? Changing the tax regime is a double-bladed sword, and is indeed the last thing that we wish to see. As we may be aware, this change has posed numerous hurdles to Europe. We should therefore not follow the same path as Europe, and what happened in Greece lately is a good example. Thus, careful consideration should be given so as not to suffer losses more than gains.

The taxation system of a society has the effect of wealth re-distribution. What is more, a low tax rate can serve as an incentive to encourage economic activities, whereby stimulating people to work in unity to "make the pie bigger" and clearing the doubt that their hard-earned money will simply go to the pocket of the Government. Some people think that raising tax will increase fiscal income, but Members may recall that the abolition of estate duty a few years ago has actually helped Hong Kong emerge as an asset management centre. Reducing tax has instead brought greater income. Another example is the lifting of the red wine duty, which has helped Hong Kong develop into a red wine centre. These two are indeed good examples. A prosperous economy can actually create more job opportunities.

President, we are duty-bound to pay attention to and take care of people who are living in dire straits, and no one can just sit and do nothing. Instead, we

have to improve the situation with a caring heart for this is our duty. In order to help the poor, we must formulate a long-term and viable plan. We must stress that all changes have to be made with great caution, and we need to ascertain their effect on long-term development and different strata of society. This is because any change may affect society as a whole in many cases, and there will be no turning back even if it proves to be wrong. I maintain that only economic prosperity can bring us sufficient money to help people in need. This is essential to combating poverty in the long run.

President, I so submit.

MS STARRY LEE (in Cantonese): President, first of all, I wish to thank Miss CHAN for proposing this motion today. "Alleviating poverty" is no doubt a common goal of people from all walks of life, including the Legislative Council as well as the business and labour sectors. It is also the priority task of the SAR Government in the future.

Although Hong Kong is a highly developed society, the poverty problem has not been solved. Worse still, it is deteriorating. According to the Oxfam Hong Kong Poverty Report published yesterday, the problem of working poor in Hong Kong has worsened with the population of working poor increased to 650 000, making a new record high in 10 years. I was saddened to hear that. As I came from the grass-roots level and have spent so much time working in the grass-roots community, I therefore have a very good understanding of the plight of the poor. The question is: Given that Hong Kong's economy is developing and the GDP has reached as high as \$273,000, why would the poverty problem persist and even deteriorate? This warrants our consideration. How come one in every six people in Hong Kong lives in poverty? Why are they so poor? Some people attributed this to personal factors, saying that these people have not worked hard enough and lacked the incentive for advancement. Others said that society has changed and the era of rapid growth has passed. People with low skill and low academic qualifications now find it difficult to shake off poverty simply by working hard in this highly developed society. If Members think carefully, you may notice that the development of Hong Kong has actually changed over the last decade. I believe the era relying solely on the trickle-down effect to shake off poverty will soon end.

On the other hand, the situation of the poor getting poorer and the rich getting richer has been aggravated, and one of the reasons is the polarization of wealth. As Members may be aware, the rich do not attain growth in wealth by working, but by enhanced asset value, especially over this couple of years. Returns from investments in the property and stock markets are definitely much higher than those of wage earners. Poor people, on the other hand, have great difficulties in making ends meet. How can they fantasize to have spare money to invest in stocks and buy properties? As a result, the disparity between the rich and the poor has become more serious.

Therefore, the old mindset of the Government which relies on the CSSA system to combat absolute poverty by ensuring that all Hong Kong residents are housed and fed should no longer exist. The mere focus on absolute poverty has neglected the fact that the existence of a poor population is caused by the prevailing system. Both the imbalanced economy structure and polarization of wealth are not personal problems, thus the Government is duty-bound to address the problem of poverty.

President, the Government's position towards the poverty problem will have a direct implication on the effectiveness of the poverty alleviation measures. Looking back at pre-1997, the problem of poverty had never appeared on the agenda of any Council meeting. It was not until the onslaught of the Asian financial turmoil, which had put our economy in the doldrums, that the poverty issue was first highlighted by former Chief Executive TUNG Chee-hwa in 2000. He proposed to help the low-income families in the policy address. In 2005, the authorities proposed to set up the Commission on Poverty, which was tasked to formulate a comprehensive policy to alleviate poverty. After former Chief Executive Donald TSANG assumed office, he had merely continued with the policy and poverty alleviation initiatives were still extended in the form of relief. People from all walks of life thus requested that a poverty line be drawn up for Hong Kong, but the Government had refused to do so. As such, all poverty alleviation measures introduced by the Government have merely focused on the number of beneficiaries. And yet, no indicator has been developed to project the number of beneficiaries who can actually shake off poverty as a result. It is therefore difficult to assess the effectiveness of the poverty alleviation measures funded by the public coffers. In the absence of indicators to measure the effectiveness of the poverty alleviation initiatives, the poor population in Hong Kong grows.

Earlier, Chief Executive LEUNG Chun-ying announced the establishment of the Commission on Poverty, and has recently promised to establish a poverty line. This reflects that the Government has adopted a new mindset in respect of the poverty problem. Admitting the existence of a problem is the first step to solve the problem. I opine that the establishment of a poverty line is a very crucial and proper step to genuinely address the problem of poverty, because this would enable the Government to evaluate if the future poverty alleviation measures can achieve practical effect, and assess the number of people who can shake off poverty as a result.

President, as the problem of poverty may have different nature, the alleviation of poverty cannot be achieved simply by distributing money. Since the poverty problem faced by youths, adults and elders are completely different, different intervention strategies should be adopted to meet different needs. For example, the problem of child poverty can be resolved, to a large extent, by helping their parents shake off poverty and ensuring that the poverty problem will not pass on to the next generation, thereby preventing inter-generational poverty. The authorities should allow the children to have personal development, and ensure that they are given sufficient development opportunities so that they can set off from the same starting point as other people.

To alleviate youth poverty, it is important to provide education and training opportunities so as to enable them to climb up the career ladder. President, given that the current unemployment rate is so low that we are virtually in a state of full employment, this offers a very good opportunity. Members of various trades, including representatives of the business sector who are now present at the meeting, reflected that the labour market is pretty stretched, and the catering industry, drivers, technicians and the construction industry are experiencing manpower shortage. Thus, the Government should grasp this golden opportunity to help the young generation, whose unemployment rate has remained high, to build their career ladders through the provision of retraining, so that they can shake off poverty.

For the more capable adults, the authorities should focus on ensuring that the recipients possess sufficient skills to get an appropriate job, and receive reasonable salary and labour protection after they are employed. The care required by elders is not to give them an opportunity to shake off poverty on their own efforts, but to prevent their quality of life from deteriorating due to poverty, thereby genuinely providing them with a sense of security.

With regard to elderly poverty, I must reiterate to the Secretary my position and viewpoints on Old Age Living Allowance (OALA). OALA is an improved option which provides the most needy elders with an additional sum of \$1,000-odd to supplement their living. Here, I must reiterate to the Secretary this position which he has already heard of. Regardless of when or where we met, I would point out to the Secretary that the proposed income and asset limit is really too low. If an elder aged 70 cannot save up to some \$180,000, how can he find inner peace in the face of the exorbitant medical costs? While some people think that the billionaires or wealthy men holding millions of dollars or properties for rental should not receive OALA, they do agree that elders who have worked so hard for most of their life and saved up only tens of thousands of dollars should receive OALA. The Secretary's proposed arrangement has actually punished those elders who have meager saving.

Therefore, I must stress again that the Government should properly review the income and asset limit under the Commission on Poverty. I personally consider that the limit concerned should double so as to enable (*The buzzer sounded*)

MR VINCENT FANG (in Cantonese): President, in tandem with today's motion, Oxfam Hong Kong (Oxfam) published the latest Hong Kong Poverty Report yesterday, which showed that one in six every people in Hong Kong are living under the poverty line. Meanwhile, Macao's Chief Executive announced another round of money distribution, giving each permanent resident \$8,000. I guess this is envied by many Hong Kong people.

In fact, the last-term Government had also given out money and candies on a number of occasions by spending no less than hundreds of billions of dollars. But has the poverty problem been ameliorated? As evident from the Oxfam's report, the problem has not been ameliorated. This proves that giving out money and candies does not help ameliorate the poverty problem, and the provision of financial relief alone fails to resolve the problem either.

Then what can be done to ameliorate the problem of poverty? I very much agree with Oxfam's principle with regard to helping people in the mountainous areas to shake off poverty, and that is, to help them become self-reliant. As poor people cannot be looked after forever, they must therefore

shake off poverty by developing their earning power or enhancing their vocational skills.

Similarly, the Liberal Party supports the provision of support and welfare protection to people who have genuine need. More importantly, there is a need to develop their capacity for self-reliance through an enhanced Comprehensive Social Security Assistance (CSSA) system, thereby preventing abuse of the CSSA. Coupled with policies and measures to stabilize the economy and promote sustainable development, and to lower the threshold for business set-up and operation, more people can then enter the labour market and grasp the opportunity of upward mobility to shake off poverty.

According to the statistics of the Social Welfare Department, as at the end of September, there were 246 000 cases of CSSA application due to unemployment. Among the CSSA recipients, the number of people aged between 15 and 59, who are at working age, has reached as high as 160 000. Are they not employable? How come they cannot get a job? In fact, there is a serious labour shortage in the employment market. Nearly all restaurants are placing job advertisements and the wages offered are much higher than the minimum wage level. And yet, they still fail to employ the proper staff. Likewise, the wholesale and retail industries also encounter the same difficulty, not to mention the obnoxious jobs, such as feeding the elderly people and cleaning in the residential care homes for the elderly. The shortage of labour is also serious.

We therefore see the need to review the CSSA system. Apart from providing funding, the Government should also help people with working capability to be re-employed by pooling resources to help people with genuine need. This would not only ease the labour shortage problem in Hong Kong, but also help people who are willing to work to shake off poverty. This is actually beneficial to all.

In order to improve the situation of low-income people, opportunities for upward mobility must be provided. Many senior government officials like to sing the song "Under the Lion Rock", but the situation of Hong Kong today is significantly different from that when the song was hit. At that time, Hong Kong was full of opportunities and people could always get ahead so long as they worked hard. However, our economy emphasizes too much on finance and property nowadays, thus the room for development is getting smaller and smaller.

People who wish to set up their own business are deterred by the high threshold and costs. Even hawkers, who readily work conscientiously for excessively long hours, have difficulty in finding a place to set up their stalls. Therefore, the wholesale and retail industry hopes that the Government can increase the area for business, be it a shopping mall or a stall. Also, it should provide more support for business setup in respect of planning and policy, which include designating a certain area in shopping malls managed by the Housing Authority for lease by people who want to set up their business, and encouraging Hong Kong brands to retain their production in Hong Kong by means of policy, thereby increasing the varieties of industries and job opportunities. One possible incentive that can be considered is the provision of tax concessions.

To enable the poor people to earn more, there must be an economy with sustainable development to promote the relevant measures. Therefore, we oppose the original motion's proposal to "explore the introduction of a capital gains tax, and implement a progressive profits tax system" for the purpose of increasing tax revenue and meeting new expenditure for poverty alleviation. As I have said earlier, Hong Kong needs to provide opportunities for upward mobility. Will anyone want to be a boss if tax is further increased? Fewer and fewer people would dare to set up their own business, and their chance to move upward would therefore be taken away. By then, Hong Kong will become a city with no opportunity.

I speak in support of Mr Frankie YICK's amendment, and oppose the original motion and other amendments. Thank you, President.

MR CHAN KIN-POR (in Cantonese): President, today, this Council is having a debate on a motion about alleviating poverty, and a number of Members have proposed amendments. While I support many of the poverty alleviation proposals contained therein, I have reservation about the proposals to adjust Hong Kong's taxation regime. There is no doubt that the poverty problem in Hong Kong is deteriorating and Members have put forward different proposals to alleviate poverty, but few have suggested to tackle the problem at source. This explains why Hong Kong society has become poorer and poorer.

Poverty in Hong Kong is probably caused by a number of factors, but the fundamental cause is certainly related to the mishaps in population policy and the

imbalanced economic structure. I have actually talked about these two factors on different occasions, so I am not going to make further detailed analysis today. I just want to look at the policy on population.

If the population issue is not properly dealt with, it is tantamount to importing poverty all the time. Regardless of how much effort the Government has put in the poverty alleviation work, we cannot escape the fate of getting poorer. According to the information provided by the Hong Kong Immigration Department, of the new immigrants who came to Hong Kong for family reunion on one-way permits, the majority has attained only primary or secondary education level and nearly half of them were housewives in the Mainland. They can only take up low-income jobs on arriving Hong Kong, or cannot even get a job. Of course, family reunion is the due right of all human beings and should not be deprived of. And yet, the Government should put in place more proper arrangements, such as making better population projection, to formulate specific policies.

The failure of the Government to make proper planning for population development in the past has brought about many adverse consequences to society, such as the problems in Tin Shui Wai. I think that the Government should expeditiously re-examine Hong Kong's population policy and population carrying capacity, with a view to strengthening local education, retraining, healthcare, housing and economic policies.

I have great confidence in poverty alleviation as major political parties of this Council have exerted great efforts on this task this year, and I am sure that colleagues will definitely fight to the end. Similarly, in order to solicit public support, the Government will also exert much of its effort on poverty alleviation. So long as the measures are viable, the Government will certainly press ahead at full steam.

Nonetheless, I must point out that poverty alleviation incurs huge expenses and we all understand that someone must work hard to get money for spending. Therefore, if the Government is over-generous but unable to increase its revenue, the measures may not be sustainable for a long time despite the abundant reserves. We may end up like Greece one day. Not only is poverty not alleviated, there may also be a need to cut back on welfare. As Members should be aware of the miserable lives of the Greek citizens, I therefore hope that they will support the poverty alleviation work on the one hand, and support the

Government's initiatives to expand business opportunities for the business sector on the other, with a view to earning more revenue to support public spending in Hong Kong.

While I support many of the proposals put forward by Members today, I have reservation about or even oppose some others. The original motion proposed to improve the tax regime by "implementing a progressive profits tax system under which higher rates of tax apply to organizations reaping huge profits", and "exploring the introduction of a capital gains tax". Some Members thought that the additional tax revenue can be used to meet the expenditure for poverty alleviation, but this is only their wishful thinking.

As a matter of fact, Hong Kong is not the sole proprietor in the business world. One of our advantages is the simple and low tax regime, and this is why so many overseas investors have chosen to invest in Hong Kong. Our major competitors, such as Singapore and Shanghai, have lowered their business tax rates drastically in recent years to compete with us. Therefore, if Hong Kong does otherwise, it is tantamount to encouraging the investors to leave or driving them away. If this is the case, Hong Kong will gradually lose its competitive power.

Honestly speaking, Singapore has surpassed us in many respects, and I am afraid that even Shanghai and Guangzhou will surpass us sooner or later. Therefore, even though imposing a higher profits tax can increase tax revenue in the short run, it is actually like drinking poison to quench the thirst and we will be poisoned to death in the long run.

With regard to the proposed introduction of a capital gains tax, this involves a major change in the taxation principles and a lot of problems will have to be dealt with in implementation. This will not only affect Hong Kong's general principle of having a simple and low tax regime, but will also directly affect the actual benefits of the general public and give rise to more conflicts and opposition in the community. I am sure that there will be more losses than gains, therefore I cannot support it.

I so submit.

MR CHAN HAK-KAN (in Cantonese): President, in respect of poverty alleviation or social welfare, Secretary Matthew CHEUNG has always said that those who are in greatest need of help should be assisted. First of all, I agree with him but I do not think the Secretary should always use this as an excuse for not helping other groups of people. I would like to share with Honourable colleagues the data provided by the Hong Kong Council of Social Service: In 2011, the population living in poverty aged over 65 accounted for more than 30% of the total poor population, and this ratio was the highest among all age groups. It is an urgent task to provide assistance to the poor elderly, but if we take a look at the same report, the other groups of people living in poverty should not be ignored. Among the poor population, 20% have been living in poverty since birth; and in the 15 to 24 age group, 20% are living in poverty. If we add up the people in these two groups, young people living in poverty accounted for 40% of the population, far higher than the existing ratio of elderly people living in poverty. Therefore, the poverty alleviation policy should also formulate measures to focus on solving the problem of young people living in poverty; otherwise, we may attend to one thing and lose sight of another.

President, the biggest difference between youth poverty and elderly poverty is that the potentials of young people have not been given full play, and they are the future masters of our society. The question is: has our society created sufficient conditions for young people to realize their potentials? Our youthful years are limited and once we miss the chance, there may not be another opportunity for development in other aspects. Young people should not waste their youthful years and on the other hand, our society should not waste the youthful years of young people. Nearly 150 000 young people living in poverty do not have much choice. For example, in the area of education, many economic studies have pointed out that it is more difficult for poor children to obtain higher education qualifications, which has severely hampered their prospects and self-development. In my view, the opportunities for young people should not be linked with wealth; otherwise, our society cannot be described as fair and just.

President, even though many young people do not belong to the group of 150 000 people living in poverty, it does not mean that they have opportunities for self-development. I know many young university graduates have to work very long hours for a monthly salary of just over \$10,000. Many of them have

dependent parents and young children, and after paying rents, transport expenses and daily living expenses, they are truly the "moonlight group" who live paycheck to paycheck. They hardly have any savings, and they cannot even afford to take out insurance. They are lucky if they do not need to repay student loan. Should their family members or parents get sick, they would face great hardship.

President, savings as I have just mentioned are very important. People generally believe that savings are meant for retirement; but if a person, in particular, young people, wants to start a career, he needs some savings to get started. Young people should have some savings, regardless of the amount. We know that many young people do not even have a saving of \$10,000 or a few thousand dollars. You have heard the story about Steve JOBS, the founder of Apple, who started his career in a garage. No matter how hard it was when he started his career, he could at least carry out researches in a garage. If Steve JOBS did not even have a garage where he could work, do you think if he could have designed those computers?

On second thought, today, young people cannot even afford to rent a "sub-divided unit", how can they pursue career development? Many young people in Hong Kong lead a busy life, but they belong to the "moonlight group" mentioned by me previously, and they cannot even save a penny. Perhaps many of them have the potentials of Steve JOBS, but the social reality does not allow them to give full play to their potentials. Therefore, poverty does not only affect young people, but also incur losses to our society.

At present, the Government focuses on helping the elderly, and the problem of youth poverty has become secondary. Apart from the CSSA Scheme, the Youth Pre-employment Training Programme and Youth Work Experience and Training Scheme, the other government measures for helping young people include the Travel Subsidy Scheme, Textbook Assistance Scheme and 12-year free education; yet, I think these are utterly inadequate. When facing increasing rents and tuition fees, many young people worry that one day they even cannot afford to live in "sub-divided units", and they are forced to postpone their plans to get married and have children. As poor young people have worries about the future, the Government and the Secretary must seriously review the commitments our society has made for the next generation. Should

we give them more and create for them a society that is fairer and more reasonable, so as to facilitate their development?

President, I so submit.

MR CHAN CHI-CHUEN (in Cantonese): President, today we hear many colleagues say that "teaching someone to fish is better than giving him a fish". This statement seems to be universally true, but if we keep saying this to the poor, they will think that we do not understand their hardship. These poor people who want to be given fishes do not have the fishing skills, fishing rods or fishing nets, and worse still, there is no fish in the pond in the vicinity. If we tell them, it does not matter, just sail out to the sea and fish as there is a large number and a wide variety of aquatic products. Does anyone not know that? At present, when their family members do not have enough to eat, how can you ask them to go fishing in the sea by boat?

As a matter of fact, there is no conflict between giving out fish and learning to fish. Even if you ask these poor people to learn hunting, I believe they will be willing to do so. What should be done right now? How about dinner tonight? If we repeat the expression "teaching someone to fish is better than giving him a fish" again — Mr Michael TIEN has repeated it most often — we may be like Emperor Hui in the Jin Dynasty: when the minister told him that there was a world famine and people were starved to death, Emperor Hui replied in asking why they did not eat minced meat. Perhaps Honourable colleagues may reply by saying that we might teach them to fish.

Fortunately, all Honourable colleagues who have spoken today admit that there is a poverty problem in Hong Kong, and they have also affirmed the importance of poverty alleviation, unlike what they did last week when they debated whether there was sexual orientation discrimination in Hong Kong.

There are short, medium and long-term poverty alleviation measures but they do not necessarily clash with each other. Mr Albert CHAN from People Power has moved an amendment, proposing the disbursement of \$8,000 to the Hong Kong citizens in the 2013-2014 financial year, so as to alleviate the pressure on the livelihood of the poor. We think that a refund is the simplest, most effective and immediate way to alleviate the livelihood pressure of the poor.

We certainly know that a handout of \$6,000 or \$8,000 or \$10,000 like what was done last time cannot solve all poverty problems, but it is better than doing nothing.

Among all political parties and groups, People Power is the earliest party that advocates a refund. It did not have the support of the Government and many Members at the time. Not only Members who were bosses themselves opposed this idea, even many democratic Members who supported poverty alleviation had divergent views. Fortunately, not many Members raised objection when the Government subsequently proposed a handout of \$6,000, and nobody demonstrated against the giveaway measure.

The reason why we support a refund to all Hong Kong people is very simple. The SAR Government currently has more than \$2 trillion, and even the Heritage Foundation in the United States advocated that the SAR Government should return to the public its unreasonably enormous reserves. The democrats who oppose a handout have described a refund to all Hong Kong people as a short-sighted measure, and they have commented that the money should be spent on measures with longer-term policy objectives, such as education, healthcare and social welfare measures. Well, if money is not handed out in this financial year, on what long-term projects would the savings of \$30 billion to \$40 billion be spent? The Government is even unwilling to exempt assets test for the Old Age Living Allowance. Even if the Government can save up to \$3 trillion, will it be willing to invest in long-term social welfare, education and healthcare measures? There is not much direct conflict between giving cash handouts and achieving long-term objectives, it all depends on whether the Government is willing to take actions.

If those who oppose cash handouts think that it is not a targeted measure and money may be handed out to people who are not in need, they should oppose all forms of handout measures in disguise, such as tax rebate, rates exemption and tariff reductions. These measures are just handing out money as well; even worse, they are not returning wealth to the people but returning wealth to the rich, without benefiting people living in poverty.

People Power supports Miss CHAN Yuen-han's original motion. Point (c) of the motion requests for the provision of employment living

allowance, and I support giving direct cash subsidies to low-income earners. The beneficiaries should be directly given the right and autonomy to use the money, and they should be allowed to make their own judgments. If the provision of employment living allowance is well arranged, it will be much better than various travel allowances, rent allowances and short-term poverty alleviation measures under all sorts of pretexts. Its spirit will be consistent with a direct refund as advocated by us because the beneficiaries understand most clearly how the money should be spent. For instance, if an old woman and her family members receive \$6,000 each, and the old woman has never travelled to another places throughout her life, she may think that the money should be best spent on a trip with her family members before she dies, which is better than spending the money on medical consultation. Therefore, a direct refund can help to meet the needs of different people.

Of course, I also support the proposal in Mr Albert HO's amendment about implementing negative income tax. I hope the Government will study a negative income tax in depth. If a negative income tax is implemented, we will not need this kind of employment living allowance because a negative income tax can reduce the labelling effect. I hope the SAR Government would really consider that.

Finally, People Power definitely supports broadening the tax base, including a capital gains tax. Nevertheless, I have just heard a lot of Honourable colleagues from the pro-establishment camp, in particular, I have just heard Mr James TIEN saying that we all want to rob the rich to help the poor, and in the end, businessmen are robbed. He told us that the SAR Government is the billionaire which has an enormous reserve. Nonetheless, even if its reserves has reached \$3 trillion or \$4 trillion and even after robbing the rich and the poor, the Government is still reluctant to allocate money for good causes, but is willing to spend money on some meaningless purposes. Therefore, in asking the Government to broaden the tax base and find ways to increase revenues, we should also force the Government to make good use of the extra revenue after the tax base has been broadened. It is because there are too many "white elephant" development projects which reflect administrative hegemony, deception and unwillingness to compromise. Even if the SAR Government gets the money, it may not be willing to spend it on poverty alleviation.

I so submit.

DR PRISCILLA LEUNG (in Cantonese): President, I would like to thank Miss CHAN Yuen-han for moving this motion on "Alleviating poverty" today. I believe Members of the Legislative Council would support the general direction of this motion. However, having listened carefully to different views today, I would like to ask if Honourable colleagues can put themselves in others shoes and consider why Members have divided views on the poverty alleviation policies and the proposals today. If we can reach a consensus on the poverty alleviation policies, we would not have a mentality of hating the rich, rebuking one another or hoping to rob the rich to help the poor. These attitudes will only intensify the differences between us.

I always believe that Hong Kong people have an enterprising spirit and always strive to make progress. We, the Kowloon West New Dynamic, have conducted a questionnaire survey in March on more than 1 100 young people. 60% of the respondents replied that they have a job but that was not an ideal one; more than 64% of them indicated that they wished to start a business two years after graduation from universities. I think this reflected that a lot of people, including immigrants from the Mainland and from foreign countries who come to Hong Kong for development, really like the system in Hong Kong. This system gives many poor people the opportunities to make progress, so long as they are willing to make efforts, even though this myth only happened in our generation. Nowadays, young people think that they cannot move upward, as though they are restricted by many existing policies. I think this is the problem that we have to solve together: why are there so many young people living in poverty in Hong Kong? We should work together to solve the problem of inter-generational poverty. The next generation of immigrants is also our asset; hence I find it very important to put in resources in education. The provision of 15-year free education is extremely important to families living in poverty, as it allows their children to be on an equal footing at the starting point.

I remember that I visited some families in the Fu Cheong Estate when I first participated in politics in 2008. A family told me that their children had never been to Kowloon Park because they could not afford the travelling expenses. Some poor people in Hong Kong, especially young people and children, do not have the opportunities to leave the places where they live. Once I led a group of people to visit Beijing to learn more about the career development of astronauts on the Mainland. One of the students who lived and attended school in Tuen Mun told me that he jumped for joy when he knew that

he could leave Tuen Mun and see the world. This reflected that a lot of young people living below the poverty line do not know how they can move up the social ladder. Nevertheless, in my view, our objectives are not to lower the standard of living of some rich people, or increase the tax rate similar to the system in France, which requires the richest people I remember that I debated with Mr LEE Cheuk-yan at a meeting in the last Legislative Council term, and he said that it was no big deal to ask the richest to pay 70% tax. I think our objective is not to foster an anti-rich mentality; if there are some good traditions and mechanisms in Hong Kong, we should try our best to preserve them. In my view, I think the simple tax system in Hong Kong is attractive. Many of my colleagues and middle-class friends have given up their Canadian and other foreign nationalities and returned to Hong Kong simply because they like our tax system. Two of my colleagues have come to Hong Kong from France and they are members of the legal profession. They said that no matter how hard they save, they cannot buy property in France and some people even do not want a promotion — because after promotion, they have to pay higher taxes than they did before the promotion under the progressive tax system.

I personally think that we can conduct a study on the tax system to see how to broaden the tax base, but I wonder if we should jump to a progressive tax system in one leap. All proposals made by Miss CHAN Yuen-han today are worth our support; yet I have reservations about implementing a progressive profits tax system. I agree with the amendments moved by Mr Michael TIEN and Mr Kenneth LEUNG, among all the amendments. Mr TAM Yiu-chung has made a number of proposals on alleviating poverty. Each Member, especially an elected Member, may be able to make 10 to 20 additional proposals; nonetheless, we will not tend to support a motion that includes many detailed poverty alleviation policies and measures because the problems may be related to the economy, housing, education and so on. As described by a Member in the last term, all of us would like to add on our favourite policies in today's motion, just like hanging ornaments on a Christmas tree.

We can basically focus on the general direction. We support the motion if we support the general direction of this motion on alleviating poverty. Yet, we should state clearly if we have reservations about a certain part, and we should not oppose the motion when we disagree with one of the points made. Therefore, I would like to state clearly that I have reservations about item (e) in

Miss CHAN Yuen-han's motion. Even though I agree that her proposals can be discussed and studied, I would also like to make my position clear.

I support the direction of poverty alleviation as proposed by other Honourable colleagues. Regarding the policy on poverty alleviation, I think it should absolutely not be limited to the recommendations proposed in the amendments today. I hope that Members holding different views would try their best to change their thinking and reach a consensus on the policy concerned. I also hope that this Commission on Poverty can achieve a breakthrough in formulating a policy on poverty alleviation and improve the poverty situation in Hong Kong.

I so submit, President.

MR MA FUNG-KWOK (in Cantonese): President, in the late 1980s, I participated in the planning and production of the movie *Cageman*. The movie is about the daily lives of a group of grass-roots people who lived in caged bedspace apartments, which reflected the actual situation of the grassroots at that time. Regrettably, the social problems depicted in the movie are still found today, more than two decades later. Many grass-roots people still crammed in "sub-divided units", "caged bedspace apartments", "coffin units" or factory buildings. They are a new generation of cagemen who worry about basic living needs every day and they really live in great hardship. The Government has long started to alleviate poverty, but why does the grassroots become even poorer? This warrants our reflection.

According to government statistics, the Hong Kong Council of Social Service estimated that there are about 1.15 million people living in low-income or poor families. Figures also showed that the median income of the high-income group was \$35,000 last year, an increase of \$4,000 over the previous year; though the median income of the low-income group, benefited from the minimum wage, has slightly increased to \$10,000, the former is still 3.5 times of the latter, which record the highest gap in 10 years. Moreover, it is also mentioned that the Gini Coefficient this year hit a new record high in 40 years, and the two data reflected signs of a widening gap between the rich and the poor.

The grassroots are worrying but to no avail. The Government has so far failed to grasp the specific situation of the population living in poverty. Since it did not have a complete and long-term policy on poverty alleviation in the past, it just implemented one-off "giveaway" measures, or fragmented measures that lack continuity. Furthermore, Hong Kong has still not set a poverty line, and without objective and measurable indicators to correctly reflect the situation of the population in poverty, the previous measures could not focus on addressing the crux of the problems. Only stopgap measures are implemented without getting at the root of the problem.

For this reason, I support the Government in making greater efforts to alleviate poverty. Honourable colleagues have expressed their views on Miss CHAN Yuen-han's motion and other Members' amendments. Even though we have perfect proposals, we have limited resources after all. There is much room for the community to discuss and reach a consensus about how to allocate resources to help the most needy groups and address the most important issues, as well as how to formulate measures and ensure financial sustainability in the future. If we want to allocate more resources and make greater efforts in poverty alleviation, besides considering the progressive profits tax system in the original motion, we should also consider how to broaden the tax base. So, I have slightly different views on the original motion.

Regarding the stance of the current-term Government, the Labour and Welfare Bureau announced the establishment of the Commission on Poverty (CoP) early this month to promote poverty alleviation through overall strategies. The Social Security and Retirement Protection Task Force to be established will examine afresh the entire social security system and set a poverty line for Hong Kong. We can see that the new-term Government is determined and ready to work on poverty alleviation, and its direction is basically consistent with that mentioned in the first two points of the motion today. Now that the Government is going to make efforts in this connection, we might as well be more patient and leave it to the CoP to prioritize the tasks according to the actual needs of our society, and recommend the appropriate allocation of resources, and we can then decide the priorities for implementing the recommendations. The CoP also needs to regularly report the work progress to the Legislative Council for monitoring the progress. In addition, the Government should review the tax system, and make early plans to make public finances healthy. Hence, I will

support the amendments of Mr Michael TIEN and Mr Kenneth LEUNG, and I also hope that the CoP would commence work as soon as possible.

Thank you, President.

MR TANG KA-PIU (in Cantonese): President, in discussing the poverty problems, we feel most uncomfortable when we talk about some residents in the old districts who have not been allocated public housing or are living in deplorable environments because they cannot apply for public housing. It can be said that the poverty and housing issues of Hong Kong people are inter-related problems.

The Government announced the establishment of the Commission on Poverty (CoP) a few days ago, but I am disappointed to find that its members do not include the representatives of the Transport and Housing Bureau and the Development Bureau. Although their boss, Mrs Carrie LAM, is Chairman of the Commission, I believe the poverty problems in Hong Kong cannot be handled by Secretary Matthew CHEUNG alone, and the departments under him cannot respond to the problem. The Labour Department and the Social Welfare Department cannot directly help to solve some poverty problems and these problems have definitely not been caused by their unsatisfactory services.

Having made the above comments, I would like to share my experience in serving Tung Chung, which is a very interesting place. A number of Honourable colleagues have just mentioned the methods adopted in many foreign countries, and they have stated that the methods previously adopted in Hong Kong do not work, or they have provided certain data. I am going to share my experience today.

Tung Chung is a very interesting place. Quite a few academics criticized in the past that there were problems with the planning of new towns. First, there is a lack of employment opportunities, and Tin Shui Wai is a case in point. Concerning Tung Chung, Secretary Matthew CHEUNG specifically stated last Monday at the meeting of the Subcommittee on Poverty set up under the House Committee that the poverty problem in Tung Chung was a cause for concern and it had not been alleviated. Earlier, the Hong Kong Council of Social Service

also announced that the poverty problem in the Island Districts including Tung Chung warranted attention as it was most serious among the 18 districts.

The problems may be caused by the failure to improve some indicators or the wide disparity between the rich and the poor in the community. If we take a closer look, we will find that Tung Chung is different from Tin Shui Wai. There is an airport in Tung Chung; the residents there can find a job very quickly if they do not mind about the types of work. A public housing resident aged over 60 can find a job at the airport with a monthly salary of \$8,000, which sounds not bad at all. Why does Tung Chung still have serious poverty problems? We often say that poverty is directly caused by unemployment; I definitely agree but I do not think that poverty will disappear if there is employment. Those from the trade unions will certainly say that we have the working poverty problem. I would also like to point out that, regional planning is also a very serious problem that will lead to poverty. No matter how many services and programmes we will provide in the future, we may not be able to solve these problems.

Currently, Tung Chung has a relatively small population of about 90 000, and around 60% of the residents are grass-roots people living in public housing. The total number of poor people is not really large as that of Tin Shui Wai. However, the problems of poverty and wealth disparity in Tung Chung are pressing. The developments in the district are all owned by large consortia, for example, we have the Citygate of Swire Pacific and the two shopping centres and markets of The Link. I know that Mr LEUNG Kwok-hung will move a motion on "Buying back the shares of The Link" next week. The Hong Kong Federation of Trade Unions (FTU) supports this motion because The Link has created a lot of problems. First, high prices; second, the general public have difficulties in finding employment and starting business. Many grass-roots people may have previous experiences in starting business in the urban areas but The Link does not allow them to rent the shops in the shopping centres for some reasons such as inconsistent within the layout of the shopping centre. At present, the rent for a 180 sq ft shop in a market ranges from \$49,000 to \$52,000; as fleece comes from sheep, the expensive rents will have to be borne by members of the public.

As time passes, a vicious cycle will be formed and nobody will be willing to run business there. Or, members of the public — the best measure is the concessionary fare of \$2 per trip as the elderly can go to the market in Tsuen Wan

every day. These monopolies and regional planning issues not only lead to high prices; more importantly, but also affect the opportunities for starting business.

As we have noticed, there is no area for business development in Tung Chung, Tin Shui Wai, Ma On Shan and Tseung Kwan O. We are now trying to help a group of itinerant hawkers operating at night. Their target customers are workers at the airport who finish work between 10 pm to 2 am, that is, the peak period during which these workers get off work. These itinerant hawkers are hawking at the entrance to the Yat Tung Estate, and workers who want to eat something cheap to fill their stomach after work can buy from these hawkers. These hawkers want to support themselves but some of them have been arrested. Some staff members of the Food and Environmental Hygiene Department hire or use the vacant units of the Housing Department, and set up cameras with very powerful telelens there, taking photos of the hawking process before arresting these hawkers. They are unable to clear themselves because there are concrete evidences. Why should these hawkers be driven into a blind alley? While regional planning fails to meet such needs and shops have not taken the initiative to operate at night, these hawkers are ready to meet these needs. Yet, the Government is nipping their business in the bud. This is an issue about creating wealth, and the biggest problem is that Hong Kong does not have the ability to create wealth at present.

The same happens to regional planning and there are some fare-related problems. As some young people and some school principals have told me, the schools want to invite or recruit some instructors to teach children in Tung Chung, for example, they want to find a few basketball coaches, but nobody is willing to travel there to teach and train these children because the journey is long and the fares are expensive. So, there are problems in respect of development; we cannot simply solve the housing problem through the construction of buildings, and we must take development into consideration. Currently, the layout of the new towns provides little opportunities for development. I hope that Secretary Matthew CHEUNG is not the only person who has heard my remarks; I also hope that the Secretary for Development and the Secretary for Transport and Housing have heard my remarks as well. Thank you.

DR HELENA WONG (in Cantonese): President, we are expressing our concern about the poverty problems today. Some measures taken by the Government in

recent years, including legislating on the minimum wage which had been approved by this Council, may help lower the poverty rate. However, we have still noticed that there are more serious poverty problems for some groups in our population.

First of all, we have discussed the problem of elderly poverty many times but the problems are still very serious, especially the problems concerning the elderly aged 65 or above, which need closer attention. As we have already discussed a lot about the Old Age Living Allowance, I would focus on discussing the problem of women poverty today.

We notice that there was a gap between the poverty rate of women and men in 2011. Let us take a look at this chart; the red line shows the poverty rate of women while the blue line shows the poverty rate of men. Although the poverty alleviation policies in recent years caused a slight decline of about 1% in the poverty rates of men and women, the poverty rate of women is still higher than that of men. For this reason, women poverty is more serious than men poverty; and it is necessary for the Government to adopt a gender perspective in relation to the poverty eradication and poverty alleviation measures in the coming year. Women poverty rate in 2011 was 17.5% while men poverty rate was 16.6%. In other words, 608 000 women and 542 000 men were poor, and there was a gender gap.

The phenomenon of working poverty among women especially attracts our attention. We find that the problem of working poverty among women is still more serious than that of men. The latest statistics from the Hong Kong Council of Social Service (HKCSS) also showed such a phenomenon: there was a higher ratio of women than men in Hong Kong who were low-income workers. Among all full-time workers in 2010, there were 7.3% low-income female workers and 3.3% low-income male workers; the rate for women was 7.3% and the rate for men was 3.3%. These are full-time workers in the low-income group. In other words, the rate for women was more than double the rate for men.

President, in connection with poverty alleviation measures, I hope Members and government officials can pay special attention to the needs of the elderly while taking care of the phenomenon of women in poverty from a gender perspective.

President, can the existing policy have a gender vision? Some have asked what factors have contributed to the phenomenon of women in poverty. Some people put the blame on the transformation of the whole economy in the past 30 years because Hong Kong has entered a non-industrial age, and a large number of low-skilled female workers such as garment workers who were originally members of the manufacturing industry failed to cope with the transformation; thus, it was very difficult for them to find other jobs in the market.

How can we help these women through retraining? After many female trainees have completed retraining courses, they have continued to take up jobs paying very low incomes, for example, they are working as domestic helpers or cleaners. Even if they work full-time, they may only earn about \$5,000 each month. Therefore, they still live in poverty even if they work full-time. Single mothers also need special attention because they cannot work full-time as they need to look after their children. How can we help this group of women? Moreover, some women have left the workplace for a certain period of time after they have given birth to children. They will be regarded as a bit too old when they want to re-join the labour market because the services sector only wants to hire younger and better-looking workers. We do not have any laws against age discrimination though many women groups have been asking for such laws over the years. We have discussed earlier about the discrimination against sexual orientation, should the Government consider legislating on age discrimination? It is because some middle-aged women have difficulties finding jobs in the job market.

Furthermore, we need to pay special attention to another group of women. They are new immigrant women or women who have just arrived Hong Kong. Recently, we often come into contact with these women when we work in such districts as Sham Shui Po and Cheung Sha Wan. They complain that they want to find jobs but they have encountered a lot of difficulties. They cannot find cheap child care facilities that would let them feel assured, and they cannot afford to hire foreign domestic helpers to help them take care of their children; thus, they are forced to stay home to take care of their children. As they cannot move into public housing for the time being, the male householder has to support the whole family and he has to pay high rents.

President, insofar as poverty alleviation measures are concerned, I hope the Government would seriously consider giving full consideration to a gender

perspective in respect of housing, food assistance, child care facilities, full-day kindergarten, creating jobs for women and providing them with retraining. Thank you, President.

MR LEUNG KWOK-HUNG (in Cantonese): President, just now, I heard a number of colleagues referring to the experiences of Greece and other European countries when they gave their speeches. According to them, the reason for these economies to plunge into difficulties is that they have provided far too many welfare benefits. However, this claim is not true. The true picture is that since the advent of globalization 20 years ago, the governments of these countries have been sidetracked from their original duties; even their central banks have engaged in speculation. This is the first point. Secondly, these countries had cut their public organizations through complete privatization as advised by the World Trade Organization. Many public assets had then flowed into the market, followed by the mass printing of money which facilitated the rich to acquire all those assets. Similar to the case in Hong Kong, nothing was left after that.

When facing these ignorant colleagues, I really hope that, some day, I can ask them if they have ever read the economic history. Social welfare systems were developed after the wars and disrupted by the globalization of capitalism. Capitalism is deceitful. For example, some less advanced countries, such as Greece, were paid to join the eurozone for the purpose of trade expansion. Their markets are now completely open, just like Hong Kong. However, after they have joined the eurozone, they are forced to cut their social welfare and education expenses. Their membership of the eurozone has also caused them to sell many of their assets as they are affected by the serious inflation in other countries. On the other hand, the rich people of these countries may have taken advantage of the prevailing low interest rate environment to borrow money for trading and other speculation activities all over the world. These speculation activities have ruined local industries and missed opportunities for accommodating more workforces or developing new industries.

Guys, if you were right, the problem would have been solved long ago. We could simply follow your advice in administration or continued with our low tax regime to fix the problem. Just think: Why were the economies of European countries and the United States so weak when they adopted the low tax regime in the past? You are simply too ignorant! And you have made me mad,

especially when I heard one of you pronounced "賑濟(zan3 zai3)" (giving relief) as "醬製(zoeng3 zai3)" (making soya sauce from fermented mashed beans). President, certainly, you would not correct him as he is your "friend". Was he trying to say "賑濟(zan3 zai3)"? Yet, he is not completely wrong. Right now, we, Hong Kong people, are just like beans being put into a soya sauce vat for fermentation, as described by that Member. We are not giving relief, but are being fermented like beans. Buddy, we are like beans in a soya sauce vat.

The first chapter of *Capital* by Karl MARX is about the Fetishism of Commodities. He said that the relation between commodities is in fact the relation between people. On the surface, it seems fair for you to obtain commodities or money (the symbol of commodities) with interest, profit, rent or wage. If you have a job, you will get wage. However, your employer may say that the market wage rate of \$28 is too high for you. Let us consider the relations among all these things in Hong Kong. First, interest which includes dividends. In the case of The Link, it has bought out all our assets and then pays dividends to other people. As for profits, property developers and other businessmen have all reaped handsome profits. Government rents are included as profits. Property prices are high, so are rentals, the saddest point is that wages have failed to catch up. Under this situation, people who profit from the three commodities mentioned above are "eating up" wage earners.

These three groups of people include developers, large consortia which monopolize the market, big capitalists, international profiteers and shareholders. They are "eating up" wage earners. This is the relations between people in a society. Hong Kong is no different. Whenever there is a request for a 1% increase in tax, some will declare that it kills. Buddy, should you behave like that! Have you not made a big profit? Do consortia have record-high profits year after year? Isn't the Gini Coefficient of Hong Kong also on the rise year after year? While you say we must alleviate poverty, you object to any tax increase. Without any tax increase, the "cake" is still that big. The persons who suffer will either be the elderly or the women; if we do not want women to suffer, young children will suffer; if resources for education will not be reduced, resources for healthcare will be reduced; if resources for healthcare will not be affected, resources for education or transportation will be affected. Is that right?

Do you know what you are talking about? Firstly, we have got a reserve of \$2.4 trillion, which is actually the hard-earned money of all Hong Kong people. This sum of \$2.4 trillion does not belong to the rich, does it? When there is such a huge sum of \$2.4 trillion in Hong Kong, one tenth of it (or \$240 billion) will be enough for helping the poor for a long time. At present, it seems that any new schemes (such as allocating \$50 billion for the introduction of the universal retirement protection scheme) or a tax increase of 1% can "kill". Otherwise, why do we have to argue with LEUNG Chun-ying about the asset declaration by elders aged above 70? Why do we have to argue about other welfare reforms?

Members, you are now cursing social reform, cursing the poor who wish to seek happiness, and cursing people who strive for some improvement as they think wealth and resources are unevenly distributed in our society. You are even threatening us. Buddy, go and check the financial accounts of those countries at risk of bankruptcy. Is their bankruptcy really caused by the over provision of welfare benefits? Or is it caused by their capitalists speculating in New York instead of promoting their country's economy?

At first, I want to speak on this motion. However, I am outraged by some of your speeches. You are already very rich, but you still want to be richer. Though you are already so rich, you are afraid of a tax increase when the Government with a reserve of \$2.4 trillion wants to introduce some changes. You are so rich that you insist on the pegging of Hong Kong dollars, so that we have to follow the policy of the United States and lend money to you at zero interest rate for your speculative activities. Our money has been losing value against Renminbi, and we are in fact setting a trap for ourselves.

President, this society is a piece of shit as shits are in power. This Government is just like what is in this picture — shit! It robs the poor and helps the rich. It takes from the poor and gives to the rich.

President, I hope that you act fairly in future when you correct our pronunciations. You cannot just correct (糾正)⁸ me without correcting "your friends".

⁸ The Chinese term for the word "correct" is "糾正". It should be pronounced as "gau2 zing3" but Mr LEUNG Kwok-hung mispronounced it as "dau2 zing3".

PRESIDENT (in Cantonese): The character "糾" should be pronounced as "gau2".

MR LEUNG KWOK-HUNG (in Cantonese): Fine, "gau2 zing3".

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

MR LEE CHEUK-YAN (in Cantonese): President, LEUNG Chun-ying's Government often claims that poverty is the most important issue in people's livelihood. I am not sure if this claim still holds as he has already set up the Commission on Poverty. However we still do not know what specific measures will be introduced. We are very disappointed and dissatisfied that LEUNG Chun-ying's Government insists on introducing a vetting system to the Old Age Living Allowance. We doubt whether he is sincere in solving the problem of elderly poverty and other structural problems facing Hong Kong. In our view, giving out \$2,200 cannot solve the problem.

However, I am not going to talk about poverty alleviation today. Instead, I would like to bring out an idea, that is: it will be futile for us to simply discuss poverty alleviation without giving regard to the wealth gap problem. We cannot simply say that we want to build a conscience society which takes care of the disadvantaged; we must, at the same time, consider the problems of economic injustice and unfair distribution of wealth. If these problems cannot be solved, poverty alleviation will just be empty talk. How can we alleviate poverty? There is no way to alleviate poverty if resources are not redistributed. How should the resources be redistributed then? It must start from public expenses. Then, what should we do with public expenses? There should be a redistribution of wealth, and the resources so required should come from the tax regime. Therefore, conceptually speaking, our top priority should be addressing the problems of wealth disparity and the uneven distribution of wealth.

On the other hand, addressing the uneven distribution of resources can bring real harmony to the community. Real social harmony can only be attained with the narrowing of the wealth gap. In a community, if only the rich are awarded as they have the capital for speculation which brings them fat profits in a

society that practices "casino capitalism", and the hardworking people cannot make ends meet and support their families, the community will definitely be full of grievances, disharmony and public resentment. Therefore, conceptual wise, I think we must first tackle the problem of uneven distribution of resources.

What is the starting point for tackling the uneven distribution of resources? I would like to highlight the issue of working poverty. As we all know, Oxfam has just released a report, giving us a clear figure of the population of working poor in Hong Kong between 2003 and 2011. This population has increased from 608 900 in 2003 to the latest 658 000, showing an increasing trend. Moreover, the poverty rate indicates that one in every six Hong Kong people is living in poverty, which is quite a great proportion. Therefore, solving the problem of working poverty is not simply helping wage earners. As a matter of fact, we are easing their difficulty in supporting their parents and children, and tackling the problem of child poverty as well.

In view of this, if we start from the problem of working poverty, we can indeed help many hard-pressed working families. From the Oxfam's report, it is clear that if we compare them with families living on the Comprehensive Social Security Assistance (CSSA), their income is very often lower than the CSSA payments. Because of the negative label for CSSA recipients, they prefer to work hard than living on CSSA; however, they in turn suffer greater hardship than CSSA recipients. Is it fair? Of course not. Just because they do not want to be labelled or they have meager savings — CSSA recipients are not allowed to have any savings — they have to live in poverty, failing to support their families and struggling for survival. Let me remind you once again, the number of the working poor is not small at all. At present, there are 658 000 working people living in poverty.

Surely, you will ask me about the definition of working poverty. According to the international standard, the line is drawn at 50% of the median income. How can we solve the problem of having a large population of working poor? The introduction of minimum wage can help a bit as workers have enjoyed a pay rise under the regime. However, it cannot solve another problem, that is, the minimum wage earned by one person cannot support a family of three or four. Based on the rate of \$33 which we proposed previously or the rate of \$35 which we propose now, a person who works eight hours a day can only

support a family of two if he only receives the minimum wage. In order to support a family of four, two people in the same family will have to go out and work. If the minimum wage can be increased slightly, two workers can just manage to support a family of four members. If the minimum wage is not increased, it will not be possible to support a family of four. However, even if the minimum wage is increased, it is still impossible for a worker to support a family of three.

Therefore, according to the concept that is accepted worldwide, minimum wage can solve part of the problem, and it should be supplemented by a provision of "low income living allowance". In some places, this allowance is known as "negative income tax" or "Earned Income Tax Credit" (EITC). A line is drawn, while people with an income above the line will have to pay tax, those with an income below the line will receive government allowance. As early as a decade ago, we had already proposed to the then Financial Secretary that the Government should introduce a "low income living allowance". Yet, as the minimum wage was not implemented at that time, the Government worried that this allowance might instead benefit employers since they might suppress the wages excessively and use government allowance to make up for the shortfall. Given that the minimum wage is already in place to give the basic protection and avoid excessively low wages, the Government should now draw a line for the provision of "low income living allowance", and determine the amount of allowance to make up for the shortfall. With this allowance, workers can support their family; a worker can support a family of three.

Of course, there is another important starting point, that is, to tap on the labour force of women. Right now, many employers complain the difficulties in recruitment. The Secretary also said the other day that many industries also have this problem. In this regard, the best solution is to make use of the labour force of women, so that women can go out to work. As we all know, the only hurdle for women to join the labour market is that they have to take care of their children. Whether their children are in primary or secondary school, they always have to return home on time. Therefore, the most important thing is to ensure that they only have to work eight hours a day. Next, child care services must be improved. I really hope that the Secretary can improve the after-school care services as the existing places are very limited. In addition, I am very unhappy with the fact that home-based child carers are not protected by the minimum wage. I have spoken on this issue for a few times and I am not going

to talk about it today. However, if the problems concerning child care can be solved, many people can then enter the job market and help solve the problem of working poverty. *(The buzzer sounded)* President, I hope that the Secretary can solve

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

MR LEE CHEUK-YAN (in Cantonese): the problems concerning child care.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): Miss CHAN Yuen-han, you may now speak on the 11 amendments. The speaking time limit is five minutes.

MISS CHAN YUEN-HAN (in Cantonese): President, I have mixed feelings, and it worries me that this motion may not be passed tonight. Today, we are dealing with the problem of wealth disparity, an issue which is so important that it concerns more than one million poor people. It seems that we all agree that this issue must be tackled, this is the consensus we have fostered. Yet, if you want this motion to get passed but you are going to vote against it, it is better for you to leave the Chamber, so that the motion can be passed.

I have counted the votes for this motion. There should be enough votes for its passage if some Members leave the Chamber before voting. Perhaps, some may say, "CHAN Yuen-han, you are going too far. It is the duty of Members to vote." If this is what you think, let me lobby you for your support. I would like to convince, say, Dr LAM Tai-fai, who is in the Chamber now. He said that there was no problem, and if we made a change to levy tax on "exorbitant profit", he would support us. To me, whether the tax is called "huge profit tax" or "exorbitant profit tax" is just a matter of names. If you feel better

to call it "exorbitant profit tax ", then do so and give me your support. If you still do not feel at ease, please leave. President, I may have infringed your power, but I am just kidding.

Also, as suggested by Mr Jeffrey LAM

PRESIDENT (in Cantonese): Miss CHAN, this five minutes is for you to speak on the amendments.

MISS CHAN YUEN-HAN (in Cantonese): Fine. President, regarding the amendments, they are indeed divided into two groups. Some Members have put in new points to my motion. For those colleagues who have all along showed great concern for the grassroots and the poor, I accept their addition of some points to my motion. For instance, Mr Albert CHAN has suggested "disbursing money". After careful consideration, we find it difficult to support this amendment as we prefer long-term policies to a one-off "handout" so as to genuinely solve the poverty problem this time. However, we will not object to this amendment, just like what I have said before.

As for my friends from the business sector, such as Mr Michael TIEN and Mr James TIEN Mr Michael TIEN may have some first hand experience as he had once lived in a poor district and taken up an offensive job. However, he is still hesitant about the tax regime. I have emphasized repeatedly that I simply suggest "exploring" and the word "exploring" can be revised until they find it acceptable. When we explore the introduction of a progressive profits tax system and a capital gains tax, we may observe how well the general public receive this suggestion. Also, I would like to assure my friends from the business sector that our suggestion will not affect small and medium enterprises (SMEs). As a matter of fact, the biggest problems facing SMEs are monopolization by large consortia, real estate hegemony and high rents.

Frankly speaking, I really hope that both Mr Michael TIEN and Mr James TIEN can have a broader perspective. According to Mr James TIEN, he agreed that owing to our huge reserve, the Government should allocate funds to help the poor and introduce some long-term policies. However, I hope that he will not

simply shut the door whenever tax regime is mentioned. If he insists on taking this attitude, it will be difficult to proceed.

Furthermore, I want to point out, some colleagues are quite open to certain issues of common concern, however, once the issue of tax issue is mentioned, they get frightened, fearing that we will ruin Hong Kong. I cannot remember whether Mr Charles Peter MOK is one of the 11 movers of amendments. No, it seems that he is not one of them; but the Member sitting next to him, the representative of the professional sector, has proposed an amendment. They need not worry, and there is no need for them to cite various Financial Secretaries as examples. The present situation is completely different from that of the past. The market is now seriously distorted and monopolized by large consortia which have taken advantage of the loopholes in the tax regime. Why cannot we think about reforming the tax regime? Why just consider the sales tax? As vertical equity is the most important taxation principle, why do we not accept a tax on assets or capital gains? Why do we not take these perspectives?

I hope that professionals can make just and reasonable proposals which are fair to all parties as they do in handling other matters. Do not get frightened whenever we propose reforming the tax regime and yet pretend to give professional views. Mr MOK and Mr LEUNG, the Hong Kong Federation of Trade Unions indeed welcomes a debate with you. I hope I can convince professionals to face up to the problems regarding our tax regime. I do not think we are messing up the simple tax regime of Hong Kong. If we are too rigid and refuse to have any changes, our society will not make any progress.

Thank you, President.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): President, I would like to thank Miss CHAN Yuen-han once again for moving this motion on "Alleviating poverty" today, and I would also like to thank 39 Members for making their valuable and constructive comments and proposals just now. As the motion for debate today and the amendments are related to the work of a number of Policy Bureaux, I am going to briefly give a focused response.

A number of Members have asked the Commission on Poverty (CoP) to report its work progress to the Legislative Council, and the Subcommittee on

Poverty Alleviation has been established under the House Committee of the Legislative Council. The Government agrees that it is important to maintain communication with the Legislative Council and we will openly and actively have interaction and exchanges with Members.

All Members are concerned about setting a poverty line, including when and how it can be set. I wish to stress that setting a poverty line is an important task for the CoP. As I have just said, this demonstrated our political courage and commitment. I also know that the Subcommittee on Poverty Alleviation of the Legislative Council is going to listen to delegations' views on the poverty line at its next meeting to be held on 11 December, and my colleagues and I will attend the meeting to listen to their views. The CoP will suitably set a poverty line at an appropriate time, as it will serve as a tool for assessing the poverty situation in Hong Kong and evaluating the effectiveness of poverty alleviation policies.

Quite a few Members proposed that the Government should review or adjust the Comprehensive Social Security Assistance (CSSA) Scheme. There is a task force on social security and retirement protection under the CoP, chaired by the Chief Secretary for Administration, and I am the Deputy Chairman. As its name suggests, this Task Force has one major task to review the social security system, certainly including the CSSA system. I believe Members will appreciate that many complex issues are involved, and we need time to discuss and deal with these issues. In the meantime, we will continue to adjust annually the CSSA standard rate and the rent allowance under the existing mechanism.

A Member has asked for the abolition of the system of "declaration of not providing support to parents" and applications "on a household basis". I would like to take this opportunity to restate and explain again that the CSSA means test on a household basis is based upon values generally shared by members of the community; that is, there should be mutual support among family members and family members with financial capacity have the responsibilities to take care of family members without financial capacity. If CSSA applicants have financial support from family members, they basically do not need to rely solely on CSSA. In that case, CSSA seeks to make up for the insufficient amounts. So, when elderly people apply for CSSA as independent applicants, the Social Welfare Department (SWD) will require their children to make simple statements. They are not asked to prove that they will "not provide support to their parents" but to

truthfully declare if they have given their parents financial support. This arrangement of the SWD is based on actual needs; otherwise, it will be difficult to determine the applicants' financial position and calculate the CSSA payments.

Members have proposed some new measures such as living allowance and negative income tax. Since these proposals have long-term effects on public finance and involve many complex problems, they must be handled very carefully. I believe Members have noticed that the terms of reference of the CoP are fairly extensive, such as reviewing existing policies and formulating new policies to achieve the objectives of preventing and alleviating poverty and social exclusion, promoting social mobility as well as providing an appropriate safety net to better help the disadvantaged overcome material deprivation and improve livelihood.

As regards the elderly, the Government shares Members' concern for their well-being, especially in the course of Hong Kong's development towards an ageing society. The Social Security and Retirement Protection Task Force under the CoP will have discussions about retirement protection. As I have recently explained, the income and asset requirements for the Old Age Living Allowance are on a par with the current requirements for the Old Age Allowance recipients aged from 65 to 69. I am not going to repeat the justifications and financial impacts.

Under the "Guangdong Scheme", eligible elderly people in Hong Kong who have chosen to move to Guangdong are not required to return to Hong Kong each year and they can also receive old age allowance for a full year. There are four unique reasons why the Scheme is implemented in Guangdong but not in other places. First, most of the elderly Hong Kong people who settled in the Mainland are living in the Guangdong Province. And, there are special and close relationships between Guangdong and Hong Kong in the geographic, economic and social aspects. Coupled with the Framework Agreement on Hong Kong/Guangdong Co-operation and the completion of a number of large-scale transport infrastructures, it will be more convenient to travel between the two places in the future, and there will be further integration. Lastly, even if elderly people have moved to Guangdong, they can still maintain close contacts with their friends and relatives in Hong Kong and they can easily get family support.

At this stage, we believe that only the Guangdong Province has these unique conditions to facilitate the implementation of this Scheme. The SWD is going ahead with the preparatory work of the "Guangdong Scheme" and we hope that the Scheme can be implemented as early as possible in the second half of next year, so that tens of thousands of elderly Hong Kong people living in the Mainland and the Guangdong Province would be benefited early.

It is requested that the Government should extend the service scope of the subsidy for dental services for the elderly programme under the Community Care Fund (CCF) and relax its eligibility requirements. The CCF has earmarked \$100 million for eligible low-income elderly people who will receive assistance for dentures and other dental services. Applicants should have reached 60 years of age and they should not be CSSA recipients. The programme has just been formally launched on 24 September; the CCF will monitor the implementation of the programme, and review the effectiveness of the programme after having accumulated some operational experience.

Some Members are also gravely concerned about the care of people with disabilities. I would like to say that the Government is equally concerned about the needs of people with disabilities and the financial affordability of their family members. In particular, people with severe disabilities often need to buy expensive medical supplies, and it is especially difficult for their family members to take care of them.

There are higher standard rates for people with disabilities under the existing CSSA Scheme, and there are various grants and special allowances, including the services and allowances provided to support people with special care needs.

Besides, a CCF assistance programme was implemented in September to provide a monthly subsidy of \$2,000 for persons with severe disabilities aged below 60 from low-income families who are non-CSSA recipients and require constant attendance and live in the community, to relieve their heavy burden in terms of care costs. The SWD has recommended the continuation of the programme in the year 2012-2013 and suitably relaxing the eligibility criteria, to benefit more severely disabled persons. The Government is also actively studying how it can further subsidize the essential medical expenses of severely disabled persons through the CCF.

One Member has asked the Government to comprehensively strengthen the in-service training for the middle-aged and the employment training for young people, increase the number of retraining places, and raise the amounts of subsidies for continuing education. I would like to reply in brief.

First, pinpointing the employment needs of the middle-aged and young people, the Labour Department has implemented a number of special employment programmes, including the familiar Employment Programme for the Middle-aged and the Youth Pre-employment Training Programme and the Youth Work Experience and Training Scheme. These programmes provide economic incentives to encourage employers to hire the middle-aged and young people, and provide them with on-the-job training, so as to enhance employability.

In the year 2012-2013, 130 000 applicants will be offered places for the courses of the Employees Retraining Board (ERB), and there will also be 30 000 standby places. The take up rate of the ERB training places have increased by 33% from 87 000 in the year 2007-2008 to 116 000 in the year 2011-2012, which reflected that the Government has invested more resources in recent years and strived to strengthen the services.

The Continuing Education Fund (CEF) encourages local working people to pursue continuing education, in order to cope with the increasingly globalized and knowledge-based economic development. Eligible Hong Kong residents do not need to pass a means test and they will be reimbursed 80% of their fees, subject to a maximum sum of \$10,000 on successful completion of a reimbursable course. Information from the Office of the CEF shows that the fees for most courses are \$10,000 or less. We believe the \$10,000 reimbursement is sufficient to cover the fees of most courses of the CEF.

Furthermore, there are concerns about how to help CSSA or social security recipients return to the labour market. Actually, the Government is committed to assisting in the transition of CSSA recipients with working capacity from being assisted to being self-reliant. The Support for Self-reliance Scheme under the CSSA Scheme of the SWD aims at encouraging and assisting unemployed CSSA recipients secure full-time paid employment. There are the Integrated Employment Assistance Scheme for CSSA able-bodied unemployed recipients aged between 15 and 59, the Special Training and Enhancement Programme for young CSSA recipients aged between 15 and 29, and the New Dawn Project for

CSSA single parent recipients and other child carers with young children aged between 12 and 14. The SWD is integrating and rationalizing these employment assistance programmes. An integrated programme will be implemented in January next year, under which one-stop employment assistance services will be provided on a family basis according to their individual needs.

The upward adjustment of the monthly income limits under the Work Incentive Transport Subsidy (WITS) Scheme is also proposed. As we all remember, since March this year, the household income and asset limits under the asset limit has been raised by 11.7% to 17.1% by household size, benefiting more low-income working people. Moreover, the Government has accelerated an interim review and proposed optimizing the Scheme, to allow applicants to choose whether they will apply on their own, instead of as members of a household, depending on their circumstances, under the so-called double-track system. We will report our recommendations to the Panel on Manpower on 3 December, which will then be submitted to the Finance Committee for approval; and the new measures will be implemented after they have been approved.

It is also proposed to provide full level of assistance to all students who have passed the means test under the Student Travel Subsidy Scheme and reduce the burden of loan interest on students. I am going to give a brief response.

The subsidy amounts under the Student Travel Subsidy Scheme depend on the actual financial positions of the students' families, and there are full-rate and half-rate subsidies. Beginning from the 2011-2012 school year, the Government has significantly improved the income ceiling for full grant under the means test of mechanism of the Student Financial Assistance Agency (SFAA), so that more eligible students can receive full grant. After relaxing the mechanism, the number of secondary and primary students who received full grant increased from about 30% to 60%.

On the Student Finance Assistance Scheme, to alleviate the student loan repayment burden of student lenders, starting in the 2012-2013 school year, the Government has implemented a number of improvement measures under the Scheme, including the uniform extension of the standard repayment period to 15 years, as well as lowering the annual interest rate for the loans.

One of the Members has asked for the introduction of healthcare vouchers for children, and comprehensively strengthening child care and after-school care services. The Government has now provided school children with healthcare services in various areas. At this stage, the Food and Health Bureau does not have plans to introduce healthcare vouchers for school children.

As for child care and after-school care services, the SWD has been providing a wide range of child care services and after-school care services through subvented organizations. We know very well that, to strengthen child care services, we regularized the Neighbourhood Support Child Care Project in October last year, and extended the coverage to all the 18 districts in Hong Kong, so that more needy families can be benefited. The Project provides parents with more flexible child care services, while promoting mutual assistance and care in the neighbourhood.

The SWD has always provided service fee exemptions or reductions to low-income families. At present, there are remaining quotas for various child care services and fee remission schemes. The SWD will continue to closely monitor the use of child care services in various districts, to ensure that various day child care services can meet the needs of the community.

It is proposed that the Government should build more public rental housing (PRH) flats. Under the latest Public Housing Construction Programme of the Hong Kong Housing Authority, an average of about 15 000 PRH flats will be produced during the period from the year 2012-2013 to the year 2016-2017. However, the production of 15 000 PRH flats each year is not a rigid target. If it can find enough land, the Government will adjust the amount of PRH flats to be produced and increase the supply, in order to maintain the average waiting time at about three years.

In formulating the long-term housing strategy, the Government will assess in detail the overall demand for PRH flats and the supply, including the number of new PRH flats required, and it may also examine the waiting mechanism.

The re-introduction of rent control is also proposed. The Government currently has no plans to restore the previous rent control, but we are concerned

about the rising rents recently. Any proposals about rent control must be considered very carefully, and we need to balance the interests of landlords and tenants, to ensure that the implementation of rent control will not cause side effects or become counter-productive, while the rental market can have robust development.

Several Members think that we should promote the regional economy, to create more employment opportunities to benefit the grassroots. The Government's aim in promoting local economic development is to stimulate local consumption, enhance social vitality, publicize regional characteristics, and create employment opportunities. In regard to promoting local economic development, the Government will provide appropriate assistance and promote regional characteristics, as well as encourage the private sector to participate in the investment in and operation of projects promoting the local community economy.

As to promoting the development of social enterprises (SEs), since the introduction of the Enhancing Self-Reliance Through District Partnership Programme of the Home Affairs Department (HAD) in 2006, funding of about \$150 million has been approved to subsidize the establishment of around 140 SEs and approximately 2 300 jobs have been created.

Through the media, the HAD vigorously promotes SEs to the public, to increase the public's understanding of SEs and encourage socially responsible consumption. To strengthen the business operation abilities of SEs, the HAD implements the Social Enterprise Mentorship Scheme under the Enhancing Self-Reliance Through District Partnership Programme to assist in the growth of SEs. The social enterprises will be assigned voluntary mentors from the business or professional sectors that would provide free consultant services on business operation, to help enhance the competitiveness of their business. It is worth noting that the Social Innovation and Entrepreneurship Development Fund Task Force of the CoP will also focus on the work.

There are also concerns about the support for ethnic minorities. A number of government departments have been providing different services and programmes for ethnic minorities, to meet their actual needs.

As to the recruitment of ethnic minorities as civil servants, the authorities have always appointed civil servants according to the principles of open and fair

competition, and ethnic background will not be a factor affecting the result. Many departments have operational needs requiring the recruitment of ethnic minorities. For example, to strengthen communication with ethnic minority communities, the police appointed ethnic minorities as community liaison assistants in five police districts in 2010, and the programme extended to cover 13 police districts in 2011.

In addition, in the recruitment process of Assistant Officer II of the Hong Kong Correctional Services Department, panel interviews have replaced Chinese writing tests since last year, and from 1 May last year onwards, those proficient in foreign languages will get extra scores in the police constable recruitment process.

President, Members have put forward different methods to increase government revenue and meet the new expenditures on poverty alleviation. These proposals include: broadening the tax base, the introduction of a capital gains tax, a progressive profits tax, and setting aside a portion of the Exchange Fund. All these proposals have far-reaching effects and have taken many factors into consideration.

In fact, the CoP will analyse the causes of the poverty problem in Hong Kong, care about the disadvantaged groups and provide more appropriate assistance. Apart from poverty alleviation, the CoP will be forward-looking, and it will examine how to prevent poverty, prevent and alleviate social exclusion, promote social mobility, strengthen community inclusion, as well as assist in promoting the development of our society. The terms of reference of the CoP are familiar to you all and as I have mentioned time and again, which includes co-ordinating and monitoring the implementation of poverty alleviation policies, and assessing the effectiveness of the CCF, the Social Innovation and Entrepreneurship Development Fund and other subsidies with funding provided by the Government, with a view to achieving more effective use.

President, poverty alleviation is an issue of concern to various sectors of the community, and an issue accorded priority by the current-term Government in administration. We will actively and pragmatically deal with the problem of poverty, and we look forward to the co-operation between the Government, the business sector and community organizations. As I mentioned in the speech

earlier, we will surely have more interaction and exchanges with Members, so as to do a solid job in poverty alleviation for the benefit of the community.

These are my remarks, President.

PRESIDENT (in Cantonese): Mr Frederick FUNG, you may move your amendment.

MR FREDERICK FUNG (in Cantonese): President, I move that Miss CHAN Yuen-han's motion be amended.

Mr Frederick FUNG moved the following amendment: (Translation)

"To add ", the seriously lopsided social and economic policies in the past have led to the worsening of the disparity between the rich and the poor, continuous increase in the population in poverty and aggravation of class conflicts in society;" after "That"; to delete "for reflecting the disparity between the rich and the poor in Hong Kong; the" after "household incomes" and substitute with ", and the latest"; to add "while" after "effectiveness in the past;"; to delete "but" after "situation in Hong Kong,"; to add "must formulate comprehensive and long-term policies to allocate social resources and wealth effectively and narrow the gap between the rich and the poor, and" after "the authorities"; to add ", and set up an evaluation mechanism to examine the possible impact of all policies and measures of the Government on the disparity between the rich and the poor before their introduction" after "open criteria"; to add "('CSSA')" after "Comprehensive Social Security Assistance"; to add ", and introduce the concept of a second safety net on top of the CSSA system" after "rent allowance, etc."; and to add "improve the economic structure, develop a diversified economy, and" after "(e)"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Frederick FUNG to Miss CHAN Yuen-han's motion, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr Frederick FUNG rose to claim a division.

PRESIDENT (in Cantonese): Mr Frederick FUNG 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, Dr Joseph LEE, Mr WONG Ting-kwong, Ms Starry LEE, Dr LEUNG Ka-lau, Mr CHEUNG Kwok-che, Mr IP Kwok-him, Mr Steven HO, 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 and Mr TANG Ka-piu voted for the amendment.

Mr Vincent FANG, Dr LAM Tai-fai, Mr Frankie YICK, Mr MA Fung-kwok, Mr Martin LIAO, Mr CHUNG Kwok-pan and Mr Tony TSE voted against the amendment.

Dr LAU Wong-fat, Mr Abraham SHEK, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr CHAN Kin-por, Mr NG Leung-sing, Mr YIU Si-wing, Mr Christopher CHEUNG and Ir Dr LO Wai-kwok abstained.

Geographical Constituencies:

Mr LEE Cheuk-yan, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr TAM Yiu-chung, Mr WONG Kwok-hing, Mr Ronny TONG, Ms Cyd HO, Mr CHAN Hak-kan, Mr WONG Kwok-kin, Mr Paul TSE, Mr Alan LEONG, Mr LEUNG Kwok-hung, Mr Albert CHAN, Mr WONG Yuk-man, Ms Claudia MO, Mr WU Chi-wai, Mr Gary FAN, Mr CHAN Chi-chuen, Dr Kenneth CHAN, Mr LEUNG Che-cheung, Miss Alice MAK, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr SIN Chung-kai, Dr Helena WONG, Dr Elizabeth QUAT, Dr CHIANG Lai-wan and Mr Christopher CHUNG voted for the amendment.

Dr Priscilla LEUNG, Mrs Regina IP, Mr Michael TIEN and Mr James TIEN voted against the amendment.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 33 were present, 17 were in favour of the amendment, seven against it and nine abstained; while among the Members returned by geographical constituencies through direct elections, 34 were present, 29 were in favour of the amendment and four against it. 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 "Alleviating poverty" or any amendments 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 "Alleviating poverty" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

PRESIDENT (in Cantonese): Members have already been informed, as Mr Frederick FUNG's amendment has been passed, Mr Michael TIEN, Mr Frankie YICK, Mr Christopher CHEUNG and Mr Kenneth LEUNG have withdrawn their amendments.

PRESIDENT (in Cantonese): Dr Fernando CHEUNG, as Mr Frederick FUNG's amendment has been passed, you may now move your revised amendment and speak for up to three minutes to explain the revised terms in your amendment.

DR FERNANDO CHEUNG (in Cantonese): President, I move that Miss CHAN Yuen-han's motion as amended by Mr Frederick FUNG be further amended by my revised amendment.

President, I have kept the proposal of "providing members of the public with retirement, disability, death and unemployment protection in the form of social insurance" in my amendment. Fellow colleagues, please do not feel worry about my proposal. Social insurance is something better than the existing Comprehensive Social Security Assistance (CSSA) Scheme. Its operation is not solely supported by taxation but also by contribution, so that every member of the public can participate in and be benefited. If the protection is to be provided in the form of social insurance, many tasks presently carried out under the CSSA Scheme, such as the CSSA

PRESIDENT (in Cantonese): Dr CHEUNG, you should only explain the revised wording in your amendment and should not repeat what is said in the original amendment.

DR FERNANDO CHEUNG (in Cantonese): Yes, I understand. To put it simply, your support to my revised amendment will not have any significant implication to the resources allocation of the industrial and business sectors. Therefore, please be assured and continue to support me. *(Laughter)* Thank you, President.

Dr Fernando CHEUNG moved the following further amendment to the motion as amended by Mr Frederick FUNG: (Translation)

"To add "; and (f) expeditiously conduct studies and formulate proposals on providing members of the public with retirement, disability, death and unemployment protection in the form of social insurance" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Dr Fernando CHEUNG's amendment to Miss CHAN Yuen-han's motion as amended by Mr Frederick FUNG be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr IP Kwok-him rose to claim a division.

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

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

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

Functional Constituencies:

Mr Albert HO, Mr James TO, Mr Frederick FUNG, Dr Joseph LEE, Dr LEUNG Ka-lau, Mr CHEUNG Kwok-che, Mr Charles Peter MOK, Miss CHAN Yuen-han, Mr KWOK Wai-keung, Mr Dennis KWOK, Mr IP Kin-yuen, Mr POON Siu-ping and Mr TANG Ka-piu voted for the amendment.

Dr LAU Wong-fat, Mr Abraham SHEK, Mr Vincent FANG, Mr Jeffrey LAM, Mr Andrew LEUNG, Dr LAM Tai-fai, Mr NG Leung-sing, Mr Frankie YICK, Mr YIU Si-wing, Mr MA Fung-kiok, Mr Christopher CHEUNG, Mr Martin LIAO, Ir Dr LO Wai-kiok, Mr CHUNG Kwok-pan and Mr Tony TSE voted against the amendment.

Mr WONG Ting-kiok, Ms Starry LEE, Mr CHAN Kin-por, Mr IP Kwok-him, Mr Steven HO and Mr Kenneth LEUNG abstained.

Geographical Constituencies:

Mr LEE Cheuk-yan, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr WONG Kwok-hing, Mr Ronny TONG, Ms Cyd HO, Mr WONG Kwok-kin, Mr Alan LEONG, Mr LEUNG Kwok-hung, Mr Albert CHAN, Mr WONG Yuk-man, Ms Claudia MO, Mr WU Chi-wai, Mr Gary FAN, 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.

Dr Priscilla LEUNG, Mrs Regina IP, Mr Michael TIEN and Mr James TIEN voted against the amendment.

Mr CHAN Kam-lam, Mr TAM Yiu-chung, Mr CHAN Hak-kan, Mr Paul TSE, Mr LEUNG Che-cheung, 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, 34 were present, 13 were in favour of the amendment, 15 against it and six abstained; while among the Members returned by geographical constituencies through direct elections, 34 were present, 21 were in favour of the

amendment, four 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): Mr CHEUNG Kwok-che, as Mr Frederick FUNG's amendment has been passed, you may now move your revised amendment and speak up to three minutes to explain the revised terms in your amendment.

MR CHEUNG KWOK-CHE (in Cantonese): President, I move that Miss CHAN Yuen-han's motion as amended by Mr Frederick FUNG be further amended by my revised amendment.

President, my speech is indeed very simple. My three amendments include, firstly, "the upward adjustment of the monthly income limits under the Work Incentive Transport Subsidy Scheme". In fact, many people have talked about this point and this is only an extract. Secondly, exploring — bearing in mind that it is just "exploring" — the introduction of a negative income tax. Negative income tax is basically a proposal of Milton FRIEDMAN, so Members should be careful not to press the wrong button on hearing the term "tax regime". Thirdly, since the current absence of rent control has imposed a heavy burden on the grassroots, we should reinstate rent control to prevent landlords from increasing rents drastically and terminating tenancy agreements arbitrarily, so as to protect the rights and interests of grass-roots tenants. This issue has to be dealt with because many people have complained about the exorbitant rent.

I hope that Members who are concerned about people's livelihood will support my motion. Thank you, President.

Mr CHEUNG Kwok-che moved the following further amendment to the motion as amended by Mr Frederick FUNG: (Translation)

"To add "; (f) adjust upward the monthly income limits under the Work Incentive Transport Subsidy Scheme; (g) explore the introduction of negative income tax; and (h) since the current absence of rent control has imposed a heavy burden on the grassroots, reinstate rent control to prevent

landlords from increasing rents drastically and terminating tenancy agreements arbitrarily, so as to protect the rights and interests of grassroot tenants" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr CHEUNG Kwok-che's amendment to Miss CHAN Yuen-han's motion as amended by Mr Frederick FUNG 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 Andrew LEUNG rose to claim a division.

PRESIDENT (in Cantonese): Mr Andrew LEUNG 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 James TO, Mr Frederick FUNG, Dr Joseph LEE, Mr CHEUNG Kwok-che, 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 and Mr TANG Ka-piu voted for the amendment.

Dr LAU Wong-fat, Mr Abraham SHEK, Mr Vincent FANG, Mr Jeffrey LAM, Mr Andrew LEUNG, Dr LAM Tai-fai, Mr CHAN Kin-por, Mr Frankie YICK, Mr YIU Si-wing, Mr Christopher CHEUNG, Mr Martin LIAO, Ir Dr LO Wai-kwok, Mr CHUNG Kwok-pan and Mr Tony TSE voted against the amendment.

Mr WONG Ting-kwong, Ms Starry LEE, Dr LEUNG Ka-lau, Mr IP Kwok-him, Mr NG Leung-sing, Mr Steven HO and Mr MA Fung-kwok abstained.

Geographical Constituencies:

Mr LEE Cheuk-yan, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr WONG Kwok-hing, Mr Ronny TONG, Ms Cyd HO, Mr WONG Kwok-kin, Mr Alan LEONG, Mr LEUNG Kwok-hung, Mr Albert CHAN, Mr WONG Yuk-man, Ms Claudia MO, Mr WU Chi-wai, Mr Gary FAN, 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.

Dr Priscilla LEUNG, Mrs Regina IP, Mr Paul TSE, Mr Michael TIEN and Mr James TIEN voted against the amendment.

Mr CHAN Kam-lam, Mr TAM Yiu-chung, Mr CHAN Hak-kan, Mr LEUNG Che-cheung, 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, 34 were present, 13 were in favour of the amendment, 14 against it and seven abstained; while among the Members returned by geographical constituencies through direct elections, 34 were present, 21 were in favour of the amendment, five against it and seven abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Mr TAM Yiu-chung, as Mr Frederick FUNG's amendment has been passed, you may now move your revised amendment.

MR TAM YIU-CHUNG (in Cantonese): President, I move that Miss CHAN Yuen-han's motion as amended by Mr Frederick FUNG be further amended by my revised amendment. I believe Members should be familiar with the content of my amendment, and given that it is now late at night, I am not going to use the remaining three minutes' speaking time.

Mr TAM Yiu-chung moved the following further amendment to the motion as amended by Mr Frederick FUNG: (Translation)

"To add "; Employment assistance — (f) through the promotion of the local community economy and active support for social enterprises, etc., create more jobs suitable for grassroot workers; (g) comprehensively strengthen the in-service training for the middle-aged and the employment training for young people, increase the number of retraining places, and raise the amounts of subsidies for continuing education; (h) strengthen the assistance for ethnic minorities in securing employment and resolving their livelihood difficulties, including establishing additional community support service centres for ethnic minorities, reviewing the entry requirement in respect of Chinese language proficiency for civil service posts, and employing more ethnic minorities as civil servants; (i) comprehensively strengthen child care and after-school care services, and extend the scope of the plans subsidizing child care services, so as to enable parents of low-income families to go out to work without worries; Financial assistance — (j) improve the existing Old Age Allowance ('OAA') system, including abolishing the existing asset and income test

for application for Normal OAA, allowing elderly recipients of Disability Allowance to receive OAA at the same time, and expeditiously implementing the 'Guangdong Scheme' and extending it to Fujian Province; (k) extend the service scope of the subsidy for dental services for the elderly programme under the Community Care Fund and relax its eligibility requirements; (l) set up a 'subsidy system for carers of persons with disabilities', so as to mitigate the impact on the livelihood of carers due to their inability to go out to work; (m) introduce 'healthcare vouchers for children', so as to mitigate grassroot families' burden arising from their children's healthcare expenses; (n) provide full level of assistance to all students who have passed the means test under the Student Travel Subsidy Scheme; (o) reduce the burden of loan interest on students, set an interest rate ceiling for the Non-means Tested Loan Scheme at 2.5%, and replace the means-tested loans with interest-free loans; and (p) build more public rental housing flats and provide rent allowance to assist applicants on the Waiting List who meet the income and asset requirements" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr TAM Yiu-chung's amendment to Miss CHAN Yuen-han's motion as amended by Mr Frederick FUNG 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 James TIEN rose to claim a division.

PRESIDENT (in Cantonese): Mr James TIEN 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 James TO, Mr Frederick FUNG, Dr Joseph LEE, Mr WONG Ting-kwong, Ms Starry LEE, Dr LEUNG Ka-lau, Mr CHEUNG Kwok-che, Mr IP Kwok-him, Mr Steven HO, 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 and Mr TANG Ka-piu voted for the amendment.

Mr Vincent FANG, Dr LAM Tai-fai, Mr Frankie YICK, Mr Martin LIAO and Mr CHUNG Kwok-pan voted against the amendment.

Dr LAU Wong-fat, Mr Abraham SHEK, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr CHAN Kin-por, Mr NG Leung-sing, Mr YIU Si-wing, Mr MA Fung-kwok, Mr Christopher CHEUNG, Ir Dr LO Wai-kwok and Mr Tony TSE abstained.

Geographical Constituencies:

Mr LEE Cheuk-yan, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr TAM Yiu-chung, Mr WONG Kwok-hing, Mr Ronny TONG, Ms Cyd HO, Mr CHAN Hak-kan, Mr WONG Kwok-kin, Mr Paul TSE, Mr Alan LEONG, Mr LEUNG Kwok-hung, Mr Albert CHAN, Mr WONG Yuk-man, Ms Claudia MO, Mr WU Chi-wai, Mr Gary FAN, Mr CHAN Chi-chuen, Dr Kenneth CHAN, Mr LEUNG Che-cheung, Miss Alice MAK, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr SIN Chung-kai, Dr Helena WONG, Dr Elizabeth QUAT, Dr CHIANG Lai-wan and Mr Christopher CHUNG voted for the amendment.

Mrs Regina IP, Mr Michael TIEN and Mr James TIEN voted against the amendment.

Dr Priscilla LEUNG abstained.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 34 were present, 18 were in favour of the amendment, five against it and 11 abstained; while among the Members returned by geographical constituencies through direct elections, 34 were present, 29 were in favour of the amendment, three against it and one 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 Albert HO, as the amendments of Mr Frederick FUNG and Mr TAM Yiu-chung have been passed, you may now move your revised amendment.

MR ALBERT HO (in Cantonese): President, I move that Miss CHAN Yuen-han's motion as amended by Mr Frederick FUNG and Mr TAM Yiu-chung be further amended by my revised amendment.

Although the two amendments have been passed, there is not much impact on my amendment. Apart from the modification of some wordings, my amendment has two most important elements, that is, the introduction of negative income tax and the establishment of a universal retirement protection system.

These are the main points of my amendment and I ask for your support.

Mr Albert HO moved the following further amendment to the motion as amended by Mr Frederick FUNG and Mr TAM Yiu-chung: (Translation)

"To add "(q) formulate a comprehensive policy on poverty eradication; (r) conduct studies on implementing negative income tax in order to provide

subsidies to low-income people, so as to assist them in getting out of poverty; and (s) establish a comprehensive retirement protection system to ensure basic protection for the livelihood of the elderly, so as to improve the situation of elderly poverty" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr Albert HO's amendment to Miss CHAN Yuen-han's motion as amended by Mr Frederick FUNG and Mr TAM Yiu-chung 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 James TIEN rose to claim a division.

PRESIDENT (in Cantonese): Mr James TIEN has claimed a division. The division bell will ring for one minute.

MR IP KWOK-HIM (in Cantonese): I would like to clarify and ask Mr Albert HO whether he is talking about a "universal retirement protection system" or "comprehensive retirement protection".

PRESIDENT (in Cantonese): Mr Albert HO, do you wish to clarify?

MR ALBERT HO (in Cantonese): Let us take a look at the wordings, and the word "comprehensive" has been clearly stated.

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 James TO, Mr Frederick FUNG, Dr Joseph LEE, Mr WONG Ting-kwong, Ms Starry LEE, Mr CHAN Kin-por, Dr LEUNG Ka-lau, Mr CHEUNG Kwok-che, Mr IP Kwok-him, Mr Steven HO, 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 and Mr TANG Ka-piu voted for the amendment.

Dr LAU Wong-fat, Mr Abraham SHEK, Mr Vincent FANG, Mr Jeffrey LAM, Mr Andrew LEUNG, Dr LAM Tai-fai, Mr NG Leung-sing, Mr Frankie YICK, Mr YIU Si-wing, Mr Christopher CHEUNG, Mr Martin LIAO, Ir Dr LO Wai-kwok, Mr CHUNG Kwok-pan and Mr Tony TSE voted against the amendment.

Mr MA Fung-kwok abstained.

Geographical Constituencies:

Mr LEE Cheuk-yan, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr TAM Yiu-chung, Mr WONG Kwok-hing, Mr Ronny TONG, Ms Cyd HO, Mr CHAN Hak-kan, Mr WONG Kwok-kin, Mr Alan LEONG, Mr LEUNG Kwok-hung, Mr Albert CHAN, Mr WONG Yuk-man, Ms Claudia MO, Mr WU Chi-wai, Mr Gary FAN, Mr CHAN Chi-chuen, Dr Kenneth CHAN, Mr LEUNG Che-cheung, Miss Alice MAK, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr SIN Chung-kai, Dr Helena WONG, Dr Elizabeth QUAT, Dr CHIANG Lai-wan and Mr Christopher CHUNG voted for the amendment.

Dr Priscilla LEUNG, Mrs Regina IP, Mr Michael TIEN and Mr James TIEN voted against the amendment.

Mr Paul TSE abstained.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 34 were present, 19 were in favour of the amendment, 14 against it and one abstained; while among the Members returned by geographical constituencies through direct elections, 34 were present, 28 were in favour of the amendment, four against it and one 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 Alan LEONG, as the amendments of Mr Frederick FUNG, Mr TAM Yiu-chung and Mr Albert HO have been passed, you may now move your revised amendment.

MR ALAN LEONG (in Cantonese): President, I move that Miss CHAN Yuen-han's motion as amended by Mr Frederick FUNG, Mr TAM Yiu-chung and Mr Albert HO 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 TAM Yiu-chung and Mr Albert HO:
(Translation)

"To add "; and (t) adopt the recommendations in the Report of the Subcommittee on Poverty Alleviation noted by the Fourth Legislative Council, and put in place the 15 recommendations of the Report on poverty alleviation measures, most of which have yet to be implemented" 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 Miss CHAN Yuen-han's motion as amended by Mr Frederick FUNG, Mr TAM Yiu-chung and Mr Albert HO 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 James TIEN rose to claim a division.

PRESIDENT (in Cantonese): Mr James TIEN 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 James TO, Mr Frederick FUNG, Dr Joseph LEE, Mr WONG Ting-kwong, Ms Starry LEE, Mr CHEUNG Kwok-che, Mr IP Kwok-him, Mr Steven HO, 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 and Mr TANG Ka-piu voted for the amendment.

Dr LAU Wong-fat, Mr Abraham SHEK, Mr Vincent FANG, Mr Jeffrey LAM, Mr Andrew LEUNG, Dr LAM Tai-fai, Mr NG Leung-sing, Mr Frankie YICK, Mr YIU Si-wing, Mr Christopher CHEUNG, Mr Martin LIAO, Ir Dr LO Wai-kwok and Mr CHUNG Kwok-pan voted against the amendment.

Mr CHAN Kin-por, Dr LEUNG Ka-lau, Mr MA Fung-kwok and Mr Tony TSE abstained.

Geographical Constituencies:

Mr LEE Cheuk-yan, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr TAM Yiu-chung, Mr WONG Kwok-hing, Mr Ronny TONG, Ms Cyd HO, Mr CHAN Hak-kan, Mr WONG Kwok-kin, Mr Paul TSE, Mr Alan LEONG, Mr LEUNG Kwok-hung, Mr Albert CHAN, Mr WONG Yuk-man, Ms Claudia MO, Mr WU Chi-wai, Mr Gary FAN, Mr CHAN Chi-chuen, Dr Kenneth CHAN, Mr LEUNG Che-cheung, Miss Alice MAK, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr SIN Chung-kai, Dr Helena WONG, Dr Elizabeth QUAT, Dr CHIANG Lai-wan and Mr Christopher CHUNG voted for the amendment.

Dr Priscilla LEUNG, Mrs Regina IP, Mr Michael TIEN and Mr James TIEN voted against the amendment.

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

THE PRESIDENT announced that among the Members returned by functional constituencies, 34 were present, 17 were in favour of the amendment, 13 against it and four abstained; while among the Members returned by geographical constituencies through direct elections, 34 were present, 29 were in favour of the amendment and four against it. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negated.

PRESIDENT (in Cantonese): Mr Albert CHAN, as the amendments of Mr Frederick FUNG, Mr TAM Yiu-chung and Mr Albert HO have been passed, you may now move your revised amendment.

MR ALBERT CHAN (in Cantonese): President, I move that Miss CHAN Yuen-han's motion, as amended by Mr Frederick FUNG, Mr TAM Yiu-chung and Mr Albert HO, be further amended by my revised amendment. President, simply put, it is the demand for a cash disbursement of \$8,000. I implore Members to support it.

Mr Albert CHAN moved the following further amendment to the motion as amended by Mr Frederick FUNG, Mr TAM Yiu-chung and Mr Albert HO: (Translation)

"To add "; and (t) disburse \$8,000 to the Hong Kong citizens in the 2013-2014 financial year, so as to alleviate the pressure on the livelihood of the poor" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr Albert CHAN's amendment to Miss CHAN Yuen-han's motion as amended by Mr Frederick FUNG, Mr TAM Yiu-chung and Mr Albert HO 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 Albert CHAN rose to claim a division.

PRESIDENT (in Cantonese): Mr Albert CHAN 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.

(Some Members were talking while the President announced the voting results)

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

Functional Constituencies:

Mr Albert HO, Mr James TO, Dr LAU Wong-fat, Mr Abraham SHEK, Mr Vincent FANG, Mr Jeffrey LAM, Mr Andrew LEUNG, Dr LAM Tai-fai, Mr CHAN Kin-por, Dr LEUNG Ka-lau, Mr CHEUNG Kwok-che, Mr NG Leung-sing, Mr Frankie YICK, Mr YIU Si-wing, Mr MA Fung-kwok, Mr Charles Peter MOK, Mr Kenneth LEUNG, Mr Dennis KWOK, Mr Christopher CHEUNG, Mr IP Kin-yuen, Mr Martin LIAO, Ir Dr LO Wai-kwok, Mr CHUNG Kwok-pan and Mr Tony TSE voted against the amendment.

Mr Frederick FUNG, Dr Joseph LEE, Mr WONG Ting-kwong, Ms Starry LEE, Mr IP Kwok-him, Mr Steven HO, Miss CHAN Yuen-han, Mr KWOK Wai-keung, Mr POON Siu-ping and Mr TANG Ka-piu abstained.

Geographical Constituencies:

Mr LEUNG Kwok-hung, Mr Albert CHAN, Mr WONG Yuk-man, Mr Gary FAN and Mr CHAN Chi-chuen voted for the amendment.

Mr LEE Cheuk-yan, Ms Emily LAU, Mr Ronny TONG, Ms Cyd HO, Dr Priscilla LEUNG, Mrs Regina IP, Mr Paul TSE, Mr Alan LEONG, Ms Claudia MO, Mr Michael TIEN, Mr James TIEN, Mr WU Chi-wai, Dr Kenneth CHAN, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr SIN Chung-kai and Dr Helena WONG voted against the amendment.

Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Mr TAM Yiu-chung, Mr WONG Kwok-hing, Mr CHAN Hak-kan, Mr WONG Kwok-kin, Mr LEUNG Che-cheung, Miss Alice MAK, 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, 34 were present, 24 were against the amendment and 10 abstained; while among the Members returned by geographical constituencies through direct elections, 34 were present, five were in favour of the amendment, 17 against it and 11 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): As Miss CHAN Yuen-han has used up her speaking time, she cannot speak again to reply. This debate has come to a close.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Miss CHAN Yuen-han, as amended by Mr Frederick FUNG, Mr TAM Yiu-chung and Mr Albert HO 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 James TIEN rose to claim a division.

PRESIDENT (in Cantonese): Mr James TIEN 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 James TO, Mr Frederick FUNG, Dr Joseph LEE, Mr WONG Ting-kwong, Ms Starry LEE, Dr LEUNG Ka-lau, Mr CHEUNG Kwok-che, Mr IP Kwok-him, Mr Steven HO, 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 and Mr TANG Ka-piu voted for the motion as amended.

Dr LAU Wong-fat, Mr Abraham SHEK, Mr Vincent FANG, Mr Jeffrey LAM, Mr Andrew LEUNG, Dr LAM Tai-fai, Mr Frankie YICK, Mr Christopher

CHEUNG, Mr Martin LIAO, Ir Dr LO Wai-ki and Mr CHUNG Kwok-pan voted against the motion as amended.

Mr CHAN Kin-por, Mr NG Leung-sing, Mr YIU Si-wing, Mr MA Fung-kwok and Mr Tony TSE abstained.

Geographical Constituencies:

Mr LEE Cheuk-yan, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr TAM Yiu-chung, Mr WONG Kwok-hing, Mr Ronny TONG, Ms Cyd HO, Mr CHAN Hak-kan, Dr Priscilla LEUNG, Mr WONG Kwok-kin, Mr Paul TSE, Mr Alan LEONG, Mr LEUNG Kwok-hung, Mr Albert CHAN, Mr WONG Yuk-man, Ms Claudia MO, Mr WU Chi-wai, Mr Gary FAN, Mr CHAN Chi-chuen, Dr Kenneth CHAN, Mr LEUNG Che-cheung, Miss Alice MAK, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr SIN Chung-kai, Dr Helena WONG, Dr Elizabeth QUAT, Dr CHIANG Lai-wan and Mr Christopher CHUNG voted for the motion as amended.

Mr Michael TIEN and Mr James TIEN 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, 34 were present, 18 were in favour of the motion as amended, 11 against it and five abstained; while among the Members returned by geographical constituencies through direct elections, 33 were present, 30 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, 21 November 2012.

Adjourned accordingly at twenty-two minutes to midnight.