

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 17 October 2007

The Council met at Eleven o'clock

MEMBERS PRESENT:

THE PRESIDENT

THE HONOURABLE MRS RITA FAN HSU LAI-TAI, G.B.M., G.B.S., J.P.

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

THE HONOURABLE ALBERT HO CHUN-YAN

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

THE HONOURABLE LEE CHEUK-YAN

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

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

DR THE HONOURABLE LUI MING-WAH, S.B.S., J.P.

THE HONOURABLE MARGARET NG

THE HONOURABLE MRS SELINA CHOW LIANG SHUK-YEE, G.B.S., J.P.

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE CHEUNG MAN-KWONG

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

THE HONOURABLE BERNARD CHAN, G.B.S., J.P.

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

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

THE HONOURABLE LEUNG YIU-CHUNG

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

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

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

THE HONOURABLE HOWARD YOUNG, S.B.S., J.P.

DR THE HONOURABLE YEUNG SUM, J.P.

THE HONOURABLE LAU CHIN-SHEK, J.P.

THE HONOURABLE LAU KONG-WAH, J.P.

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

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

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

THE HONOURABLE CHOY SO-YUK, J.P.

THE HONOURABLE ANDREW CHENG KAR-FOO

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

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

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

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

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

THE HONOURABLE ALBERT CHAN WAI-YIP

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

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

THE HONOURABLE VINCENT FANG KANG, J.P.

THE HONOURABLE WONG KWOK-HING, M.H.

THE HONOURABLE LEE WING-TAT

THE HONOURABLE LI KWOK-YING, M.H., J.P.

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

THE HONOURABLE DANIEL LAM WAI-KEUNG, S.B.S., J.P.

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

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

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

THE HONOURABLE LEUNG KWOK-HUNG

DR THE HONOURABLE KWOK KA-KI

DR THE HONOURABLE FERNANDO CHEUNG CHIU-HUNG

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

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

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

THE HONOURABLE CHIM PUI-CHUNG

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

THE HONOURABLE ALBERT JINGHAN CHENG, J.P.

THE HONOURABLE KWONG CHI-KIN

THE HONOURABLE TAM HEUNG-MAN

MEMBERS ABSENT:

THE HONOURABLE MARTIN LEE CHU-MING, S.C., J.P.

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

PUBLIC OFFICERS ATTENDING:

THE HONOURABLE HENRY TANG YING-YEN, G.B.S., J.P.

THE CHIEF SECRETARY FOR ADMINISTRATION

THE HONOURABLE WONG YAN-LUNG, S.C., J.P.

THE SECRETARY FOR JUSTICE

THE HONOURABLE FREDERICK MA SI-HANG, J.P.

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT

THE HONOURABLE STEPHEN LAM SUI-LUNG, J.P.

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS

THE HONOURABLE AMBROSE LEE SIU-KWONG, I.D.S.M., J.P.

SECRETARY FOR SECURITY

THE HONOURABLE DENISE YUE CHUNG-YEE, G.B.S., J.P.

SECRETARY FOR THE CIVIL SERVICE

THE HONOURABLE MATTHEW CHEUNG KIN-CHUNG, G.B.S., J.P.

SECRETARY FOR LABOUR AND WELFARE

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

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

CLERKS IN ATTENDANCE:

MR RICKY FUNG CHOI-CHEUNG, J.P., SECRETARY GENERAL

MRS VIVIAN KAM NG LAI-MAN, ASSISTANT SECRETARY GENERAL

MRS JUSTINA LAM CHENG BO-LING, ASSISTANT SECRETARY
GENERAL

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

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

PRESIDENT (in Cantonese): A quorum is now present. The meeting will now start.

TABLING OF PAPERS

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

Subsidiary Legislation/Instruments	<i>L.N. No.</i>
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Bankruptcy (Amendment) Ordinance 2005 (Commencement) Notice	185/2007
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Other Papers

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| No. 2 | — | Occupational Safety and Health Council
Annual Report 2006-2007 |
| No. 3 | — | Report by the Trustee of the Customs and Excise Service
Children's Education Trust Fund for the year ending
31 March 2007, together with the Director of Audit's
Report and the Audited Statement of Accounts |
| No. 4 | — | Hong Kong Deposit Protection Board
Annual Report 2006-2007 |
| No. 5 | — | Urban Renewal Authority
Annual Report 2006-2007 |
| No. 6 | — | Audited Financial Statement of Accounts and Auditors'
Report for the Fish Marketing Organization for the year
ended 31 March 2007 |

- No. 7 — Audited Financial Statement of Accounts and Auditors' Report for the Vegetable Marketing Organization for the year ended 31 March 2007
- No. 8 — Marine Fish Scholarship Fund Trustee's Report and Audited Financial Statement of Accounts and Auditors' Report on the Fund for the year ended 31 March 2007
- No. 9 — Agricultural Products Scholarship Fund Trustee's Report and Audited Financial Statement of Accounts and Auditors' Report on the Fund for the year ended 31 March 2007
- No. 10 — Report of changes to the approved Estimates of Expenditure approved during the first quarter of 2007-2008 (Public Finance Ordinance : Section 8)
- No. 11 — Companies Registry Trading Fund Annual Report 2006-2007
- No. 12 — Environment and Conservation Fund Trustee Report 2006-2007
- No. 13 — Report by the Trustee of the Prisoners' Education Trust Fund for the period from 1 April 2006 to 31 March 2007
- No. 14 — The Land Registry Trading Fund Hong Kong Annual Report 2006-2007
- No. 15 — Report on the Recommended Delineation of Geographical Constituencies for the 2008 Legislative Council Election
- No. 16 — The Government Minute in response to the Report No. 48 of the Public Accounts Committee dated July 2007

ADDRESSES

PRESIDENT (in Cantonese): Address. The Chief Secretary for Administration will address the Council on "The Government Minute in response to the Report No. 48 of the Public Accounts Committee dated July 2007".

The Government Minute in response to the Report No. 48 of the Public Accounts Committee dated July 2007

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): Madam President, laid on the table today is the Government Minute responding to Report No. 48 of the Public Accounts Committee (PAC).

When presenting the PAC Report No. 48 on 11 July, the Chairman of the PAC set out in detail the comments of the PAC on three selected chapters from Director of Audit's Reports, *viz* the administration of short term tenancies (STTs), the administration of the Hong Kong Applied Science and Technology Research Institute Company Limited (hereinafter referred to as the "ASTRI") and the management of government fresh food wholesale markets. The Administration is grateful for the effort and time that the PAC has devoted. Today, I would like to highlight the key measures taken in the relevant areas. Details of the Government's response to the conclusions and recommendations in the Report are set out in the Minute tabled.

Administration of STTs

Land is one of our most valuable resources. It has always been our policy to optimize the use of this scarce resource. Where there is a vacant government site which has not been designated for specific use or is not required for development in the near future, the possibility for tendering it through STT for temporary use is explored. The STT system has been practised for many years, and the system has proven to be effective. On the one hand, we can derive some leasing revenue from these tenancies, and on the other hand the vacant sites can be put into various temporary uses. Although the Lands Department (LandsD) is relieved from managing those vacant government sites by way of STTs, in return it has to take up the extensive task of administering the STTs which have now totalled over 4 000 in different parts of Hong Kong.

The LandsD has, over the years, developed its policies and practices for administering STTs. New issues arise as the number of STTs grows and the complexity of STTs intensifies. The Audit and PAC Reports came as a timely reminder for the LandsD to review its policies and practices. The LandsD has critically re-examined many aspects of STT administration, in response to the observations and recommendations made by the Audit Commission and the PAC.

The observations and examinations made by the Audit Commission focus on three main areas in the STT system, namely administration of rent arrears, monitoring tenants' performance and enforcement of tenancy conditions. The LandsD has accepted all recommendations of the Audit Commission, and this has been noted by the PAC. I would like to take this opportunity to highlight some major improvement measures.

To tackle the rent arrears problem, the LandsD has updated its relevant departmental accounting circulars and guidelines to advise its staff to comply with the Standing Accounting Instruction 1020. All the District Lands Offices (DLOs) have been given clear instructions to tackle the related issues, such as time limit on writing off unrecoverable rent, approval authorities to make counter offer of settlement proposal of the tenant in the course of court proceedings, procedures for refunding deposits, and calculation of mesne profit.

The LandsD has also taken positive measures to reduce the risk of the tenants defaulting on rent payments, particularly in the car-park STTs which have serious rent arrears problems. The LandsD increases the rental deposit for STT tenders for car-parks or related uses from three-month's to six-month's rents while at the same time reducing the fixed terms of new car-park STTs from three years to one year. We are pleased to note that the situation of rent arrears has now been much improved.

In addition, the LandsD will conduct financial vetting of the tenants of major car-park STTs. Tenants will be asked to submit their company accounts to the LandsD for vetting in order to ascertain their ability to tender for new STTs. The LandsD is also carefully exploring with the relevant government departments the possibility of sharing tenants' information in order to enhance the communication in detecting those problematic tenants.

The LandsD has been working hard in enhancing the monitoring of STT tenants' performance. The LandsD has formulated a set of guidelines to ensure that warning letters and notices of termination are issued within a specific time limit, while recurring breaches are tackled with special procedures. In view of the competing demands on its limited staff resources, the LandsD is exploring outsourcing part of the patrol and enforcement work on tenancy conditions.

With resolve and co-operation of its staff, the LandsD has recently completed a full survey on all the STTs in different parts of Hong Kong. The

LandsD will take a pragmatic approach in dealing with the breaches. DLOs will first focus on clamping down and dealing with the major breaches first, and then work on the minor ones. To ensure all breaches cases are handled properly, DLOs are required to submit progress reports to the Headquarters of LandsD on a quarterly basis.

The PAC has stressed the need to ensure that the LandsD staff will diligently comply with all the guidelines and instructions on STT administration work. The Government fully agrees with this observation. The LandsD has set up a Management Services Team to conduct random checks so as to identify non-compliances. The Director of Lands has also set up a committee to oversee administration of STTs on a regular basis.

Administration of the ASTRI

Since the publication of Audit Report No. 48 in March, the ASTRI Board of Directors has assiduously and promptly followed up and implemented all recommendations made in the Report. Before I go into details the follow-up actions taken by the ASTRI, I wish to emphasize that innovation and technology are key drivers of the knowledge-based society of the 21st century. In this very competitive 21st century, we have to remain pluralistic to ensure sustainable development of our economy. In addition, in order to enhance Hong Kong's competitiveness, we have to be independently innovative. I would like to take this opportunity to reaffirm the Government's commitment to supporting the ASTRI in developing world-class applied research and development technologies to enhance Hong Kong's technological competitiveness. In this regard, the ASTRI will continue to act as a key focal point for industry-university collaboration, playing an important and strategic role in assisting Hong Kong to become a competitive and knowledge-based technology-intensive economy. We should also give a fair recognition to the positive efforts put in by the ASTRI since its inception.

In implementing the Audit Commission's recommendations, the ASTRI has reviewed the structure of the administration departments and come up with a number of streamlining proposals, which have been endorsed by the Board. The management will continue to examine the proposal of further streamlining of the organization with the aim of further enhancing administrative efficiency. The recommendations of the review will be submitted to the Board for endorsement shortly.

On the implementation of a computerized and integrated human resources (HR) and project management information system, the ASTRI management has completed evaluation of a number of solutions, and is examining the cost-effectiveness of such a system, with a view to deciding the way forward within this financial year. Meanwhile, the ASTRI management has strengthened internal management to ensure that the relevant staff cost is accurately reflected in the costs of each project pending the installation of the more efficient, integrated system.

The PAC has expressed serious concern on corporate governance issues revealed through the value-for-money audit by the Audit Commission and the PAC hearing on the ASTRI. Whilst accepting that room exists for improving the management of the ASTRI, it is plain from the PAC deliberations that the ASTRI Board had made serious and conspicuous efforts to set up a system of good corporate governance for the ASTRI. The adoption of a Corporate Governance Manual and the setting up of an Audit Committee in 2003, and the review of the ASTRI's HR practices in 2004 are but a few examples quoted during the PAC hearings.

The PAC has also expressed serious concern on the effectiveness of the role of the two government officials serving on the ASTRI Board. As we have explained during the PAC hearings, the two government representatives are there essentially to ensure that public funds are properly disbursed and that the ASTRI operates in line with the major direction of government policy. As members of the Board, the two government officials have also assisted the ASTRI in setting up the corporate governance system, including the Audit Committee, and have offered guidance on strategic moves for the institution, such as changing its operation strategy from a spin-off model to a licensing mode to support the technology upgrading of our foundation industries. Their contribution should not be neglected. Besides, we also do not accept that government officials serving on the ASTRI as Board members are expected to assume the role of the Management. They should not, as the role of the Board is distinct from that of the Management.

Notwithstanding this, in response to the PAC's recommendation, the Administration is conducting a limited review on the role of government officials serving as directors in companies and statutory corporations. We will inform the PAC of the progress.

Management of government fresh food wholesale markets

We have taken active steps in respect of the comments regarding the government fresh food wholesale markets. The Government Property Agency has confirmed that no government user is interested in using the four piers at the Western Wholesale Food Market. We are assessing their commercial viability with a view to disposing of them through commercial leasing.

Other improvements and follow-up work recommended by the PAC and the Audit Commission, such as improving the utilization of market facilities, exploring the possibility of leasing out space for commercial advertising, are detailed in the Government Minute.

On reprovisioning outdated wholesale markets, the Government considers the Cheung Sha Wan Wholesale Market Phase 2 (CSW Phase 2) project being closely related to the reprovisioning of the Yau Ma Tei Fruit Market (YMTFM). In this connection, the Government has embarked on discussion with fruit traders at the YMTFM and other interested parties regarding the Government's initial thinking of relocating the YMTFM to part of the CSW Phase 2 site.

We note the PAC's request for a timetable for the relocation of the YMTFM. In view of the sentiments of fruit traders, the Government will continue to liaise with them with a view to working out a package of measures under the prevailing policy to address their concerns on the new market in Cheung Sha Wan and to encourage voluntary relocation of business to the new site. A comprehensive plan on how to take forward the relocation exercise and a definite timetable will then be drawn up. We will continue to keep relevant parties and organizations abreast of the developments.

Finally, I would like to thank the PAC for its comments and recommendations. These comments and recommendations are very useful in ensuring value for money in the delivery of public services. The Administration is pleased to accept constructive criticisms and comments. As always, we stand ready to respond promptly. Thank you, Madam President.

ORAL ANSWERS TO QUESTIONS

PRESIDENT (in Cantonese): Questions. First question.

Regulation of Placing Cargo Compartments on Roadsides

1. **MRS SOPHIE LEUNG** (in Cantonese): *President, I have learnt that some contractors of building works casually placed cargo compartments for storing construction wastes at roadsides or even in the prohibited zones of busy districts, causing both traffic and environmental nuisances. In this connection, will the Government inform this Council:*

- (a) *whether it will require the contractors concerned, when placing cargo compartments at roadsides, to install flashlights, lighting systems or other appropriate devices, so that at night or under poor lighting conditions, motorists can be aware of such compartments being placed at roadsides in order to ensure road safety;*
- (b) *whether it will take the initiative to inspect the locations where such compartments are placed to ensure that there is sufficient room for motorists and to prevent such compartments from affecting the traffic; and*
- (c) *given that various government departments, including the Lands Department (LandsD), Food and Environmental Hygiene Department, Environmental Protection Department, Highways Department and Transport Department (TD), are currently involved in handling the above problem of such compartments, whether the Government will draw up guidelines to specify clearly the responsibilities of such departments and the arrangements of their division of work; if it will, of the details?*

SECRETARY FOR DEVELOPMENT (in Cantonese): Madam President, cargo compartments, or "skips" as commonly known in the trades, placed at roadsides are generally used for temporary storage of construction wastes generated from fitting-out or modification works being carried out in the nearby buildings. The wastes so collected are subsequently transported to landfills for disposal. The fitting-out and construction trades therefore have a practical need for cargo compartments. To the public, the use of cargo compartments prevents casual dumping of construction wastes, thereby alleviating environmental hygiene and traffic problems. As cargo compartments are normally left on streets or at roadsides for no more than two to three days, the inconvenience caused to traffic and pedestrians is temporary. When cargo

compartments affect traffic safety, the Government will take immediate actions to deal with the problem. As such, it is suitable for us to adopt a pragmatic and balanced approach to address the issue of cargo compartments placed on streets.

Regarding the three parts of the main question, please allow me to answer part (c) first.

As pointed out by Mrs Sophie LEUNG, various departments are currently involved in handling the problem of cargo compartments. Each of them has respective laws to follow and considerations to take into account in enforcement. The placing of cargo compartments on streets is an issue of district management that requires stronger and more effective co-ordination among departments. As you may recall, in his policy address delivered in 2005, the Chief Executive pledged that the SAR Government would enhance work in districts through strengthening the role of District Officers and the co-ordination function of District Management Committees. The purpose is to better provide cross-departmental services in districts with a view to raising the capacity to resolve problems at the district level.

To strengthen the co-ordination of various departments at the district level, the Home Affairs Bureau has subsequently established a Steering Committee on District Administration (the Steering Committee) to draw together the strengths of the senior management of the departments, so that they could exchange views on matters of common concern and resolve issues of district management through joint departmental efforts. Early this year, the Steering Committee commenced meetings at which the issue of cargo compartments was raised and followed up. I believe that this mechanism of enhancing co-ordination among departments will serve the intended purpose.

Regarding part (a) of the question, I would like to inform the Legislative Council that the Steering Committee has, after discussion, decided that the TD should draw up a set of guidelines on the use of skips for compliance by the related trades in order to minimize the nuisances caused to the public by cargo compartments placed at roadsides and ensure the safety of road users. The TD is consulting the related trades on the guidelines, and will issue them to the trades shortly. The guidelines formulate safety measures for the use of skips and it will respond to Mrs Sophie LEUNG concern, for example, the guidelines will put forward various suggestions about their fittings and locations for compliance by the trades, including the installation of yellow flash lights at each top corner

of a skip or placing traffic cones with yellow flash lights around such skips at night-time for safety purpose. When such guidelines are put in place, we believe that the problems caused by skips to road users will be ameliorated.

Regarding part (b) of the question, the LandsD is responsible for administering government land and preventing illegal occupation of land. As the LandsD needs to use resources effectively, the Department does not have any inspection specifically targeted at the placing of cargo compartments at present. The LandsD carries out inspections at black spots where illegal occupation of government land is frequent. Front-line police officers on routine beat patrols pay attention to whether cargo compartments cause serious obstruction or immediate danger to members of the public or vehicles. When such is found, the police will take appropriate actions, including removing the cargo compartments immediately, under the common law or the Summary Offences Ordinance. The LandsD will also take actions to address individual complaints. If a cargo compartment in question causes no obstruction, inconvenience or danger to the public or vehicles, the LandsD will put up a notice under the Land (Miscellaneous Provisions) Ordinance, requiring the owner to remove the cargo compartment within one working day. If the cargo compartment remains there following the expiry of the deadline, the LandsD will arrange for its removal by a contractor.

MRS SOPHIE LEUNG (in Cantonese): *President, I am very glad to learn that the Steering Committee has been set up, and that the guidelines can be prepared and ready for use within such a short period of time, and they are indeed the right solutions to the problem. May I follow up by asking whether the guidelines or some other provisions have specified the maximum number of such skips that can be placed on a road?*

SECRETARY FOR DEVELOPMENT (in Cantonese): Madam President, I would like to thank Mrs Sophie LEUNG for asking the question.

In our guidelines on the use of skips, regarding the location, due to consideration of the circumstances on roads, we have proposed the following points for compliance. First of all, skips can only be placed at the roadsides of one-way carriageways with a width of 6 m or more. After the skips are placed at the roadsides, the remaining width of the carriageway should not be less than

3.7 m. Besides, skips should not be placed within 25 m of road junctions, roundabouts, pedestrian crossings or public facilities. We do not recommend placing skips at these locations. With the guidelines on different aspects in place, we should be able to address Mrs Sophie LEUNG's concern.

MR DANIEL LAM (in Cantonese): *May I ask the Secretary whether the sizes of skips are standardized? I think it is not necessary to use skips that are too big when only minor renovation works are involved. Will the Government review the sizes of the skips, so that skips of varying sizes can be approved for use by contractors?*

SECRETARY FOR DEVELOPMENT (in Cantonese): Madam President, in our guidelines on the use of skips, with regard to their outlooks and fittings, it is recommended that the size of all skips should be standardized at 5 m in length and 2 m in width.

MR HOWARD YOUNG (in Cantonese): *Madam President, skips or cargo compartments have emerged in Hong Kong only in recent years. But they have been used in overseas countries for a very long time. I believe the Secretary is also aware of this. In order to solve the problems arising from the placing and transportation of skips, apart from the placing locations, the handling and design of skips and whether the trailers are efficient are all very important. May I ask the Government whether it will impose some technical control in this regard? And will this exceed the terms of reference of the Steering Committee, which has been mentioned by the Secretary just now?*

SECRETARY FOR DEVELOPMENT (in Cantonese): Madam President, in reviewing and formulating the guidelines on the use of skips, the TD and the Steering Committee actually drew reference from overseas experience. In Britain, this is governed by the Highways Act. Therefore, in our formulation of the guidelines on the use of skips, we have done it in a way basically compatible with the ones that have long been used in Britain. Of course, our general requirement is, once a skip is filled up, it must be towed to the landfills as soon as possible. It should not be placed at the roadsides in order that inconvenience to the public will not be caused.

PROF PATRICK LAU (in Cantonese): *President, I agree with the Secretary in saying that there is a practical need for cargo compartments. The Secretary said in the first paragraph of his main reply that the use of cargo compartments prevented casual placing of construction wastes, thereby alleviating environmental hygiene and traffic problems. With regard to the guidelines, may I ask the Secretary whether the skips should be covered? If not, it may give rise to several problems. First, as the Secretary has said earlier, the dust will be flying around, and when the skips are viewed from a high position, they are quite an eyesore if they are not covered. Therefore, I think the skips should be covered with canvas or something in the evenings or when they are not in use. May I ask whether the Secretary will incorporate this suggestion into the guidelines?*

SECRETARY FOR DEVELOPMENT (in Cantonese): Madam President, at the moment, there are no such provision in the guidelines in regard to the suggestion made by Prof LAU. However, I would be most willing to relay this opinion to the TD. I should say in passing that in the current exercise of formulating the guidelines, the initial responses of the trades are very positive indeed. The TD, in conjunction with six trade associations, has conducted consultation with about 80% of the organizations that are currently using skips. They are very willing to comply with the guidelines and offer co-operation. Therefore, if they think that Prof LAU's suggestion will not cause excessive inconvenience to their business, and can make improvement to the environment, I believe the trades will agree to it.

MR LAU KONG-WAH (in Cantonese): *President, I find Prof Patrick LAU's suggestion quite good. It is a better practice for cargo compartments to be covered.*

May I inquire of the number of complaints that have been lodged in the past, as well as the numbers of accidents involving persons and vehicles, so as to illustrate the severity of the situation?

SECRETARY FOR DEVELOPMENT (in Cantonese): Madam President, the problem of cargo compartments had actually been raised in the Legislative Council in 2003 and 2006 respectively. I am very glad to report to Members that the situation has seen some improvement. According to Mr LAU

Kong-wah's supplementary question, and from the statistics, if we use the number of complaints received as the index of showing the severity of the problem, we can see that the figures are gradually declining. In 2005, the LandsD received 822 complaints about skips; in 2006, 424 complaints; and up to September of this year, that is, during the first nine months, there are 261 complaints. For other departments, for example, if we look at the numbers of complaints received by the Police Force or the Food and Environmental Hygiene Department, we cannot see any rising trend in this regard.

MR LAU KONG-WAH (in Cantonese): *President, I wish to.....*

PRESIDENT (in Cantonese): Has your supplementary question not been answered? Or are you going to raise another supplementary question?

MR LAU KONG-WAH (in Cantonese): *President, the Secretary has not answered this part of my question: Are there figures of accidents involving persons or vehicles?*

SECRETARY FOR DEVELOPMENT (in Cantonese): Madam President, by and large, there should not be any outbreak of accidents that would make us worry. Because, as I have just mentioned, if the fittings of the skips should cause danger to pedestrians or the traffic, we shall take immediate actions. Front-line police officers will take actions immediately according to the Summary Offences Ordinance.

MR LAU KONG-WAH (in Cantonese): *President, I am not raising a follow-up question. This is another supplementary question.*

President, I raised a follow-up question just now to ask whether there are figures of accidents involving persons or vehicles. The Secretary said that theoretically accidents should not occur. I do not know whether the Secretary does not have the relevant figures. Even for something that would not happen theoretically, it may happen in reality. But if such records are not kept, then the figure must be zero. May I ask the Secretary, apart from keeping the record of complaint figures, do they keep records of accident figures?

SECRETARY FOR DEVELOPMENT (in Cantonese): Madam President, I do not have the information at hand on whether or not there have been accidents caused by skips. But in the discussion on this subject among various departments in the Steering Committee, no one had ever brought up information in this regard. Departments attending the meetings include the Police Force, the LandsD and many other departments, and none of them had ever mentioned that they had seen any immediate problems caused by skips to pedestrians or traffic in the past. Therefore, we firmly believe that, as government departments, should we detect any danger that may be caused by skips, we would definitely take actions immediately. However, if Mr LAU Kong-wah is interested, I may look into the causes of past traffic accidents involving pedestrians and vehicles and see if any of them were related to skips. (Appendix I)

PRESIDENT (in Cantonese): Second question.

Issue of Communication Between Legislative Council Functional Constituency Members and Their Constituents

2. **DR FERNANDO CHEUNG** (in Cantonese): *President, it is stipulated in the subsidiary legislation of the Electoral Affairs Commission Ordinance that no person may use the information relating to any person contained in a register or an extract from such a register for any purpose unrelated to an election. Members returned by Legislative Council functional constituencies (FCs), therefore, cannot make use of such information for sending newsletters on their work in the legislature to their constituents, and can only rely on the professional bodies concerned or registration institutions of the relevant professions to do so on their behalf. However, some professional bodies and registration institutions have refused to send newsletters on behalf of the Legislative Council Members representing the FCs to which they belonged. In this connection, will the Government inform this Council whether it will:*

- (a) *review and amend the aforesaid subsidiary legislation to allow Legislative Council FC Members to use the relevant information for communication with their constituents while they are in office; if it will, of the details of the review and amendments; if not, the reasons for that;*

- (b) *require professional bodies to assist the Legislative Council FC Members concerned in communicating with their constituents; if it will, of the specific implementation plan; if not, the reasons for that; and*
- (c) *formulate other measures to facilitate the communication between Legislative Council FC Members and their constituents; if it will, of the details of such measures; if not, the reasons for that?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, we can appreciate that, from the stand point of Legislative Council FC Members, it is important to communicate with their relevant constituents in order to keep them informed of the Members' work. In considering the channels of communication, due regard should be given to various factors including the protection of personal data and privacy of electors, the readiness on the part of electors and other members of the constituencies to receive such communication, as well as individual circumstances of the bodies involved in handling such communication channels. Our reply to the questions is set out below.

- (a) According to section 41 of the Electoral Affairs Commission (Registration) (Electors for Legislative Council Functional Constituencies) (Voters for Election Committee Subsectors) (Members of Election Committee) Regulation (Cap. 541, sub. leg. B), the Electoral Registration Officer may make available an extract from any published register of electors "for any purpose related to an election", to any person that Officer considers appropriate. When the Electoral Registration Officer makes available an extract of the register, he/she must specify the particular election for which it may be used. A person to whom an extract is made available must not use the information on the register for a purpose other than a purpose related to the specified election. The Regulations further provide that it is an offence to use any information relating to a person contained in a register or an extract from such a register "for a purpose other than a purpose related to an election".

The above provisions are aimed at striking a balance between two considerations, that is, the need to provide basic information on

electors to relevant parties (such as candidates and the political groups or parties which support them) to facilitate the planning and conduct of election-related activities on the one hand, and the need to protect personal data and the privacy of electors on the other.

If Legislative Council FC Members were allowed to use information contained in an electoral register for communication with their constituents while they were in office, and if such communication was not for any purpose related to a specified election, then the law would need to be amended. Since an electoral register carries the names and addresses of electors, any proposal to amend the law must be considered very carefully. In particular, the protection of personal data and the privacy of electors is an important consideration. We have no current plan to introduce any legislative amendments in this regard.

- (b) It is noted that in the Legislative Council FCs, not all people who are eligible to register as electors have chosen to do so. Even for registered electors, it cannot be assumed that all of them would wish to receive communication from Legislative Council Members. The will of members of the sectors concerned on receiving such communications should be respected. As such, professional bodies in the Legislative Council FCs should consider how to assist Legislative Council Member of relevant constituency to communicate with his/her constituents, taking into account the respective circumstances of the constituency and the professional body itself.

In addition, if legislative amendments are introduced to allow Legislative Council FC Members to use information contained in an electoral register for purposes other than a purpose related to an election, or to require professional bodies in Legislative Council FCs to assist relevant Legislative Council FC Members to communicate with their constituents, individuals interested in running for future elections might be concerned that this would give an undue advantage to incumbent Legislative Council Members. In considering any arrangements that may have an impact on election, we need to safeguard the principle of fair, open and just elections.

- (c) The remuneration package for Legislative Council Members includes, amongst other components, an allowance for operating expenses reimbursements (OER) and other one-off provisions. The OER can be used to cover expenses for the running of Members' offices, including staff expenses and other support services (such as publication of newsletters relating to Legislative Council business, postage, publicity materials and activities, and so on). Moreover, there is an item under the one-off provisions for Legislative Council Members to set up their offices and purchase information technology and communication facilities. In addition, the Administration makes available to each Legislative Council Member a central office free of rent.

The above measures provide considerable amount of resources to help Legislative Council Members communicate with their constituents, and facilitate their work.

DR FERNANDO CHEUNG (in Cantonese): *President, the personal data of every constituent is held by Legislative Council FC Members when they run for elections. It is thus ridiculous that they should be prohibited from using the information to communicate with their constituents after they are elected. As Members of this Council, we certainly need to communicate with our constituents. Of the three areas of concern expressed by the Government, the first one is to protect privacy. But actually, the privacy is already in the hands of the relevant Members, only that they are prohibited from using the relevant information. The argument concerning the circumstances of individual bodies is also untenable.....*

PRESIDENT (in Cantonese): Dr Fernando CHEUNG, please raise your supplementary question.

DR FERNANDO CHEUNG (in Cantonese): *Fine. I think the argument concerning the wishes of individual electors to continue to receive information is tenable. This problem is easy to resolve: If we are allowed to consult the electors in our capacity as Members of the Legislative Council and, if they are*

willing to receive the information, we can then continue to communicate with them. Can the Government introduce legislative amendments to allow elected Members of the Legislative Council to continue to keep in contact with their constituents through this communication channel?

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, this question basically boils down to the register of electors. Furthermore, our paramount objective in registering eligible electors in Hong Kong is to make preparations for elections to be held at an interval of several years as well as providing a statutory basis allowing the elections to be conducted effectively, fairly and openly. It is a sort of political liaison for different political parties and people taking part in politics or running for elections to communicate with different constituencies, and even electors of different constituencies outside the election period. Such liaison is a far cry from the general election. Therefore, we will continue to focus on our original objectives and goal of enacting legislation for electoral arrangements to be made. In such a liberal and open city as Hong Kong, different political parties and groupings and political aspirants may resort to a variety of means, such as through the media or activities conducted by different constituencies, to maintain communication with their constituents and enhance understanding of Members' work by different people in their constituencies.

PRESIDENT (in Cantonese): Dr Fernando CHEUNG, has your supplementary question not been answered?

DR FERNANDO CHEUNG (in Cantonese): *President, the question I raised earlier is: Can the Secretary allow us as Legislative Council FC Members to consult our constituents if they are willing to receive our information? We may do so should the Government allow us. If our constituents express unwillingness, we will stop immediately; if they express willingness, we can then continue.*

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

DR FERNANDO CHEUNG (in Cantonese): *President, the Secretary has not answered whether we are allowed to do so as Members of the Legislative Council.*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): *Madam President, under the existing legislation, the information provided from our register is used strictly for work carried out during the election period. Political liaison outside the election period is another matter. I believe different Members or prospective candidates must make their own effort.*

MISS TAM HEUNG-MAN (in Cantonese): *President, I think we have to continue to work hard to call on the Secretary to amend this piece of legislation. The Secretary has responded in the supplementary reply that he has no plan to introduce any legislative amendments. Furthermore, it is stated in part (b) of the main reply that professional bodies should consider offering assistance, taking into account their respective circumstances. Nevertheless, there is nothing the relevant representative can do if his political view differs from that of the professional bodies to which he belongs, and the latter are determined to suppress him by refusing to send out information for him. Does he need to apply for a judicial review to compel the relevant body to send out the information for him?*

Furthermore, regarding the Secretary's remark made in part (c) of the main reply in relation to the allowance received by Members, how can Members spend postage expenses to mail their working reports to electors when they do not even have the addresses of the electors. The lengthy speech delivered by the Secretary is the same as what he has said before. May I ask the Secretary if this is the case, how an elected FC Member can perform his duties properly as a Member of the Legislative Council if he cannot communicate with his constituents? How can he follow up various matters and communicate with his constituency? May I ask the Government if it considers it unnecessary for FC Members to liaise with their constituents? If yes, how can FC Members serve their constituents?

PRESIDENT (in Cantonese): *Miss TAM Heung-man, you have altogether raised four questions, but I believe you have actually had only one question.....*

MISS TAM HEUNG-MAN (in Cantonese): *Yes. Thank you, President.*

PRESIDENT (in Cantonese):how can elected Members communicate with their constituents if there is a lack of such information or such information is made available but cannot be used? Am I right?

MISS TAM HEUNG-MAN (in Cantonese): *Thanks for the analysis.*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, thanks for the summing up. In the final analysis, the compilation of the register is actually intended for voter registration for elections. Both the legislative intent and the scope of legislation are extremely clear. All 18-year-old Hong Kong people who come forward to register as electors are clearly informed that the information submitted by them is intended to facilitate our work during the election period, facilitate prospective candidates in mailing them leaflets and establishing liaison, and facilitate the Registration and Electoral Office in distributing ballots according to the register on the day of election.

Different FCs may continue to liaise with other FCs and their constituents outside the election period through a number of channels, such as the mass media, different bodies of their constituencies by organizing workshops, seminars, and so on. The circumstances of every FC are unique. We need to respect the autonomy of the professional bodies of these FCs. I think it is wrong in principle if we unnecessarily make it compulsory for them to do certain things.

PRESIDENT (in Cantonese): Miss TAM Heung-man, has your supplementary question not been answered?

MISS TAM HEUNG-MAN (in Cantonese): *Yes, President. Is the Government implying that FC Members do not need to communicate with their constituents?*

PRESIDENT (in Cantonese): This is not part of the supplementary question raised by you just now, but it is somehow relevant. Let me see if the Secretary has anything to add.

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, we strongly encourage different political parties and groupings, Members and prospective candidates to liaise with their constituents. I believe all political aspirants will work hard to liaise with voters, whether they are voters for geographical or FC elections. Nevertheless, different approaches are adopted in different domains, districts or FCs. The Government certainly encourages candidates from different political parties and groupings, prospective candidates, and Members to make great efforts in this regard. In such a liberal society as Hong Kong, this can be achieved through a variety of channels.

However, I must emphasize that we cannot enact legislation solely for the purpose of enabling incumbent Members to perform work in this area, because an election will be held at an interval of several years. People who are not yet elected as Members but may stand as prospective candidates will consider that we should not favour incumbent Members outside the election period. Therefore, according to our present legislative intent and relevant practices, the information about FC constituents contained in the register will be released only during the election period. It is a reasonable practice.

MR CHIM PUI-CHUNG (in Cantonese): *President, there are at present 28 FC sectors in the Legislative Council. Despite the Government's requirement, some of the sectors operate like small circles, with their constituents being friends of FC Members. How would FC Members break the law for taking advantage of the electoral name lists to facilitate their communication with their friends? In this connection, has the Government considered amending the law to prevent FC Members from, so to speak, using the register to facilitate communication with their friends or send out invitation cards, and the like, to facilitate communication? How will such an absolutely justifiable behaviour breach the law? Should the Government consider amending the unreasonable law?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, I believe the circumstances of every FC are unique, with some registers containing hundreds or thousands of organizations or people, or even tens of thousands of people. It is precisely because of the uniqueness of every FC that the registers will be handled with a uniform set of rules on a non-discriminatory basis. Nevertheless, the leadership of FC organizations in different FCs will naturally follow the unique *modus operandi* of their FCs. Furthermore, I believe there is a slight difference in the relationship between each incumbent Member and the organizations in their respective FC. Generally speaking, the usage and regulation of the registers have been well-tested over the years. For the time being, this practice will be maintained.

MS MARGARET NG (in Cantonese): *President, in the final analysis, unfairness has arisen simply because the FC system per se is unfair. President, the question I want to ask is about the issue of unfairness raised in part (b) of the main reply. Very often, some professional bodies will nominate their own members in the elections. It is in itself unfair if only the professional bodies themselves, but not incumbent Members and people holding different political views, are allowed to use the name lists. President, let me explain this. For instance, you can still obtain the relevant information even if legal professional bodies do not give you their name lists. However, if the professional bodies in the accounting or social welfare FC do not provide you with their name lists, you will never obtain the relevant information. In the case in question.....*

PRESIDENT (in Cantonese): Ms Margaret NG, please raise your supplementary question.

MS MARGARET NG (in Cantonese): *I am now raising my supplementary question. President, the unfairness is caused by the unique individual circumstances. According to the Court's ruling, the professional bodies are not required by law to provide information. However, unfairness has been resulted because no one but these professional bodies is in possession of the name lists. In view of this, should the Government not introduce legislative amendments to require the professional bodies to assist Members, under such circumstances, in communicating with their constituents by making the name lists available? It is because the name lists are possessed by them only.*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, I have definitely taken note of the ruling made by the High Court recently. I also believe different FCs will pay attention to the ruling and act accordingly. Meanwhile, insofar as the Government is concerned, I have to reiterate that we seek to introduce legislation to regulate electoral matters only. Outside the election period, the organizations of these FCs enjoy a certain degree of autonomy in dealing with their business. The SAR Government will not introduce legislation in order to bring a larger scope or more work under regulation, unless it is absolutely necessary to do so. We are still convinced that it is appropriate to handle register of electors according to the principle of fairness, openness and justness under the existing law.

MS MARGARET NG (in Cantonese): *President, the Secretary has not answered my supplementary question. The supplementary question I have raised is that unfairness has arisen owing to the circumstances of these professional bodies. Such being the case, why can the Government not introduce legislative amendments to ameliorate such unfairness?*

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

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, I have to reiterate that, firstly, the High Court has made its ruling and the relevant professional bodies will naturally consider it and, secondly, the fact that every professional body enjoys a certain degree of autonomy should be respected.

PRESIDENT (in Cantonese): This Council has spent more than 20 minutes on this question. I note that except for the Member who raised the main question, only three Members have been able to ask supplementary questions. Although many other Members also wished to ask supplementary questions, they did not have the opportunity to do so. Therefore, if Honourable Members hope their colleagues will also have an opportunity to ask questions, their own supplementary question should not be exceedingly long so that their colleagues will have an opportunity to raise supplementary questions too.

Third question.

Holding District Council Elections and Legislative Council By-election on Different Days

3. **MR ALBERT HO** (in Cantonese): *The election for the new term of District Councils (DCs) and the Legislative Council by-election for the Hong Kong Island geographical constituency (GC) will be held on 18 November and 2 December this year respectively, with an interval of only two weeks between them. The Government has said that not scheduling the above two elections on the same day is to avoid confusion among voters. However, the Legislative Council GC elections and functional constituency (FC) elections have all along been held on the same day. On the other hand, the Secretary for Constitutional and Mainland Affairs said on 8 August this year that "the Registration and Electoral Office will need about four months to arrange for the by-election." In this connection, will the Government inform this Council:*

- (a) *given that on 5 March 1995, the elections of the two former Municipal Councils (MCs) and by-elections for two DC constituencies were held on the same day, whether the Electoral Affairs Commission pointed out in the reports on the relevant elections that such arrangements had caused confusion among voters; if so, of the details; if not, why the Government is now of the view that holding the above two elections on the same day will cause confusion;*
- (b) *of the respective estimated expenditures and manpower for the above two elections, and whether it has assessed the savings in expenditures and manpower to be achieved by holding the two elections on the same day; if so, of the respective savings in expenditures and manpower to be achieved; and*
- (c) *given that in 2000, the Government took only two months to complete the work for the Legislative Council by-election for the Hong Kong Island GC, why it needs almost four months to arrange the Legislative Council by-election this time?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, as pointed out in part (a) of the main question, on 5 March 1995, the ordinary elections of the two MCs, as well as the by-elections of two district board (DB) constituencies, namely the Yau Ma Tei and Lower

Ngau Tau Kok constituencies, were held. The polling arrangements for the two different elections were combined deliberately for the purpose of assessing how well they would operate. This served as a trial run in preparation for the Legislative Council Election to be held in September 1995. This was to help assess whether the planned combined polling for Legislative Council GC and FC elections could be conducted smoothly. Nothing untoward arose during the combined polling of the 1995 MC election and the DB by-elections.

The combined polling arrangements for the GC and FC¹ elections were first introduced at the Legislative Council Election held in September 1995. For this purpose, the Administration had undertaken planning over a long period of time. The then Boundary and Election Commission had also amended the Guidelines on Election-related Activities and launched a 30-day public consultation on the Guidelines on 1 April 1995. With such planning and large-scale publicity, the combined polling arrangements were introduced smoothly at the 1995 Legislative Council Election and were adopted at subsequent Legislative Council elections.

Though nothing untoward arose as regards the combined polling arrangements at the 1995 MC election and DB by-elections as well as Legislative Council elections, the situation in 1995 and that pertaining to the current election in 2007 have a fundamental difference and cannot be equated simplistically. The main differences are as follows:

Firstly, the combined polling of the MC ordinary election and the by-elections of two constituencies on 5 March 1995 involved only three out of the 440 polling stations and 15 000 voters. It was much smaller in scale than the impending Legislative Council by-election which will involve almost 100 polling stations and 620 000 voters. The two occasions are not directly comparable.

Secondly, the Legislative Council GC and FC elections are elections for the same Council, both returning Legislative Council Members with similar roles and functions. On the other hand, the DC election and the Legislative Council GC by-election concern Councils of different levels. Members returned by these elections carry out distinct functions in the DCs and Legislative Council

¹ The combined polling arrangements did not apply to three FCs, namely the Urban Council, Regional Council and Rural FCs, in view of the small number of voters in these FCs. The Urban Council FC and the Rural FC were uncontested. For the Rural FC, a designated polling station was set up for all the electors to cast their votes.

respectively. The elections of representatives with different functions on the same day may confuse voters.

Thirdly, the impending Legislative Council by-election has to be organized within a tight timeframe. If combined polling is to be pursued, there will not be sufficient time to publicize fully to a sizeable electorate the arrangement for polling for two different elections on the same day. It will be difficult to ensure that all voters can clearly distinguish the two elections.

Fourthly, Legislative Council FC candidates normally focus on their respective sectors in their election campaign. However, both candidates for DC elections and Legislative Council GC by-elections conduct large-scale intensive publicity in the community. If the polling of the two elections was scheduled on the same day, candidates for both elections would conduct large-scale publicity campaigns on Hong Kong Island during the canvassing period and the polling day. This will make it difficult for voters to distinguish between the publicity messages of each election.

Taking the above considerations into account, we consider that scheduling the two elections on two separate days can avoid confusion to voters arising from the combined polling arrangements. This will help ensure that both elections can be conducted more smoothly.

Regarding part (b) of the main question, the estimated expenditure for the third term DC election is \$150 million. The manpower requirement includes about 350 short-term staff posts (during the peak period), as well as around 14 000 electoral staff.

The estimated expenditure for the coming Legislative Council Hong Kong Island GC by-election is \$26.6 million. The manpower required includes 2 600 electoral staff.

If the two elections were scheduled for the same day, on the assumption that the counting for both elections would be conducted at the polling stations, the savings on hire of venue and transportation would be around \$2 million. Regarding manpower, while the 14 000 electoral staff engaged for the DC election should be able to handle the polling duties of the two elections, we would have to engage extra manpower for the counting duties. It is estimated that overall there would be a saving of 1 600 electoral staff, resulting in a saving of around \$5 million on honorarium. As such, the total savings of scheduling the two elections on the same day would be around \$7 million.

Regarding part (c) of the main question, the preparatory period for the coming Legislative Council by-election overlaps with that of the 2007 DC election. The 2007 DC election will involve an electorate of almost 3.3 million and over 500 polling stations. The resource and manpower of the Registration and Electoral Office has already been heavily engaged for this election. On the other hand, the 2000 Legislative Council Hong Kong Island GC by-election was the only election held during that period, and thus resources and manpower could be dedicated to its preparation at that time. As such, the two cases are not directly comparable.

MR ALBERT HO (in Cantonese): *Madam President, the Government agreed that after 1995, no confusion had arisen in the Legislative Council elections in which each voter cast two votes for the GC and FC respectively, even though they cast their votes in different places.*

There was once when the MC elections and by-elections of two DB constituencies were held at the same time, and even though the elections involved two Councils of different levels and the nature of the vote was also different, no confusion was resulted. For what reason did the Secretary say that there would be confusion particularly in the impending elections? In particular, Hong Kong has over 20 years of experience in conducting elections and since the Secretary is of the view that there will not be confusion in the smaller constituencies and as there is even a chance for conducting more extensive publicity in the larger constituencies, what reasons or statistics do the Secretary have to support his view that confusion will arise? Or, does the Secretary have other considerations — just that he does not wish to reveal them — which oblige him to arrange for the two elections to be held separately?

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, the Electoral Affairs Commission and the Registration and Electoral Office consider the arrangement for the Legislative Council by-election in accordance with the electoral legislation of Hong Kong and the principles of fairness, openness and justness.

In fact, I have already explained to Albert HO in the main reply that the situation back in 1995 and the current situation in 2007 are completely different. In 1995, the overlapping of the two elections involved only three polling stations and 15 000 voters in the elections of two DB constituencies. If the two

impending elections are combined, given that both are large-scale elections, one involving over 500 polling stations all over the territory and 3.3 million registered voters, whereas the other involving 620 000 registered voters and about 100 polling stations on Hong Kong Island, we consider that overlapping these two large-scale elections will entail risks which we should not be taking in order to avoid confusion among voters.

Mr Albert HO particularly questioned this arrangement, arguing that the GC and FC elections had been held on the same day for several times before. It was proper back then because after all, the elections involved the same Council and they were to return Members of the Legislative Council. Besides, this mechanism has been proven. But this question today is about the 2007 DC election and the 2007 Legislative Council GC by-election, which involve two different Councils and two different elections.

MS EMILY LAU (in Cantonese): *President, what exactly is the Secretary's worry? He said that this would cause confusion among members of the public who would not be able to distinguish between the two elections. If that is really the case, is he worried that the voters will vote for the wrong candidates or is he worried about a major confusion among the polling staff which would make it impossible for the election to proceed? President, or is the Secretary worried that combining the two elections will result in more people coming out to vote which may in turn increase the voter turnout rate and hence increase the number of votes supporting the democratic camp and so, he is gravely worried about it? What exactly is his worry?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, we are worried that..... We do not arrange for the two elections to be held on the same day in order to avoid confusion among voters. Certainly, the polling staff may also make mistakes, but since they are both large-scale elections, it is more proper for them to be held on two separate days.

As for the percentage of votes obtained by various political parties and groupings as well as their support rate, I am fully confident in all political parties and groupings, for they are all highly competent in terms of canvassing votes. If not, why were there over 1 million people taking part in the DC election in 2003, representing a voter turnout rate of 44%, and 1.7 million voters voting in

the Legislative Council election in September 2004, representing a turnout rate of 55.6%? I am fully confident in the ability of various political parties and groupings in conducting door-to-door visits and canvassing votes, disregarding on which day the Legislative Council by-election or the DC general election will be held.

MS EMILY LAU (in Cantonese): *The Secretary has not given me an answer as to whether voters would not know how to vote or they would even vote for the wrong candidates if the two elections are arranged to be held on the same day. The Secretary kept on saying that this would confuse the voters, but about what would they be confused? When two elections are held and Hong Kong people have to cast two votes, do they know how to vote? Besides, if the two elections are held at the same time, will the voter turnout rate be higher and is the Administration very worried about members of the public coming forth to vote?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, the Administration absolutely welcomes any election registering a high turnout rate with participation by many registered voters. With regard to confusion, it may arise at several stages, such as during the stage of pre-election publicity. If members of the public have to vote in the DC election and also the Legislative Council by-election for the Hong Kong Island GC on 18 November, the publicity messages may overlap and this may cause confusion, and there may also be confusion on the polling day.

MR LEUNG KWOK-HUNG (in Cantonese): *Speaking of confusion, I can see that there are some guests in the public gallery and I think they will find this most confusing, for they will not understand why Hong Kong has so many elections, as there are the FC elections and elections by universal suffrage. I think they will be very confused but I can do nothing about it — perhaps there are parliamentary assembly members among them too — but I can do nothing about it. This is what our system is like, and if there is anything that you may not understand, I can do nothing about it.*

I would like to ask a question. The Secretary always mentioned the word "confusion" in his reply, suggesting that any election which may confuse the voters is undesirable, and this is why you have explicitly refused to conduct the

two elections on the same day. I feel very confused too. Will you consider addressing the problem of confusion in 2012 by telling us that the FC election and universal suffrage will not be conducted at the same time? If the Secretary can make this announcement here today, I think all the confusion will be resolved, so that our guests sitting in the public gallery, who may be parliamentary assembly members, can tell their countries that no more confusion will arise in all future elections in Hong Kong, that the "one-person, one-vote" method will be adopted, just like the method adopted in their countries, and that Hong Kong will be saved and there will be new Hong Kong people. Will the Secretary please give us a clear answer?

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, as your supplementary question is outside the scope of the main question, I will not allow you to ask it and the Secretary needs not answer it. Please sit down.

MR LEUNG KWOK-HUNG (in Cantonese): *No, I still wish to seek elucidation on one point. I wish to seek an elucidation from the Secretary.*

PRESIDENT (in Cantonese): Alright.

MR LEUNG KWOK-HUNG (in Cantonese): *In reply to the question about FCs earlier, the Secretary pointed out that there are tens of organizations and tens of people, or thousands of organizations and thousands of people, or tens of thousand of organizations and tens of thousand of people. How does he come to the conclusion that there are tens of thousand organizations? This is what the Secretary said earlier. Will he please clarify now as to which FC has tens of thousand organizations? If there is no such FC, will he please withdraw this remark? Will he please withdraw this remark openly, instead of sending out e-mails?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): In fact, FCs with tens of thousand registered voters include the Education FC and the Health Services FC, and in some FCs there are both organizations and individuals. This is what I meant.

MS AUDREY EU (in Cantonese): *President, the Secretary kept on saying that confusion would arise in the publicity work, but even if the elections are held on different days and if confusion really arises in the course of publicity, the same would still happen since the two polling days are so close to each other.*

But this is not my supplementary question. What I wish to ask is this instead. In the main reply the Secretary had been saying all the time that the elections involved Councils of different levels and that the Members to be returned would perform different duties and functions. In fact, it is precisely because the two Councils are of different levels and the candidates are completely different that the public will not be confused. Why does the Government underestimate our voters in Hong Kong? Does it think that our people are like the Chief Executive who cannot even distinguish between democracy and the Cultural Revolution?

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, I think the people of Hong Kong have become more and more interested in and concerned about elections in Hong Kong. I also believe they are very capable of choosing candidates whom they consider to be worthy of their support in the DC election and they will also choose candidates whom they consider to be worthy of their support in the Legislative Council by-election. But we can see that the two elections are quite large in scale and so, we think that we are duty-bound to minimize the risk of confusion. This is why we will stick to holding the first election involving 3.3 million voters and over 500 polling stations on 18 November, whereas the Legislative Council by-election involving 620 000 voters and about 100 polling stations is scheduled to be held on 2 December. As we hope that the by-election can be held as soon as possible in order to avoid delays, and since the period of nomination and the canvassing period may partially overlap, as also mentioned by Ms Audrey EU, we have already shortened and narrowed the overlapped period as far as possible.

MS AUDREY EU (in Cantonese): *President, the Secretary has not answered the latter part of my supplementary question. I asked the Government whether it has underestimated the voters, thinking that they are like the Chief Executive who cannot even distinguish between democracy and the Cultural Revolution.*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, concerning the remarks made by the Chief Executive, I have already issued a statement and I have nothing to add today.

PRESIDENT (in Cantonese): This Council has spent over 20 minutes on this question. We will proceed to the fourth question now.

Enforcement of the Control of Obscene and Indecent Articles Ordinance

4. **MR LAU KONG-WAH** (in Cantonese): *President, in April this year, Wen Wei Po, Ta Kung Pao and Sing Pao Daily News were given an interim classification as indecent articles by the Obscene Articles Tribunal (OAT) for publishing the same nude photo of a female soldier. The Television and Entertainment Licensing Authority (TELA) subsequently instituted prosecution against the three newspapers for the relevant offence. The first two newspapers pleaded guilty and were fined, whereas Sing Pao Daily News denied the charges. Following a review, the photo was re-classified as a Class I article by the OAT, and the charges against Sing Pao Daily News were therefore dismissed. In addition, Oriental Daily News, The Sun and Apple Daily published in 2005 an identical set of nude photographs of an overseas female celebrity, but only the former two newspapers were prosecuted. In this connection, will the Government inform this Council:*

- (a) *of the criteria adopted by the TELA for determining whether an article should be submitted to the OAT for classification;*
- (b) *whether it knows the reasons for OAT's different classifications, made before and afterwards, of the same photo; and*
- (c) *whether it knows if the same standards are used by the OAT for classifying the publications of various media organizations, and if the OAT adopts more stringent assessment criteria for media organizations which are found repeatedly in breach of the legislation concerned?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): Madam President, before addressing the questions raised by Mr

LAU, I would first like to clarify some of the details of the two cases mentioned in the question.

Regarding the photo of a nude military policewoman as referred to by Mr LAU, three newspapers published the same photo at that time. With the same handling procedures, the TELA submitted all concerning articles of the three newspapers to the OAT, which is a judicial body, for classification. The photos published by the three newspapers were all classified as Class II (indecent) articles by the OAT. Based on the classification, the TELA instituted prosecution against the three newspapers concurrently. Two of the newspapers pleaded guilty, whereas one of the newspapers pleaded not guilty. The Court referred the case to the OAT for determination. At the determination, the OAT re-classified the photo published by that newspaper as Class I (neither obscene nor indecent), therefore the prosecution was dropped.

As for another case concerning the photos of a nude overseas female celebrity, the photos and texts published in two newspapers were different from those published in the other newspaper with regard to the size of photos, shooting angle and the extent of the texts. Likewise, the TELA submitted the articles published by the three newspapers to the OAT for classification. Among the newspaper articles, two of them were classified as Class II (indecent) articles by the OAT and the TELA instituted prosecution accordingly. The other newspaper article was classified as a Class I (neither obscene nor indecent) article by the OAT, and thus no prosecution was instituted by the TELA.

My reply to Mr LAU's questions *seriatim* is as follows:

- (a) Inspection and monitoring work by the TELA has always been conducted in accordance with the guidelines for the OAT in classifying articles as required by the Control of Obscene and Indecent Articles Ordinance (COIAO) as well as the past cases of classification by the OAT. The COIAO requires that, in classifying an article, the OAT shall have regard to the following factors:
 - (i) standards of morality, decency and propriety that are generally accepted by reasonable members of the community;
 - (ii) the effect of an article as a whole;

- (iii) the persons or class of persons, or age groups of persons to or amongst whom the article is intended to be published; and
- (iv) whether the article has an honest purpose or is designed to camouflage unacceptable contents.

Based on the above guidelines and by drawing references to the past cases of the OAT, the TELA submits all articles suspected of breaching the COIAO to the OAT for classification.

- (b) According to the Judiciary, the Court of Appeal of the High Court has decided in an earlier case that:
 - (i) when the OAT deals with the classification of an article according to Part III of the COIAO, the OAT is exercising an administrative function; and
 - (ii) when the OAT exercises its functions under Part V of the COIAO upon request from other Courts, the OAT is exercising a judicial function and the OAT's determination will form part of the decisions of the Court requesting such determination.

The established practice of the OAT is that it should consist of different presiding magistrates and adjudicators when exercising its administrative function at (i) above and when exercising its judicial function at (ii) above. Also, when exercising the function at (ii) above, the OAT is not bound by the classification made in (i) above. As such, the determination made in (ii) above could be different from the classification made in (i) above.

- (c) The OAT classifies the publications of different organizations by taking into consideration the factors stipulated by the COIAO. Under the COIAO, there is no difference in the factors that must be considered by the OAT in classifying the article of a first offender or a repeated offender. However, the COIAO stipulates a higher maximum penalty for subsequent conviction. The Court may impose an appropriate level of penalty on the offender based on the circumstances of individual cases. Any person who publishes an indecent article without complying with the law is liable to a maximum fine of \$400,000 and to imprisonment for 12 months on

his first conviction, and to a fine of \$800,000 and to imprisonment for 12 months on subsequent conviction. Publishing an obscene article is liable to a maximum fine of \$1 million and imprisonment of three years.

Madam President, I appreciate that members of the public may not fully understand the provisions of the COIAO and its operation, in particular the division of work between the TELA and the OAT as well as their respective powers and responsibilities. One of the functions of the TELA is to submit to the OAT articles suspected to be in contravention of the COIAO and to initiate prosecution in accordance with the classification of the articles made by the OAT. The OAT is solely responsible for classifying articles and no such powers are vested with the TELA. We will step up promotional efforts to enhance public understanding of the operation of the COIAO. Besides, I understand that some people in the community may have doubts on the classification and determination regime adopted by the OAT. I am now considering a review of the provisions in the COIAO and the current mechanism and will then consider making necessary improvements as appropriate.

MR LAU KONG-WAH (in Cantonese): *President, I surely welcome this review. However, concerning the case in 2005, different conclusions on the same picture were reached and only Oriental Daily News but not Apple Daily was prosecuted. This openly gave the public the impression that a double standard was adopted.*

In the third paragraph of the main reply, the Secretary said that though the same picture was published, the size of the picture, the shooting angle and the extent of the texts might be different. However, he stopped short of saying whether a bigger picture or a smaller picture was considered indecent. In part (a) of the main reply, he set out a number of criteria, including standards of morality, decency and propriety; the effect of an article as a whole and the intended audience, but issues like size of pictures and shooting angle were not mentioned. Why only in this case was this criterion applied, and why the determination was based on different criteria?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): Madam President, first, as I have explained in the main reply earlier, it was the determination of the OAT. In considering the case, the OAT

followed the factors set out in the COIAO, that is, item (ii): the effect of an article as a whole. As I have said in the main reply to Mr LAU earlier, I believe the effect of an article as a whole includes the shooting angle, extent of the texts and size of pictures.

Regarding the case in question, I have personally seen those pictures. Certainly, I am not the Magistrate concerned, so I am not in a position to comment on this. However, regarding the three pictures published, the picture in one of the newspapers was somehow different from the pictures in the other two newspapers. But still, the final decision was made by the OAT but not the TELA. These decisions of the OAT were made according to the effect of an article as a whole.

MR LAU KONG-WAH (in Cantonese): *President, the Secretary has not answered my supplementary question. In respect of this case, it is all the better that the Secretary has also seen those pictures. However, the Secretary has not answered the part of my question on the size of pictures and shooting angle. If the Secretary can give a clear explanation to enable the media to grasp this criterion, and if he can spell out the situation specifically, it would be fairer. Otherwise, it would seem that different criteria were adopted, which is not fair.*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): Madam President, exactly because of the queries mentioned earlier..... Actually, many members of the public do not understand the relationship between the TELA and the OAT, nor do they know much about the standards. Therefore, I promise — we are now considering conducting a review of the COIAO and the current mechanism and will then make improvements as appropriate, and we do so in response to the earlier question raised by Mr LAU. We will also report this to the panel and I hope Members of the Legislative Council will offer more views to us.

MRS SELINA CHOW (in Cantonese): *It is understood that, as mentioned in the main question, Oriental Daily News, The Sun and Apple Daily published the same nude photo of an overseas female celebrity with mosaic effect, which means all three newspapers had edited the nude photos with mosaic effect. However, the question is that the OAT may classify the same picture as different classes. The first case mentioned is evident, for the OAT re-classified the same picture as*

a different class upon review. In other words, the OAT may make different decisions for the same picture.

May I ask the Secretary how newspaper publishers should assess and handle these pictures in order to avoid this misfortune of being prosecuted? How will the TELA assist newspaper publishers to know how they should handle this type of pictures in future?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): Madam President, I have explained it earlier. The OAT referred to by the Member is actually comprised of two levels. The so-called two different decisions for the case were the result of the determination of two different Magistrates. In fact, if Mrs Selina CHOW or any other Members are interested in it, I may provide a flow chart, for the process is rather complicated. The flow chart will state clearly the relevant procedures, that is, how the procedures should be carried out under the law.

Mrs Selina CHOW mentioned the first case in which the same picture was involved. In the first determination, the first Magistrate brought a prosecution. As one of the newspapers pleaded not guilty, the case was brought to the Court again. This time, another Magistrate did not consider the picture problematic and classified it as a Class I article. What I stated in the second paragraph of the main reply is exactly the case. In the first place, the TELA submitted the pictures to the OAT and the OAT considered it necessary to initiate prosecution, and the relevant procedures were carried out. However, after the OAT had meted out the punishment, the newspaper concerned lodged an appeal. Upon the appeal, the case was referred to another Magistrate of the OAT for determination, and this Magistrate probably held a different view. More often than not, this happens. It is no surprise that this happened, which is particularly likely if two Magistrates are involved.

This is how our judicial system works. For instance, the verdicts made by the High Court, the Court of Appeal and even the Court of Final Appeal may be different. This is possible. However, this is where the impartiality of the judicial system lies. For if a party is aggrieved by a certain verdict, he or she may lodge an appeal. Therefore, it is not at all surprising. I have explained in the second paragraph of the main reply why this situation occurred. However, if Honourable Members are interested in the entire work flow, I am more than willing to provide the flow chart to Members for perusal.

MRS SELINA CHOW (in Cantonese): *President, the Secretary has not answered the crux of my supplementary question.*

The judicial proceedings in general are different from this situation. For in this case, the article published by the newspaper was first submitted for assessment before the decision on prosecution was made. My supplementary question for the Secretary is: Since the authorities — I am now referring to the TELA but not the OAT — already knew the situation of the first case, showing that the assessment of the OAT was inconsistent, what the TELA has done, or will do, to provide guidelines for newspaper publishers to follow?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): Madam President, I would like to clarify one point. Actually, the determination for the newspapers concerned was the same for the first time. But when the case was brought to the Court, two newspapers pleaded guilty and paid the penalty, whereas another newspaper pleaded not guilty, and subsequently, another determination had to be made again.....

MRS SELINA CHOW (in Cantonese): *President, I would like to save the time of the Secretary and Honourable Members. I asked what the TELA has done, but the Secretary so far has not given a reply to this.*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): The TELA acts in accordance with the COIAO, Madam President.

PRESIDENT (in Cantonese): The main question and a follow-up question have already taken up 16 minutes, but a number of Members are waiting for their turns. I will try to allow a few more Members to ask supplementary questions, but the Question Time is after all limited.

Ms Miriam LAU, please be as concise as possible.

MS MIRIAM LAU (in Cantonese): *In part (a) of the main reply, the Secretary said that the OAT should have regard to a number of factors in classifying an article. However, I notice that those factors involve the making of subjective*

judgement in large measure. For instance, a relatively conservative person and a relatively open-minded person will have quite different opinions about the standard of morality and the effect of an article as a whole.

I welcome the review; however, will the Secretary consider introducing some objective criteria or some new mechanisms in the course of the review? For instance, a review system can be set up to review the classification of articles before a case is brought to the Court. Such a system can by all means avert the classification of an article as obscene and indecent by the OAT in the first determination, and have it re-classified as neither obscene nor indecent in the second determination by the same OAT.

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): These are very good suggestions. This is exactly the reason I consider conducting this review.

Naturally, Members may not know the composition of the OAT clearly. Perhaps I can take this opportunity to explain it. The OAT includes a judicial officer, and it allows the participation of 300 members of the public. In general, under the OAT, one judicial officer and two members of the public will be responsible for the classification of an article.

The Member is right in saying that more often than not, people may look at the same incident subjectively. This is inevitable. We must accept this point. However, I agree that some objective criteria should be introduced by all means in the review to bring in greater transparency in this respect, so that the public may understand the reasons behind a certain determination. Initially, I have thought about enhancing the transparency of the classification of cases. We will be working on these areas in the future.

MR JEFFREY LAM (in Cantonese): *In the main reply, the Secretary said that under the COIAO, a host of factors have to be considered in classifying an article, which includes "whether the article has an honest purpose or is designed to camouflage unacceptable contents". Many a time, we do not know how the authorities handle the cases nor do we know what they think. May I ask the Secretary to explain the meaning of "designed to camouflage unacceptable contents" and give us some examples?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): According to section 10 of the COIAO, in classifying an article, one of the considerations of the OAT is whether or not the article concerned, including DVD, pictures, and so on, is in disguise, which is indeed designed for another purpose. The legislative intent of the COIAO is to prevent any deceiving act like "crying up wine and selling vinegar". Let me cite an example. If a publication, which is published as a fashion magazine, as it claims, carries a lot of nude photos, it is using fashion to camouflage pornography. Therefore, the OAT has to examine carefully to verify whether or not the content of an article has been camouflaged, that is, whether it is "crying up wine and selling vinegar".

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

MR JEFFREY LAM (in Cantonese): *No, it has not, President. The Secretary has just referred to pictures as examples. Are there any examples on texts?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): In respect of texts, I cannot think of any right now. However, if Mr LAM is interested, I may ask the TELA to provide some examples to Mr LAM for reference. I am a layman in this field, but I may ask colleagues of the TELA to provide some examples for Mr LAM. (Appendix II)

PRESIDENT (in Cantonese): Last supplementary question.

MR TAM YIU-CHUNG (in Cantonese): *In the main reply, the Secretary said that under the COIAO, a person was liable to a fine of \$800,000 and imprisonment for a year on subsequent conviction. What is the meaning of "subsequent conviction" according to the law? I have checked the relevant information and note that certain magazine has been convicted for more than a hundred times, but the fines awarded only ranged from \$1,000 to \$50,000 approximately. Should those with a record of more than a hundred convictions be regarded as repeated offenders? Will the Secretary give us a further explanation on the definition of "subsequent conviction"?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): Obviously, just now, Mr TAM was referring to certain individual cases which he has examined. However, I do not have the information on these cases at hand. So, if Mr TAM can give me the information on these cases after the meeting, I may collect some data on this and revert to Mr TAM later. As I do not have the relevant information, I would rather not answer a question about such a specific situation.

MR TAM YIU-CHUNG (in Cantonese): *President, may I ask the Secretary to explain further the meaning of "subsequent conviction"? Will he explain further under what circumstances a conviction is considered as a subsequent conviction?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): Though I am not a judicial officer, I believe the meaning will include an organization which often commits the same offence. I think this is the meaning. However, if Mr TAM would like to know the legal definition or more detailed information, I may give you a reply in writing. Since this is a matter of specificity, will Mr TAM please pardon me, I do not wish to provide any wrong information to you. (Appendix III)

PRESIDENT (in Cantonese): Fifth question.

Protection for Workers Engaged in Outdoor Work in Hot Weather

5. **MISS CHAN YUEN-HAN** (in Cantonese): *This year, a number of workers suffered heat stroke while working in very hot weather. A worker even died of heat stroke on 24 July when working at the site of the Jockey Club Kau Sai Chau Public Golf Course in Sai Kung. In this connection, will the Government inform this Council:*

- (a) *whether the Labour Department (LD) had investigated if the person responsible for the above golf course had provided sufficient potable water to the workers; if it had, of the findings of the investigation and whether the LD will institute prosecution;*

- (b) *whether the LD had instituted, in the past three years, prosecution under section 16 of the Occupational Safety and Health Regulation against any person responsible for a workplace for not providing sufficient potable water to employees; if so, of the number of such cases and, among them, the number of those in which the accused were convicted; and*
- (c) *whether the Government will legislate to require employers to provide shade shelters for workers working in the hot sun, assign very hot and sunny periods as rest breaks, as well as require employers to arrange workers to suspend work or rest when the Very Hot Weather Warning is in force, so as to ensure that no more workers will die of heat stroke; if it will not, of the reasons for that?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Madam President,

- (a) In respect of the incident on 23 July 2007 in which a construction worker was suspected to have sustained heat stroke while working at a golf course construction site at Kau Sai Chau, the LD immediately launched an in-depth investigation on the following day. According to the autopsy report, there was no evidence to suggest that the cause of death was related to heat stroke. As regards a media report that a person claiming to be an ex-worker of that construction site alleged that the contractor did not provide potable water for workers on-site, the LD made a surprise visit to the site on 30 July 2007. The visit found that the contractor had installed water purifiers, distilled water dispensers and tea-urns at three locations (*viz* the site office, the container near the pier and the concrete mixing plant within the site) to provide potable water free of charge for workers. Moreover, two drink vending machines were also installed outside the site office and the concrete mixing plant so that workers could purchase soft drinks. Upon the LD's advice subsequent to the incident, the contractor has placed additional distilled water carboys in the site vehicles to give workers more convenient access to potable water since early August.
- (b) Section 16 of the Occupational Safety and Health Regulation (Cap. 509A of the Laws of Hong Kong) stipulates that the person responsible for a workplace must ensure that sufficient potable

water is provided at the workplace for the consumption by workers engaged on-site. In the past three years, officers of the LD did not detect any cases of major irregularities that directly caused imminent risk to the health of workers during inspections to various workplaces. Therefore, there was no case of prosecution under the relevant section of the Regulation.

- (c) Heat stroke can be caused by a variety of reasons. Sole reliance on weather conditions is therefore inappropriate for assessing the risk of heat stroke. Rather, all relevant factors should be taken into account, including environmental factors such as the temperature, humidity, wind speed and radiant heat in the workplace, and the precise nature of work as well as individual related factors such as the health condition of workers, the effects of any drugs being taken and the clothing worn by them.

The Occupational Safety and Health Ordinance (Cap. 509) and the Factories and Industrial Undertakings Ordinance (Cap. 59) and their subsidiary regulations clearly set out the general duties of employers. Specifically, they must, so far as reasonably practicable, ensure the safety and health of all their employees, and provide sufficient potable water for their employees. In respect of the prevention of heat stroke, it is therefore the legal responsibility of employers to assess such risks for their employees working in a hot environment and take appropriate preventive measures including the provision of potable water.

At present, the Hong Kong Observatory will announce very hot weather warning and advise the public to take necessary precautions to avoid any possible adverse health effects. When such a warning is in force, employers should exercise special caution and conduct the necessary risk assessment to determine the risk of heat stroke to their outdoor workers and adopt appropriate measures to reduce the risk. Such measures could include erecting a shelter at the workplace to shield off direct sunlight, advising workers to drink more water, enhancing ventilation at the workplace, arranging for employees to take regular rest breaks in a cooler place, rotating jobs within a work shift, arranging outdoor work in cooler periods during daytime and arranging for employees to use mechanical aids at work to minimize physical demands.

To enhance employers' and employees' awareness of the risk of heat stroke and its prevention, the LD has issued a guideline entitled "Prevention of Heat Stroke at Work in a Hot Environment", apart from regularly organizing public health talks. The Administration will also issue Announcements of Public Interest and press releases to raise the awareness of various sectors and remind them to take precautionary measures during hot periods.

MISS CHAN YUEN-HAN (in Cantonese): *President, in view of the Secretary's reply to my question on the whole, I find that the Government is extremely backward in this regard. Although he said that there is legislation..... He said that the death of the worker who died of heat stroke when working at a golf course in hot weather has nothing to do with this, and yet, I have strong reservation about it. I just wish to tell the Government that as a result of global warming, there will be no more winter in Hong Kong, just as the Director of the Hong Kong Observatory has frequently said. While our neighboring countries have formulated very clear guidelines in the face of incessant global warming and hot weather, the Hong Kong Government has not followed suit in practice. Let me cite an example, Shenzhen.....*

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

MISS CHAN YUEN-HAN (in Cantonese): *President, I am going to raise my supplementary question.*

PRESIDENT (in Cantonese): We are not in a debate, but are in Question Time now.

MISS CHAN YUEN-HAN (in Cantonese): *I am not debating. I just got a bit hot under the collar after listening to the Secretary's reply. President, I am not debating and I am going to put my supplementary question right now. What I wish to say is that, in 1960, Beijing introduced a regulation under the Labour Law of China, requiring workers to suspend work in hot weather.*

Subsequently, in July this year, Shenzhen laid down a specific temperature of 35°C and introduced a paid rest break for workers from 12 pm to 3 pm. Other places have been adjusting in the light of the global changes. President, may I ask why the whole Government is still so backward? How can the Secretary keep on giving us such a reply when the warm days in Hong Kong have become excessively long this year because of global warming? President, may I ask if the Secretary is only willing to carry out a large-scale review when more workers die?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Madam President, I am very grateful to Miss CHAN for her concern over this issue. The Government is not backward at all. Rather, we are very concerned about the workers' safety on site. First, we consider that the respective legislation is sufficient. As Members are aware, according to the existing Occupational Safety and Health Ordinance, employers are duty-bound to provide a healthy and safe working environment, and provisions have been clearly laid down to require employers to provide potable water. Second, I wish to advise Miss CHAN that although the guidelines are pretty simple, they are very comprehensive. They contain clear descriptions of the symptoms of heat stroke and how the so-called risk assessment should be carried out, and there are also some important notes for both employees and employers. Therefore, we consider this set of information very useful. What is more, Octopus cardholders have been produced recently to provide employers and employees with some simple basic knowledge, for example, workers should avoid long hours of outdoor work in hot weather. We will make use of different channels like law enforcement, publicity and education to get the message across and exercise regulation. Therefore, Madam President, the Government is absolutely not backward. Neither did we fail to note this issue.

MR WONG KWOK-HING (in Cantonese): *President, an even worse scenario than having no water to drink is employers increasing the workers' working hours. Recently, I was involved in the incident concerning steel-fixing workers, who were guaranteed eight hours of work and an increase in wages eventually after a few months of struggling. The point is.....*

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

MR WONG KWOK-HING (in Cantonese): *President, I wish to start with the background. Please allow me to finish with the background as this is where I should start from. Steel fixing is heavy-loading, laborious and strenuous work under high temperature. Assuming that the outdoor temperature is 35°C, it will be 5°C higher on the exposed high grounds. Now, may I ask the Government whether taxing and rigorous work as such has been monitored? Will you let the employers defy the contract and take advantage of the workers' underemployment and unemployment by increasing their working hours to eight and a half or even nine hours? I hope that the Government will answer this question: Have you ever conducted checks, monitored or even enacted legislation to ensure that the workers are working no more than eight hours with a view to protecting their occupational safety and health? If you failed to do so, was it negligence of duty on the part of the Government?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Madam President, this supplementary question has slightly deviated from the main question for we are discussing issues relating to the provision of potable water, the drinking of water and heat stroke. Nonetheless, I am pleased to reply.

PRESIDENT (in Cantonese): He asked about the drinking of water.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): It is about the drinking of water. Anyway, I am very pleased to reply to Mr WONG's question. The Government does pay attention to workers' safety on site. Certainly, no regulation has yet been imposed on the number of working hours on site. However, as Members are aware, message has been getting across through education, publicity as well as guidelines and code of ethics for good employers. Furthermore, the tripartite committees of the LD also help get the message across. Therefore, I hope Mr WONG will understand that the Government has already made every effort to fight for reasonable and fair working hours for workers.

MR WONG KWOK-HING (in Cantonese): *President, I have pointed out right at the beginning that the two points are absolutely interrelated because, when compared with the case of no or insufficient water supply, overtime work will*

result in greater water loss from a worker's body. We are looking at the issue of water from another perspective, which relates to the body fluid of a worker.....

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

MR WONG KWOK-HING (in Cantonese): *Therefore, the Secretary has not answered me. I asked whether the Government has considered making regulatory legislation, taking follow-up actions and exercising supervision, so as to prevent the unscrupulous employers from exploiting the blood and sweat of workers by taking advantage of their underemployment or unemployment. This is also a question of water, so I hope that the Secretary will reply accordingly.*

PRESIDENT (in Cantonese): Mr WONG Kwok-hing, just now I allowed you to ask your supplementary question because it concerns with workers working in the bright sun. It is therefore related to the drinking of water and the provision of shade shelters.

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Madam President, I also totally agree that strenuous strength is demanded of steel-fixing workers, so that their well-being should warrant special attention. Since there are regulations and provisions requiring employers to provide potable water, and in particular, to provide potable water for replenishment in case of long hours of work, most employers have generally taken on their minimal responsibility with respect to water. Insofar as working hours is concerned, I agree that it is our wish to see all employers setting reasonable working hours. Therefore, we have spared no effort in promoting reasonable working hours.

MR KWONG CHI-KIN (in Cantonese): *President, I wish to see if the Secretary can provide some additional information regarding the investigation conducted by the LD. First, it was very obvious that the worker concerned was sent to the hospital because of heat stroke, who subsequently died. However, the Secretary said earlier that there was no evidence in the autopsy report to suggest that the*

cause of death was related to heat stroke. Can the Secretary say something more about this? Second, insofar as the investigation is concerned, after a visit to the site, staff of the LD discovered that facilities providing potable water were available. Nonetheless, workers are not allowed to get water there because the clients have complained about their causing disturbances. May I ask whether staff of the LD have asked the workers during the investigation if they are denied water supply?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Madam President, the autopsy report states very clearly that the cause of death of the worker was not related to heat stroke, but was attributable to other reasons. The deceased, however, also has some problems. Perhaps it was attributable to his physical condition, which we consider inappropriate to disclose. But it is pretty sure that it was not related to heat stroke, just as the autopsy report has stated.

As for the relevant press reports, I have replied in the main reply earlier that a site visit had actually been conducted on the day following the incident, during which the workers were questioned and checks were conducted. Subsequently, surprise visits had again been conducted after the coverage of the incident by the media, and it was found that potable water was available on site. In the following eight months, it can be seen that they have taken on board our recommendations by providing distilled water carboys in site vehicles for outside work. Under these circumstances, we do not consider there is any special case for us to institute prosecution.

MR KWONG CHI-KIN (in Cantonese): *President, the Secretary said that a reply had been given in the main reply, but I failed to note that he had mentioned the questioning of workers. If there are adequate facilities, why would the Secretary say at the end of part (a) of the main reply that additional distilled water carboys have been placed in the site vehicles since early August? Does it reflect that after the investigation — my question merely concerns with the investigation — you found that there were insufficient facilities so that "remedial actions" had to be taken afterwards?*

PRESIDENT (in Cantonese): Mr KWONG Chi-kin, you can only repeat the part of your supplementary question that has not been answered.

MR KWONG CHI-KIN (in Cantonese): *Fine, President, my supplementary question will only ask the Secretary which part of his main reply indicated that the workers had been questioned.*

PRESIDENT (in Cantonese): Do you mean that the Secretary has not replied whether or not the workers have been questioned? However, the Secretary has actually answered this question.

MR KWONG CHI-KIN (in Cantonese): *He said that his answer was in the affirmative, but I failed to locate the relevant part in his written reply.*

PRESIDENT (in Cantonese): As you may probably recall, the supplementary question raised by you earlier asked him whether the workers had been questioned in the aftermath, and he replied that they had been questioned in the aftermath.

MR KWONG CHI-KIN (in Cantonese): *This is not what he said. He said that, as shown in the main reply, the workers have been questioned.*

In fact, nowhere in his main reply can we see the workers have been questioned. I know that what he meant is the workers have been questioned, but I asked him which part of the main reply shows that they have been questioned.

PRESIDENT (in Cantonese): We are not debating and this is Question Time now. Your supplementary question asked him if the workers have been questioned and he has replied in the affirmative, right? So, has he not answered your supplementary question?

MR KWONG CHI-KIN (in Cantonese): *President, since there are ambiguities, so I hope that he will clarify.....*

PRESIDENT (in Cantonese): A request for elucidation in this way is not allowed. This is the rule governing Question Time.

MR KWONG CHI-KIN (in Cantonese): *It shows that there is no such mention in his written reply. However, he stated in his oral reply that an answer has been given in the written reply. This demonstrates that he is self-contradictory. Now, my question is: Where can we see that the workers have been questioned?*

PRESIDENT (in Cantonese): The Secretary has already answered.

MR KWONG CHI-KIN (in Cantonese): *Maybe the Secretary will have something to add, say, when he questioned the workers. He has yet to answer.*

PRESIDENT (in Cantonese): Mr KWONG Chi-kin, has the Secretary not answered your supplementary question?

MR KWONG CHI-KIN (in Cantonese): *President, yes. I can only say that he has not answered so that he will answer again. (Laughter)*

PRESIDENT (in Cantonese): I do not wish to waste the time of this Council either. Please be seated. Secretary, do you have anything to add?

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Madam President, just as I have pointed out in the written reply, an in-depth investigation had been launched on the day following the incident. Generally speaking, an in-depth investigation includes questioning all the people at the scene. Therefore, Madam President, the in-depth investigation includes collecting all evidence at the scene and interviewing all the workers. Only this can be called an in-depth investigation.

MR LEE CHEUK-YAN (in Cantonese): *I believe the reply of the Secretary shows a lack of understanding of the sufferings of the workers. Secretary, when the steel-fixing workers went on strike, they had challenged you by asking you to try exposing yourself to the sun for eight and a half hours on a site so as to feel what they feel. Yet, you were only asked to expose to the sun, but not to work,*

for you might not be able to stand it. So, can the Secretary do something more pragmatic? All you said are not pragmatic at all. They are merely empty talks calling on the enterprises to do better and provide guidelines that have no legal effect.

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

MR LEE CHEUK-YAN (in Cantonese): *So, Secretary, may I ask you whether you will actually do something for the workers, that is, the enactment of legislation — I said very clearly that it is the enactment of legislation — which is mandatory. If the weather is too hot, there should be provisions requiring a suspension of work on all sites and stipulating eight hours of work for workers. Will you actually do such things for the workers, rather than repeatedly calling on, calling on and calling on? Merely "calling on" is just a waste of effort, and I wish to remind you that the Government does have the authority to enact legislation.*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Madam President, I fully appreciate the sufferings of the steel-fixing workers, especially in hot weather. Therefore, a lot of efforts have been made by the LD this year, including promotional leaflets, guidelines and Octopus cardholders which have been mentioned earlier on. For the proposed suspension of work when the weather suddenly becomes very hot, I consider this task very difficult to accomplish. As the Honourable Member may recall, we have previously discussed rest periods in the Committee on Occupational Safety and Health of the Labour Advisory Board. After thorough discussions, however, we still did not consider that legislation should be enacted given the difficulties and the introduction of guidelines was considered a better approach. Even if there is a need to make regulatory legislation, protection is actually provided by the existing law. Just as I have pointed out in the main reply, it is clearly stipulated in the law that the failure of employers to provide potable water and a safe and healthy environment, which are indeed the general duties of employers, will subject them to substantive penalties. In other words, both regulation and protection are now available. Therefore, if promotion through publicity and education can be launched accordingly, I think that this is the right direction to go.

PRESIDENT (in Cantonese): Last supplementary question.

MR LEUNG YIU-CHUNG (in Cantonese): *President, the Secretary pointed out in the second last paragraph of the main reply that, if the weather is really very hot, employers are suggested to adopt appropriate preventive measures such as advising workers to drink more water, or even arranging for them to take rest breaks in a cooler place. The wording used is rather special, which reads "employers should exercise special caution". May I ask the Secretary what consequences will an employer face if he fails to do what "should" be done, and simply exercise "caution" but not "special" caution, without taking any follow-up actions? Because not only the steel-fixing workers, but all construction workers face the same problem, that is, just as I said earlier, the hot weather may have an impact on human bodies and cause fatigue. So, may I ask the Secretary what if an employer fails to do what "should" be done or exercise "special" caution?*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Madam President, should an employer fails to do what should be done, for instance, if it is proved that his failure to provide potable water has genuinely caused an employee to suffer heat stroke, it is very obvious that he had contravened provisions of the legislation which I have mentioned in the main reply earlier on. The case will then be left for the Court to decide. As for other aspects, generally speaking, insofar as risk assessment is concerned..... I have mentioned earlier that employers have some general duties — a so-called general duties provision is provided in both the Occupational Safety and Health Ordinance and the Factories and Industrial Undertakings Ordinance to cater for the general responsibilities — which will constitute strong evidence in case civil litigation or claims for compensation arise in the future.

MR LEUNG YIU-CHUNG (in Cantonese): *President, the Secretary has not answered my supplementary question as I did not ask if he was aware of this issue. Instead, I asked him what consequences will an employer face if he fails to follow the suggestions to advise his employees to drink more water and take a rest break in a cooler place, that is, he fails to perform his duties that he "should exercise special caution".*

SECRETARY FOR LABOUR AND WELFARE (in Cantonese): Madam President, an answer was actually given just now. Since this is a part of the risk assessment, that means employers must be cautious and this explains why wordings like "should exercise special caution" have been used to remind the employers. If an employer requires his employees to work in hot weather, he must ensure that enough protection is provided. The provision of shade shelters to shield off sunlight and water is necessary, otherwise, provisions regarding water will obviously be contravened and this necessitates law-enforcement actions by us. For other aspects, if it is so unfortunate that an employee feels sick or suffers heat stroke, follow-up actions relating to compensation claims for work injuries will be taken in the future. That is how it goes.

PRESIDENT (in Cantonese): Last oral question.

Allowing Mainland Residents with Macao Visit Endorsement to Visit Hong Kong

6. **MR JAMES TIEN** (in Cantonese): *President, at present, the authorities of the Macao Special Administrative Region (Macao SAR) allow entry of mainland residents who only hold an endorsement for visiting Hong Kong (Hong Kong visit endorsement) issued by the relevant mainland authorities. However, mainland residents holding an endorsement for visiting Macao (Macao visit endorsement) only are not allowed to enter Hong Kong. In this connection, will the Government inform this Council:*

- (a) *of the reasons for not allowing mainland residents with Macao visit endorsement to visit Hong Kong as a side trip;*
- (b) *of the security considerations for imposing such a restriction; and*
- (c) *whether it will consider relaxing the restriction to allow mainland residents with Macao visit endorsement to make a side trip to Hong Kong?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, regarding Mr James TIEN's question, the reply of the Security Bureau and the Commerce and Economic Development Bureau is as follows:

According to the prevailing mainland policy on entry and exit control, all residents should obtain approval from relevant mainland authorities to visit places overseas, including Hong Kong and Macao. Under the Individual Visit Scheme (IVS), holders of "Exit-entry Permit for Travelling to and from Hong Kong and Macao" must obtain an exit endorsement for Hong Kong before they can visit Hong Kong. According to the arrangements prescribed by the mainland Public Security Bureau, mainland residents holding the IVS exit endorsement for Macao only will not automatically enjoy a waiver arrangement for visiting Hong Kong. Therefore, based on their itineraries, mainland residents need to apply for exit endorsements for Hong Kong and Macao respectively before they visit both places.

From the perspective of tourism development, the Government of the Hong Kong Special Administrative Region (Hong Kong SAR) welcomes relevant mainland authorities to introduce more measures under the IVS to facilitate mainland residents to visit Hong Kong. In general, there is no particular concern from the security policy angle towards the idea of an exit endorsement under the IVS to enable mainland residents to visit both Hong Kong and Macao at the same time. The Hong Kong SAR Government will exchange views with relevant mainland authorities and study any feasible proposals that may facilitate entry of mainland visitors.

MR JAMES TIEN (in Cantonese): *President, I am very happy to hear the Secretary for Security say that there is no particular concern from the security angle over this matter. He stated at the end of part (b) of the main reply that, in fact, if mainland residents wish to go to Macao after visiting Hong Kong or vice versa, they will have to apply for exit endorsements for Hong Kong and Macao respectively. I may know little about this, but from what I have learnt from information provided by the Hong Kong Tourism Board (HKTB), there are 1-odd million mainlanders visiting Hong Kong every month, and similarly there are 1-odd million mainlanders visiting Macao; but mainlanders visiting Macao only cannot visit Hong Kong, while those visiting Hong Kong can visit Macao. As such, can Hong Kong do likewise by relaxing the restriction? Assuming that mainlanders visiting Macao are also allowed to visit Hong Kong — as mainlanders visiting Hong Kong can also visit Macao — what work does the Government need to do?*

PRESIDENT (in Cantonese): Which Secretaries will reply? Secretary for Security.

SECRETARY FOR SECURITY (in Cantonese): Madam President, I thank Mr James TIEN for his view. In fact, we can reflect this view to the Central Government, if there is such a genuine need, I mean, if mainland residents have such a need. If they intend to visit Hong Kong and Macao at the same time, they can be issued with an exit endorsement for both Hong Kong and Macao after being vetted and approved by the relevant mainland Public Security Bureau. If we really have such a need in future for the relevant mainland authorities to relax the restriction, we will have to reflect our view to them, in a bid to seek their consideration of issuing more exit endorsements for both Hong Kong and Macao.

MR JAMES TIEN (in Cantonese): *The Secretary has not answered part of my supplementary question. My question is: At present, mainlanders who are allowed to visit Hong Kong are also allowed to visit Macao even though they have not applied for a Macao visit endorsement. Then, why do mainlanders going to Macao but not having applied for a Hong Kong visit endorsement cannot visit Hong Kong? Certainly though, for people having successfully applied for exit endorsements for both places, they can certainly go to the two places. The Secretary has not answered just now the part I mentioned above.*

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

SECRETARY FOR SECURITY (in Cantonese): Madam President, I believe I have already mentioned in part (a) of the main reply that according to the prevailing mainland laws and regulations and its policy, mainlanders who wish to visit Hong Kong must obtain a Hong Kong visit endorsement from the mainland Public Security Bureau. If he does not have a Hong Kong visit endorsement on his travel document, we will not grant him entry into Hong Kong.

PRESIDENT (in Cantonese): Secretary for Security, I believe the point that Mr James TIEN did not understand is whether mainlanders who have already obtained a Hong Kong visit endorsement can automatically be allowed to visit Macao. Is this the case? If this is the case, then why can they not be automatically allowed to visit Hong Kong? From the Secretary's reply, I believe it seems not the case. Secretary, perhaps can you explain a little further?

SECRETARY FOR SECURITY (in Cantonese): Madam President, I have already mentioned the policy and laws and regulations of our country in part (a) of the main reply. Mainlanders who wish to come to Hong Kong must hold a Hong Kong visit endorsement; if they want to go to Macao, they must also hold a Macao visit endorsement. Hence, a mainlander who does not have a Hong Kong visit endorsement on his travel document will breach the relevant ordinance and we will deny his entry into Hong Kong. As to why some visitors coming to Hong Kong can visit Macao, it concerns the practice in Macao and we are not in a position to comment on it.

MISS CHOY SO-YUK (in Cantonese): *President, I wish to ask a follow-up on this question. The Secretary said, if I am correct, that it is up to Macao, rather than the Central Government, to decide on matters relating to people who have obtained a Hong Kong exit endorsement wishing to visit Macao. If this is the case, conversely, for people who have obtained a Macao visit endorsement, can Hong Kong decide by itself whether or not to allow them to visit Hong Kong without the need to seek the Central Government's consent? Or, must we seek the Central Government's consent before doing so?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, I believe we have to respect the laws imposed by the Central Government in the Mainland because the Public Security Bureau also issues exit endorsements in accordance with the mainland laws. We cannot..... Certainly though the Hong Kong Immigration Department has the authority to permit who can enter Hong Kong, our policy should not contravene that of the Central Authorities.

MR HOWARD YOUNG (in Cantonese): *President, I wish to ask the Secretary or the other Bureau this question: As he has said that we may reflect our view to the Central Authorities, before doing so, has the Administration evaluated how large the market of mainlanders who only hold a Macao visit endorsement will be if they are allowed to visit Hong Kong, and what economic benefits this will bring? Otherwise, without any supporting grounds, it will be hard to convince the Central Authorities when presenting our view.*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): My reply to Mr YOUNG's supplementary question is that, in 2006,

13.59 million mainlanders visited Hong Kong, of which about 2 million mainlanders came to Hong Kong first and then went to Macao. In the same year, that is 2006, 12 million mainlanders visited Macao and 380 000 of them came to Hong Kong after visiting Macao. In other words, there were more mainlanders who visited Hong Kong first and then went to Macao.

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

MR HOWARD YOUNG (in Cantonese): *Yes. I asked just now whether the Administration has evaluated the potential economic benefits. Has it conducted work in this respect?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): Certainly, we would more than welcome if more mainlanders wish to come to Hong Kong after visiting Macao to enjoy another kind of tourism in this metropolitan city. Members can see from the data above that at present the numbers of mainlanders visiting Hong Kong and Macao are similar. The HKTB and its Chairman, Mr TIEN, encourage this kind of "single trip, multiple destinations" tour. It is thus more than obvious that tourists will very much welcome it if they can visit Macao and Hong Kong in one trip.

MRS SELINA CHOW (in Cantonese): *In reply to us just now, the Secretary for Security stated that Hong Kong has to respect the arrangements prescribed by the mainland Public Security Bureau. I believe Members will not disagree with his remark. However, we heard the "Secretary for Economic Development" say that they have been aware of this for a long time and he has mentioned this to the Secretary for Security who can prove this. Everyone knows that this will have negative impact on Hong Kong's tourism industry. Thus, may I ask the "Secretary for Economic Development" what actions he will take to turn the situation round? In fact, we only wish to know how because the Secretary for Security has mentioned that if there is a chop endorsing visits to Macao and then to Hong Kong, the entire problem can be solved. This chop is precisely what we have to secure. We often hear officials of the State say: "Hong Kong-Macao", "Hong Kong-Macao". The problem will thus be solved if we can make available a chop endorsing visits to both places. May I ask the*

"Secretary for Economic Development" when this can be done? Because this is not a future need, and Secretary for Security, this is a need that has already surfaced, one that we have anticipated for a long time. "Secretary for Economic Development", when will you be able to ask the Central Authorities to improve this situation as a matter of urgency, in order to allow mainland compatriots to visit both places at any time?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): Mrs Selina CHOW is still unable to remember my title. The name of my Bureau is Commerce and Economic Development Bureau, not "Economic Development Bureau". In relation to this matter, we will, just as Secretary for Security Ambrose LEE has said in the main reply, certainly discuss it with the Central Authorities, but Members must understand that the decision lies not with the Hong Kong SAR Government. I can, however, assure Members that we will lobby in this direction. I believe the Macao SAR Government will also welcome this arrangement.

MRS SELINA CHOW (in Cantonese): *President, the Secretary has not answered my question. The Secretary for Commerce and Economic Development has not answered my supplementary question. The thrust of my question is: As this is a matter of urgency, when will he take action?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): I can assure Mrs Selina CHOW that as we perceive that this arrangement is conducive to Hong Kong and is also in line with the notion of "single trip, multiple destinations" mentioned in the election platform of the Chief Executive, we will proceed with this work as soon as possible.

MR CHIM PUI-CHUNG (in Cantonese): *President, my personal view on the replies of the two Secretaries is that "Everyone is knocking on the same door". Does the Hong Kong SAR Government truly have the intention to induce the tourists concerned to come to Hong Kong after visiting Macao? If it has such an intention, why does it not exercise its own authority to allow people in transit to stay here for 72 hours as long as they hold valid passports? Why does it not exercise this authority? The Central Authorities have not indicated that these tourists are forbidden to come here. In this connection, can the Government*

discuss this with the Central Authorities? This is the attitude the Government should adopt. Will the Government please state its stance on this?

PRESIDENT (in Cantonese): Which Secretary will reply? Secretary for Security.

SECRETARY FOR SECURITY (in Cantonese): I thank Mr CHIM for his question. As the laws of our country regulate the exit of its residents, every resident in China leaving its territory has to specify his intended destination of travel, in particular those going to the two SARs.

Mr CHIM is right in saying that the laws of Hong Kong empower the Director of Immigration with infinite authority. The Director of Immigration can even exercise his discretion to allow persons without travel documents to enter the territory, but this is a very special circumstance. If we apply the power of discretion of the Director of Immigration on matters not approved by the Central Government in order to let the person concerned to come here, it will, firstly, impinge on the policy and laws of our country, which is something we would not like to see. Secondly, as we very often have to discuss and co-operate with the mainland Public Security Bureau on many matters, we do not wish to upset each other on the issue of visit endorsement. I believe even colleagues responsible for tourism development should hold that they need to co-operate with our mainland counterparts, rather than adopting an antagonistic attitude.

MR CHIM PUI-CHUNG (in Cantonese): *President, my question is: As the Hong Kong SAR Government has this authority under "one country, two systems", why does it not exercise it? Has the Secretary formally discussed this issue with the relevant counterparts in the Mainland? Or, is he afraid of them and thus has refrained from raising this issue? If so, the Government is not performing its duty. Has the Government done this?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, we frequently discuss travel matters relating to Hong Kong residents or mainland residents visiting Hong Kong. We have talked about this.

MISS CHOY SO-YUK (in Cantonese): *President, may I ask the Secretary — I am not sure if he is in a position to disclose to us — in relation to the present situation, what the biggest concern is? Can he let us have a better idea? In fact, we do not quite understand why the present situation has arisen. Can more information be disclosed? That is, what is your biggest worry now?*

PRESIDENT (in Cantonese): Which Secretary will reply? Secretary for Security.

SECRETARY FOR SECURITY (in Cantonese): Let me reply first. From the angle of security, we do not have any worry.

PRESIDENT (in Cantonese): Secretary for Commerce and Economic Development, do you have anything to add?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, if more tourists can come to visit Hong Kong, we certainly welcome them.

MR JAMES TIEN (in Cantonese): *President, I am very happy to hear that the two Secretaries do not have any major worry about this proposal.*

President, I wish to briefly bring up that coincidentally, the HKTB, including myself, has scheduled a visit to Macao next Monday. We will meet with the Chief Executive of the Macao SAR and officials of the Macao Tourism Office. If Members have no objection, may I ask the Secretary whether he agrees with or supports me to raise this issue with the Macao officials? If the two SARs hold the same view, we can then reflect it to the Central Government together and it may stand a higher chance of success. I heard the Secretary say just now that he was not in a position to comment on mainlanders going to Macao after visiting Hong Kong. Perhaps there is a problem. It will be more desirable if this problem can be solved in future.

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): I already visited Macao last Friday and mentioned to Secretary

CHUI that Mr TIEN would ask this question during oral question time of the Legislative Council meeting today. He should thus be psychologically prepared that Mr TIEN may raise this for discussion. In our conversation, we concurred that if the Central Authorities approve of this measure, it would be conducive to the tourism industry in both places.

PRESIDENT (in Cantonese): Last supplementary question.

MR HOWARD YOUNG (in Cantonese): *President, at present, there is a measure allowing mainland residents, despite not having a Hong Kong visit endorsement, to have a seven-day stay in Hong Kong when they are in transit to or from a third place. May I ask in the event of a mainland resident in transit, whose home is in Shenzhen and who has obtained a Macao visit endorsement, intends to return to Shenzhen through Hong Kong, whether he may, by applying the same concept, be permitted to enter Hong Kong?*

SECRETARY FOR SECURITY (in Cantonese): Madam President, I have said many times that our exit and entry control should tie in with that of the Mainland. What Mr Howard YOUNG has said just now is correct. We agree that at present, Chinese passport holders who are in transit here can stay in Hong Kong for seven days without the need to obtain a Hong Kong visit endorsement. This arrangement has been agreed by the two Governments and has been discussed before. However, we have also discussed with the Mainland the issue of Hong Kong visit endorsement or Macao visit endorsement, but the agreement reached is that only holders of two-way exit permit with Hong Kong visit endorsement can come to Hong Kong.

PRESIDENT (in Cantonese): Oral questions end here.

WRITTEN ANSWERS TO QUESTIONS

Operation of Shenzhen Bay Port

7. **MR WONG TING-KWONG** (in Chinese): *President, with regard to the Shenzhen Bay Port (SBP), which was commissioned on 1 July this year, will the Government inform this Council:*

- (a) *given that cross-boundary goods vehicles may, with effect from 13 August, use SBP for crossing the boundary without the need to apply to the mainland authorities in advance for additional crossing endorsement, whether the authorities know that if such a measure will be implemented on a long-term basis;*
- (b) *of the respective daily average numbers of private cars and goods vehicles using SBP for crossing the boundary since 13 August, and the impact of the cross-boundary traffic volume on the traffic situation of Tuen Mun Road (TMR); and*
- (c) *whether the authorities have conducted a review to identify room for improvement in the operation and facilities of SBP; if so, of the review results; if not, the reasons for that?*

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

- (a) To encourage cross-boundary goods vehicles to use SBP, the Hong Kong and Guangdong Governments have agreed that goods vehicles of cross-boundary freight companies could use SBP without registration until the companies next renew their mainland operating contracts, during which the Department of Foreign Trade and Economic Cooperation of Guangdong Province would grant them the additional endorsement to use SBP. This measure is not time-limited.
- (b) The average volume of private car and goods vehicle traffic using SBP between the introduction of the above measure on 13 August 2007 and end September 2007 is as follows:

		<i>Number of private cars</i>	<i>Number of goods vehicles</i>
Average daily volume	Hong Kong-bound	810	240
	Shenzhen-bound	820	730
Volume during peak hours*	Hong Kong-bound (6 pm to 8 pm)	90 (per hour)	30 (per hour)
	Shenzhen-bound (12 noon to 2 pm)	80 (per hour)	80 (per hour)

* The peak-hour traffic is derived from the result of a traffic survey conducted on 23 August 2007.

So far, only some of the vehicles using SBP go through TMR. The traffic volume along TMR has increased by about a few scores of vehicles per hour since the measure came into effect. The traffic impact on TMR is minimal and is even less during the off-peak hours. The Transport Department will continue to closely monitor the traffic condition along TMR after the commissioning of SBP.

- (c) The operation of the Hong Kong Port Area has been smooth since the commissioning of SBP in July. The Hong Kong and the Shenzhen authorities meet regularly to discuss matters requiring attention and co-ordination of both sides in order to ensure the smooth operation of the new control point.

As regards the daily management of the Hong Kong Port Area, the front-line departments have established an inter-disciplinary building management committee to co-ordinate their operations and improvement works for the port facilities, including the provision of additional signage and traffic signs to give clearer direction to cross-boundary passengers and vehicles on public transport arrangement and immigration and customs procedures.

Students Crossing Boundary Daily for School

8. **MR CHEUNG MAN-KWONG** (in Chinese): *President, will the Government inform this Council:*

- (a) *of the respective numbers, in each grade of kindergartens, primary and secondary schools in each of the past three and the current school years, of the students travelling across the boundary every day to attend school in Hong Kong, together with a breakdown by the boundary crossings used and the districts in which their schools are located; and*
- (b) *whether it will consider providing point-to-point school bus services at each crossing; if it will, of the details and implementation timetable; if not, the reasons for that?*

SECRETARY FOR EDUCATION (in Chinese): President,

- (a) In respect of the cross-boundary students who are Hong Kong residents but are residing in Shenzhen and attending schools in Hong Kong, the numbers of such students at each level in each of the past three and the current school years based on the information provided by schools are as follows:

<i>School Year</i>	<i>Number of Cross-boundary Students</i>			
	<i>Kindergarten</i>	<i>Primary</i>	<i>Secondary</i>	<i>Total</i>
2004-2005 [#]	733	2 589	481	3 803
2005-2006 [#]	962	2 998	538	4 498
2006-2007 [#]	797	2 878	799	4 474
2007-2008 [*]	1 456	3 466	937	5 859

[#] The statistics are provided by schools in the districts of Tai Po, North District and Yuen Long.

^{*} The statistics are provided by schools in the districts of Tai Po, North District, Yuen Long and Tuen Mun.

Starting from the current school year, the Education Bureau (the Bureau) collects statistical data on the number of cross-boundary students crossing various boundary areas to attend schools in Hong Kong. As at September 2007, the numbers of related cross-boundary students are as follows:

<i>Location of Schools Attended</i> <i>Boundary Area</i>	<i>Tai Po</i>	<i>North District</i>	<i>Yuen Long</i>	<i>Tuen Mun</i>	<i>Number of Students Passing the Boundary Area</i>
Via Lo Wu	200	3 337	8	0	3 545
Via Sha Tau Kok [*]	34	1 173	0	0	1 207
Via Lok Ma Chau	33	662	353	0	1 048
Via Shenzhen Bay	2	10	6	27	45
Via Man Kam To	1	13	0	0	14
Total	270	5 195	367	27	5 859

^{*} Mainly those students studying in schools inside the Sha Tau Kok Closed Area and those with Sha Tau Kok indigenous resident status.

- (b) The Administration is very concerned about the arrangements for the students travelling across the boundary every day to attend

schools in Hong Kong, and will introduce complementary measures to facilitate these students where practicable. In the longer term, we consider it more desirable to make use of cross-boundary coaches to provide service for such students. In this connection, the Bureau and the relevant departments are assisting the schools concerned and the cross-boundary coach operators to study the feasibility of introducing cross-boundary school coach service as well as the related arrangements. Since the cross-boundary school coach service involves complicated issues, such as route coverage in the Mainland, coach fare, provision of escort on board, and so on, the Bureau will follow up the matter closely, hoping that the service could be available at the earliest possible instance.

Smuggling of Foodstuffs

9. **MR LI KWOK-YING** (in Chinese): *President, it has been reported that the prices of mainland foodstuffs imported into Hong Kong have recently risen by 5% to 100%, prompting law breakers to take risks and smuggle foodstuffs into the territory. In this connection, will the Government inform this Council:*

- (a) *of the amount and value of the smuggled foodstuffs seized in the past three years by the Government in anti-smuggling operations, together with a breakdown by the types of the foodstuffs involved;*
- (b) *whether the Customs and Excise Department (C&ED) has correspondingly stepped up its anti-smuggling operations in this respect (including co-operation with the relevant mainland authorities); if so, of the details; and*
- (c) *given that many of the smuggled foodstuffs are from unknown sources and have not undergone inspections and tests, apart from the measures mentioned by the Government at the meetings of the Council's Panel on Food Safety and Environmental Hygiene on 12 June and 10 July this year, whether the Food and Environmental Hygiene Department (FEHD) will adopt other measures to strengthen the work on food safety inspections and tests so as to safeguard public health; if so, of the details?*

SECRETARY FOR SECURITY (in Chinese): President, in consultation with the Food and Health Bureau, I reply to the above question as follows:

- (a) The amount and value of smuggled foodstuffs seized by the C&ED in the past three years (from July 2004 to June 2007) are set out at the Annex.
- (b) The C&ED exchanges intelligence and conducts joint operations with the FEHD and the relevant mainland law-enforcement agencies from time to time with the objective of stepping up enforcement against foodstuff smuggling activities so as to safeguard public health. In addition, since mid-September 2007, the C&ED has launched a special operation to enhance enforcement against smuggling of live birds and poultry in a more targeted manner. As at 10 October 2007, a total of 610 kg of live birds and poultry for human consumption had been seized.
- (c) Under the routine food surveillance programme, the FEHD has been testing food samples taken at import, wholesale and retail levels to ensure that food sold in Hong Kong is safe and fit for human consumption. Beside routine surveillance, the FEHD also carries out targeted food surveillance and seasonal food surveillance at various times of the year to further enhance surveillance on individual food items or hazard (for example, heavy metals, food additives and pathogens). This facilitates the Government and the public to take more effective preventive measures.

In addition, the FEHD regularly publicizes food surveillance results. From January to August 2007, the FEHD tested about 38 000 food samples taken at various levels. The results showed that the overall satisfactory rate was 99.5%. As for import control, the FEHD has recently stepped up joint operations with the C&ED to intercept travellers illegally bringing meat or poultry into Hong Kong at Lo Wu Control Point, Shenzhen Bay Control Point and Lok Ma Chau Spur Line Control Point.

Amount and value of smuggled foodstuffs seized by the C&ED
in the past three years (from July 2004 to June 2007)

Year		<i>Meat</i> (including poultry, pork and beef)	<i>Marine Products</i> (including chilled/ freshwater fish, tortoises, sea snakes, and so on)	<i>Other Foodstuffs</i> (including shark's fin, edible oil, ginseng and abalones)
2004 (July to December)	Amount	627 858 kg	12 fish	- 71 kg of ginseng - 99 670 litres of edible oil
	Value (\$)	10,702,471	6,000	328,069
2005	Amount	295 433 kg	8 791 kg	- 170 kg of shark's fin - 132 320 litres, 610 drums and 14 973 bottles of edible oil - 526 kg, 17 880 cans and 31 cartons of abalone - 3 026 kg of ginseng
	Value (\$)	6,289,512	238,854	21,255,883
2006	Amount	103 485 kg	10 735 kg	- 14 319 kg and 1 816 cans of ginseng - 5 900 litres of edible oil - 1 741 kg of abalone
	Value (\$)	1,086,926	259,741	25,066,081
2007 (January to June)	Amount	6 994 kg	24 206 kg	- 22 kg of shark's fin - 1 166 kg, 51 bags and 88 drums of ginseng - 6 kg of abalone
	Value (\$)	219,771	427,438	19,951,427

Note: The figures above include cases jointly handled by the C&ED and FEHD.

Handling of Carcasses of Dead Birds

10. **MR ALBERT CHAN** (in Chinese): *President, recently, some members of the public have reflected to me that upon receipt of reports about the discovery of dead bird carcasses, the government department concerned often failed to remove the carcasses promptly and seldom conducted avian influenza virus tests on them. In this connection, will the Government inform this Council of:*

- (a) *the number of reports received in each of the past three years regarding the discovery of dead bird carcasses;*
- (b) *the respective numbers of dead bird carcasses collected and samples of such carcasses tested in each of the past three years, as well as the results of such tests; and*
- (c) *the reasons for not conducting tests on each of the dead bird carcass collected?*

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

- (a) The Agriculture, Fisheries and Conservation Department (AFCD) has started to collect dead bird carcasses since November 2005. Between November and December 2005, in 2006, and between January and September 2007, the number of telephone reports of dead bird found was about 1 600, 16 000 and 15 400 respectively. Some of them were duplicate reports and enquiries about following up of earlier reports.
- (b) Relevant statistics are tabulated as follows:

<i>Period</i>	<i>Number of dead bird carcasses collected</i>	<i>Number of test samples</i>	<i>Test results (number of cases found to have H5 avian influenza virus)</i>
November to December 2005	1 700	1 500	0
2006	14 300	11 300	17
January to September 2007	11 300	8 000	17

- (c) The AFCD will adjust its testing strategies having regard to changes in the risk of avian influenza and the situation on the death of birds. For instance, more tests will be conducted during the high-risk period for avian influenza or at a time when massive death of birds is found, while less will be conducted during the low-risk period. Moreover, since avian influenza virus can only replicate in living cells and is susceptible to deactivation with the changes in temperature, humidity and pH value, as well as in an anisotonic

Hospital	Waiting time for first appointment for out-patient service in 2006								Number of full-time (those working for 44 hours or more in the hospital concerned in a week) staff in 2006			Total in-patient and day-patient discharges and deaths				
	Median (in weeks)	99th percentile (in weeks)	less than one year		from one to two years		over two years		Medical	Nursing	Allied health	2002	2003	2004	2005	2006
			No.	%	No.	%	No.	%								
Yan Chai Hospital (YCH)																
Caritas Medical Centre (CMC)																
Princess Margaret Hospital (PMH)																
Kwong Wah Hospital (KWH)																
Prince of Wales Hospital (PWH)																
North District Hospital (NDH)																
Alice Ho Miu Ling Nethersole Hospital (AHMLNH)																
Pok Oi Hospital (POH)																
Tuen Mun Hospital (TMH)																

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, the relevant information concerning the Ear, Nose and Throat, Medicine, Orthopaedics and Surgery departments of the public hospitals as stated in the question above is set out in the Annex.

Annex

Specialty: Ear, Nose and Throat

		Waiting time for first appointment for out-patient service in 2006								Number of full-time staff in 2006 (those working for 44 hours or more in the group of hospitals concerned in a week) (Remark 1)		Total in-patient and day-patient discharges and deaths				
	Median (in weeks)	99th percentile (in weeks)	less than one year		from one to two years		over two years		Medical	Nursing (Remark 2)	2002	2003	2004	2005	2006	
			No.	%	No.	%	No.	%								
Hong Kong East Cluster (Remark 3)																
PYNEH	7	21	6 057	100%	-	-	-	-	9	7	2 967	1 504	1 312	1 364	1 637	
RH	16	21	1 137	100%	-	-	-	-			-	-	-	-	-	
Hong Kong West Cluster (Remark 3)																
QMH	9	32	3 246	100%	-	-	-	-	3	4	707	443	484	755	760	
Kowloon Central Cluster (Remark 3)																
QEH	11	16	13 773	100%	2	0%	-	-	11	10	1 807	1 512	1 799	1 754	1 543	
Kowloon East Cluster (Remark 3)																
UCH	13	53	6 693	98%	103	2%	-	-	8	0	952	731	862	874	907	
TKOH	1	16	133	100%	-	-	-	-			94	64	112	154	150	
Kowloon West Cluster (Remark 3)																
YCH	7	78	5 950	69%	2 647	31%	-	-	13	1	1 837	1 503	1 899	1 685	1 598	
CMC	8	109	1 338	65%	620	30%	110	5%			155	152	114	118	-	
PMH	-	-	-	-	-	-	-	-			-	-	-	-	-	
KWH	12	72	1 739	67%	869	33%	-	-			667	352	392	403	428	
New Territories East Cluster (Remark 3)																
PWH	2	55	7 090	95%	368	5%	-	-	15	13	3 060	1 769	2 533	2 281	2 017	
NDH	<1	2	454	100%	-	-	-	-			60	27	-	-	-	
AHMLNH	6	97	3 991	74%	1 389	26%	-	-			1 583	1 129	1 295	1 405	1 689	
New Territories West Cluster (Remark 3)																
POH	-	-	-	-	-	-	-	-	10	1	-	-	-	-	-	
TMH	12	85	6 272	66%	3 287	34%	-	-			2 273	1 689	1 975	1 637	1 523	

Remarks

- (1) As the condition and complexity of each case varies, the workload of relevant staff cannot be assessed simply based on the number of cases handled and the relevant number of staff. Generally speaking, health care staff are responsible for rendering services for the whole continuum of service spanning from in-patient to ambulatory and out-patient care. Therefore the number of staff shown in the table above does not reflect the manpower designated for the special out-patient clinic. Separately, as the Allied Health professionals of the Hospital Authority (HA) serve all clinical departments, we cannot provide the number of Allied Health professionals designated for different specialties.
- (2) The number of nurse shown in the table above does not include the more than 3 200 full-time nurses currently deployed to clusters from the central pool. The HA does not have information about which departments that these nurses have been deployed to. As some of the departments concerned are private wards, or the departments are sharing nursing staff with other departments, there is none or only one nurse in some of the departments.
- (3) The hospitals listed under each Cluster only include those specified in the question, not all the hospitals within that Cluster.

Specialty: Medicine

		Waiting time for first appointment for out-patient service in 2006								Number of full-time staff in 2006 (those working for 44 hours or more in the group of hospitals concerned in a week) (Remark 1)		Total in-patient and day-patient discharges and deaths				
	Median (in weeks)	99th percentile (in weeks)	less than one year		from one to two years		over two years		Medical	Nursing (Remark 2)	2002	2003	2004	2005	2006	
			No.	%	No.	%	No.	%								
Hong Kong East Cluster (Remark 3)																
PYNEH	4	75	4 812	95%	244	5%	-	-	125	413	31 814	28 742	32 918	32 770	33 987	
RH	4	72	3 194	95%	178	5%	-	-			20 382	14 955	14 174	15 521	15 473	
Hong Kong West Cluster (Remark 3)																
QMH	6	58	6 963	97%	224	3%	-	-	67	283	37 504	33 646	35 862	37 038	36 288	
Kowloon Central Cluster (Remark 3)																
QEH	26	56	7 864	97%	261	3%	-	-	94	353	53 028	42 055	44 624	42 729	43 398	
Kowloon East Cluster (Remark 3)																
UCH	7	94	5 492	68%	2 633	32%	-	-	104	476	38 742	33 016	36 671	37 578	38 738	
TKOH	8	65	3 708	68%	1 741	32%	-	-			10 343	10 275	11 884	11 912	12 139	
Kowloon West Cluster (Remark 3)																
YCH	8	52	4 090	99%	39	1%	-	-	229	918	21 561	21 292	22 220	22 373	22 748	
CMC	9	38	3 487	100%	-	-	-	-			26 039	22 980	23 890	23 119	24 047	
PMH	8	40	6 532	100%	-	-	-	-			40 958	31 673	39 575	39 883	41 044	
KWH	29	186	6 234	91%	361	5%	261	4%			31 349	26 385	28 176	31 387	29 558	
New Territories East Cluster (Remark 3)																
PWH	33	109	7 069	73%	2 310	24%	244	3%	132	590	31 036	26 800	30 939	31 858	31 022	
NDH	25	41	4 303	100%	1	0%	-	-			13 098	12 125	13 768	15 312	16 286	
AHMLNH	17	69	3 545	80%	870	20%	-	-			20 657	15 605	19 330	22 241	23 449	
New Territories West Cluster (Remark 3)																
POH	8	16	59	100%	-	-	-	-	104	340	1 816	3 050	4 339	4 074	3 810	
TMH	19	28	6 974	100%	1	0%	-	-			43 725	36 910	40 992	42 139	43 558	

Remarks

- (1) As the condition and complexity of each case varies, the workload of relevant staff cannot be assessed simply based on the number of cases handled and the relevant number of staff. Generally speaking, health care staff are responsible for rendering services for the whole continuum of service spanning from in-patient to ambulatory and out-patient care. Therefore the number of staff shown in the table above does not reflect the manpower designated for the special out-patient clinic. Separately, as the Allied Health professionals of the HA serve all clinical departments, we cannot provide the number of Allied Health professionals designated for different specialties.
- (2) The number of nurse shown in the table above does not include the over 3 200 full-time nurses currently deployed to clusters from the central pool. The HA does not have information about which departments that these nurses have been deployed to. As some of the departments concerned are private wards, or the departments are sharing nursing staff with other departments, there is none or only one nurse in some of the departments.
- (3) The hospitals listed under each Cluster only include those specified in the question, not all the hospitals within that Cluster.

Specialty: Orthopaedics

		Waiting time for first appointment for out-patient service in 2006								Number of full-time staff in 2006 (those working for 44 hours or more in the group of hospitals concerned in a week) (Remark 1)		Total in-patient and day-patient discharges and deaths				
	Median (in weeks)	99th percentile (in weeks)	less than one year		from one to two years		over two years		Medical	Nursing (Remark 2)	2002	2003	2004	2005	2006	
			No.	%	No.	%	No.	%								
Hong Kong East Cluster (Remark 3)																
PYNEH	7	31	5 151	100%	-	-	-	-	30	65	7 850	6 427	6 935	6 653	7 103	
RH	7	57	1 681	96%	77	4%	-	-			1 859	1 673	1 269	1 009	1 156	
Hong Kong West Cluster (Remark 3)																
QMH	15	106	4 177	76%	1 233	22%	87	2%	23	75	6 586	5 827	6 153	5 826	5 977	
Kowloon Central Cluster (Remark 3)																
QEH	17	125	5 447	81%	151	2%	1 124	17%	31	65	7 920	7 009	7 015	6 875	6 980	
Kowloon East Cluster (Remark 3)																
UCH	8	56	7 301	90%	825	10%	-	-	38	119	6 444	5 643	6 255	6 542	6 320	
TKOH	6	49	4 907	100%	2	0%	-	-			3 234	2 879	3 489	3 439	3 446	
Kowloon West Cluster (Remark 3)																
YCH	19	58	2 440	65%	1 321	35%	-	-	64	150	3 831	4 523	4 913	4 651	4 934	
CMC	13	43	3 007	100%	-	-	-	-			3 909	4 368	4 390	3 911	4 257	
PMH	34	51	4 898	100%	-	-	-	-			5 438	3 603	5 141	4 703	4 599	
KWH	4	104	4 484	71%	1 782	28%	50	1%			4 798	4 309	4 447	4 649	4 267	
New Territories East Cluster (Remark 3)																
PWH	10	71	8 619	86%	1 727	17%	-	-	59	146	7 760	6 184	5 832	6 132	6 220	
NDH	27	46	5 588	100%	1	0%	-	-			3 879	3 445	3 819	3 924	3 818	
AHMLNH	4	98	2 652	69%	1 205	31%	1	0%			6 028	4 460	5 426	5 047	4 799	
New Territories West Cluster (Remark 3)																
POH	29	36	272	100%	-	-	-	-	34	60	335	623	864	732	654	
TMH	43	50	9 197	99%	71	1%	-	-			9 014	7 140	7 923	7 766	7 595	

Remarks

- (1) As the condition and complexity of each case varies, the workload of relevant staff cannot be assessed simply based on the number of cases handled and the relevant number of staff. Generally speaking, health care staff are responsible for rendering services for the whole continuum of service spanning from in-patient to ambulatory and out-patient care. Therefore the number of staff shown in the table above does not reflect the manpower designated for the special out-patient clinic. Separately, as the Allied Health professionals of the HA serve all clinical departments, we cannot provide the number of Allied Health professionals designated for different specialties.
- (2) The number of nurse shown in the table above does not include the over 3 200 full-time nurses currently deployed to clusters from the central pool. The HA does not have information about which departments that these nurses have been deployed to. As some of the departments concerned are private wards, or the departments are sharing nursing staff with other departments, there is none or only one nurse in some of the departments.
- (3) The hospitals listed under each Cluster only include those specified in the question, not all the hospitals within that Cluster.

Specialty: Surgery Department

		Waiting time for first appointment for out-patient service in 2006								Number of full-time staff in 2006 (those working for 44 hours or more in the group of hospitals concerned in a week) (Remark 1)		Total in-patient and day-patient discharges and deaths				
	Median (in weeks)	99th percentile (in weeks)		less than one year		from one to two years		over two years		Medical	Nursing (Remark 2)	2002	2003	2004	2005	2006
		No.	%	No.	%	No.	%									
Hong Kong East Cluster (Remark 3)																
PYNEH	8	124	6 719	83%	643	8%	769	9%	42	95	14 752	12 288	14 701	13 825	14 418	
RH	9	40	4 339	100%	-	-	-	-			7 172	4 831	4 861	4 281	4 638	
Hong Kong West Cluster (Remark 3)																
QMH	10	145	8 058	73%	2 139	19%	781	7%	52	214	25 103	22 003	23 612	23 203	23 554	
Kowloon Central Cluster (Remark 3)																
QEH	6	42	15 070	100%	1	0%	-	-	48	135	28 617	23 087	25 439	25 686	26 257	
Kowloon East Cluster (Remark 3)																
UCH	42	106	6 738	57%	5 059	42%	127	1%	47	133	16 623	13 373	14 940	14 192	14 265	
TKOH	15	67	6 034	82%	1 298	18%	-	-			7 700	6 558	7 670	6 873	7 022	
Kowloon West Cluster (Remark 3)																
YCH	50	110	3 078	53%	2 529	44%	178	3%	96	276	12 009	10 623	10 339	10 504	10 632	
CMC	4	32	4 559	100%	5	0%	-	-			10 460	7 169	6 357	6 126	7 027	
PMH	34.5	159	4 985	52%	1 437	15%	3 196	33%			18 071	11 591	16 492	16 020	16 177	
KWH	61	143	5 383	48%	4 990	45%	726	7%			18 609	14 925	15 447	15 459	15 243	
New Territories East Cluster (Remark 3)																
PWH	25	124	8 149	73%	2 686	24%	332	3%	73	263	19 276	14 973	16 369	17 699	17 793	
NDH	23	169	6 700	58%	3 402	29%	1 450	13%			7 938	7 906	10 450	11 179	12 294	
AHMLNH	20	95	732	73%	274	27%	1	0%			9 938	3 425	1 548	1 931	1 946	
New Territories West Cluster (Remark 3)																
POH	-	-	-	-	-	-	-	-	41	95	126	157	161	157	77	
TMH	30	141	10 011	66%	4 165	27%	1 070	7%			27 370	21 883	23 072	22 442	21 484	

Remarks

- (1) As the condition and complexity of each case varies, the workload of relevant staff cannot be assessed simply based on the number of cases handled and the relevant number of staff. Generally speaking, health care staff are responsible for rendering services for the whole continuum of service spanning from in-patient to ambulatory and out-patient care. Therefore the number of staff shown in the table above does not reflect the manpower designated for the special out-patient clinic. Separately, as the Allied Health professionals of the HA serve all clinical departments, we cannot provide the number of Allied Health professionals designated for different specialties.
- (2) The number of nurse shown in the table above does not include the over 3 200 full-time nurses currently deployed to clusters from the central pool. The HA does not have information about which departments that these nurses have been deployed to. As some of the departments concerned are private wards, or the departments are sharing nursing staff with other departments, there is none or only one nurse in some of the departments.
- (3) The hospitals listed under each Cluster only include those specified in the question, not all the hospitals within that Cluster.

Provision of Internet Workstations and Computer Facilities at Public Libraries

12. **MR SIN CHUNG-KAI** (in Chinese): *President, in recent months, the mission of public libraries has been revised to include, among other things, providing a gateway to information for the general public and supporting continuing education for the community. Members of the public have conveyed to me that additional application software should be installed in the computers in public libraries to enable the public to collate information. However, Computer and Information Centres/Areas (CIC/As) are available in only 20 of the 76 public libraries in the territory. In this connection, will the Government inform this Council:*

- (a) *of the total numbers of Internet workstations in the public libraries and computers in various CIC/As, their utilization rates, as well as the situation of overbooking of such facilities, as at the end of each of the past three years;*
- (b) *whether it will set up CIC/As in all static libraries and install application software in all Internet workstations to accomplish the abovementioned mission; if it will, of the number of additional CIC/As to be set up, the number and locations of Internet workstations to be installed with additional application software, as well as the implementation schedules concerned; if not, the reasons for that; and*
- (c) *whether it will standardize the services provided in various CIC/As and install application software for word-processing, spreadsheet, database, presentation, web-authoring, image and photo-editing, drawing and publishing; if it will, of the details; if not, the reasons for that?*

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

- (a) *At present, the Hong Kong Public Libraries (HKPL) operates 20 CIC/As, providing a total of 400 computer workstations. The 66 static libraries across the territory are also equipped with 431 Internet workstations for public use.*

Over the past three years, the number of Internet workstations and that of computers installed in CIC/As have increased from 385 and 313 in 2005 to 431 and 400 in 2007 respectively.

The total numbers of Internet workstation and CIC/A users in each of the past three years are as follows:

<i>Year</i>	<i>Number of Internet workstation users</i>	<i>Number of CIC/A users</i>
2005	3 160 555	665 672
2006	3 282 564	749 222
2007 (from January to August)	2 280 852	571 189

Seven days' advance reservations by telephone or in person are accepted for the use of the above facilities. The utilization rates of CIC/As and Internet workstations under the HKPL have all along remained at a satisfactory level. At present, the HKPL has no statistics on the situation of overbooking.

- (b) The HKPL will continue to expand the CIC/A services. In particular, more computer facilities will be provided in libraries being renovated or newly established. Over the past five years, the HKPL has altogether set up nine additional CIC/As and installed 176 additional computer workstations.

In the coming year, the HKPL will set up new CIC/As in five district libraries undergoing renovation, including To Kwa Wan Public Library, Fa Yuen Street Public Library, Shui Wo Street Public Library, Lockhart Road Public Library and Quarry Bay Public Library. A total of 65 additional computer workstations will be available for readers' use.

Internet workstations in the HKPL are set up for the purpose of providing readers access to library electronic resources and Internet reference materials, and facilitating their acquisition of knowledge and information in various disciplines. In view of the high demand for Internet workstations and to avoid any adverse impact on the

accessibility to this Internet information service, application software will not be installed in Internet workstations for the time being. However, the services will be kept under review in order to keep in pace with the community's development and demand.

- (c) The CIC/As under the HKPL have always been providing the public with a comprehensive range of computer information services. At present, application software installed in the computer workstations of all CIC/As is standardized, including the commonly used office software for word processing, spreadsheet, presentation, web-authoring, general image, photo-editing and processing, and so on. Apart from this, application software for database, engineering drawing, advanced web-authoring, publishing, image and photo-editing, and so on, is also available in major CIC/As.

The HKPL will regularly upgrade the software and hardware of the computer workstations with a view to better meeting the public's needs on information technology.

Admitting Children to Racecourses

13. **MR BERNARD CHAN** (in Chinese): *President, starting from the current racing season, the Hong Kong Jockey Club (HKJC) allows the under-aged family members of racehorse owners to enter racecourses at race meetings to watch horse racing from a close distance at designated boxes, and to join the phototaking with the winning horses at the turf. Some organizations have expressed concern about this arrangement, worrying that it might encourage children and young people to take part in gambling. In this connection, will the Government inform this Council:*

- (a) *whether it has assessed if such an arrangement goes against its established policy of preventing under-age gambling;*
- (b) *whether it knows if the HKJC plans to extend such an arrangement to the under-aged family members of other HKJC members and spectators at the Public Enclosure; and*
- (c) *how it will step up efforts to prevent access of children and young people to betting facilities under the new arrangement?*

SECRETARY FOR HOME AFFAIRS (in Chinese): President,

(a) and (c)

According to the information provided by the HKJC to the Government, the new arrangement is in response to the request from the horse owners, and is applicable only to day meetings at the Sha Tin racecourse and the under-aged family members brought along by the horse owners. Access for the under-aged persons to the racecourse is confined to the specified non-betting areas. The HKJC has already put in place various measures and arrangements (including an increase in manpower) to ensure clear separation of such areas from the betting halls, and to strictly guard against entrance of the under-aged persons to the betting halls. We will closely monitor the implementation of the new arrangement, and will request the HKJC to provide information on the implementation to the Betting and Lotteries Commission. So far, there is no information to suggest that under-age betting has taken place inside the racecourse because of a failure of such measures.

(b) The Government is not aware of any concrete plans by the HKJC to expand such arrangement at this stage.

Mechanism for Regulating Betting on Horse Races

14. **MR ALAN LEONG** (in Chinese): *President, starting from the current racing season, the Hong Kong Jockey Club (HKJC) allows racehorse owners to bring their under-aged family members to racecourses on racedays to watch horse racing. Regarding the mechanism for regulating the betting on horse races, soccer matches and the lottery business, will the Government inform this Council whether:*

- (a) *the HKJC has applied to the Secretary for Home Affairs (the Secretary) for varying the conditions of the horse race betting licence (the licence) prior to implementing the above measure; if it has, of the approval date and justifications given by the Secretary; if it has not, the reasons for that;*
- (b) *the Secretary has considered amending the conditions of the licence and the related Code of Practice (the Code) with regard to allowing*

access of under-aged persons to racecourses; if he has, of the progress and details of the amendment exercise; if not, the reasons for that, and

- (c) *the Secretary has reviewed the mechanism for regulating the betting on horse races, soccer matches and the lottery business, and made efforts to enhance the transparency of the mechanism, including making public the documents and minutes of the meetings of the Betting and Lotteries Commission (BLC), and convening public hearings when dealing with matters involving amendments to the licensing conditions or the Code or licence renewal; if he has, of the progress and details of the review; if not, the reasons for that?*

SECRETARY FOR HOME AFFAIRS (in Chinese): President,

- (a) The HKJC has not applied to the Secretary for varying the licensing conditions prior to implementing the new arrangement. According to the information provided by the HKJC to the Government, the new arrangement is in response to the request from the horse owners, and is applicable only to day meetings at the Sha Tin racecourse and under-aged family members brought along by the horse owners. The new arrangement of the HKJC has not violated any licensing conditions. In order to comply with the relevant licensing conditions — that is — not to accept bets from under-aged persons and not to accept bets in any premises to which under-aged persons are permitted to have access, access for the under-aged persons to the racecourse is confined to the specified non-betting areas. The HKJC has already put in place various measures and arrangements (including an increase in manpower) to ensure clear separation of such areas from the betting halls, and to strictly guard against entrance of the under-aged persons to the betting halls.
- (b) The Government has always strictly abided by the policy of not allowing under-aged persons to participate in gambling. We will closely monitor the implementation of the new arrangement, and will request the HKJC to provide information on the implementation to the BLC, so that the BLC can advise the Government on the licensing conditions and/or the Code if necessary.

- (c) The function of the BLC is to advise the Secretary on the regulation of the conduct of horse race betting, football betting and lotteries in accordance with the provisions of the Betting Duty Ordinance, for the Secretary to make decisions. The Government and the BLC are of the view that the current meeting arrangements are appropriate, and have no plans to make substantial changes.

Emission of Air Pollutants by Vessels

15. **MISS TAM HEUNG-MAN** (in Chinese): *President, I have recently received a complaint from a resident of Ap Lei Chau alleging that very often, quite a number of large vessels sailing through the waters of Lamma Island and the Southern District emit black smoke, causing serious air pollution problems. Under certain wind directions, such pollutants seriously affect the residents of the flats on the seaside of the Southern District. In this connection, will the Government inform this Council:*

- (a) *other than the existing legislation concerned and the Merchant Shipping (Prevention of Air Pollution) Regulation (L. N. 149 of 2007) tabled in the Council on 11 July this year, whether the Government has formulated any other control measures targeting at the emission of air pollutants by vessels sailing within waters of Hong Kong; if it had, of the details of such measures; and*
- (b) *whether the Government has received, in the past three years, complaints regarding vessels emitting excessive air pollutants in the waters of the Southern District and Lamma Island; if it had, of the number of such complaints received and details of the follow-up actions taken; and whether it had instituted prosecution or issued warnings against the owners of the vessels involved; if it had, of the details?*

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

- (a) Smoke emissions from vessels are currently regulated under section 50(1) of the Shipping and Port Control Ordinance (Cap. 313) and section 51(1) of the Merchant Shipping (Local Vessels) Ordinance (Cap. 548), which stipulate that no vessel in the waters of Hong Kong shall emit smoke in such quantity as to be a nuisance. The

Merchant Shipping (Prevention of Air Pollution) Regulation under the scrutiny of the Legislative Council will give effect to the standards of the International Maritime Organization in controlling emission of nitrogen oxides, sulphur oxides, ozone depleting gases, volatile hydrocarbon gases from ships; quality of fuels used on board; and the use of shipboard incinerators. The Marine Department (MD) is responsible for enforcement of the marine legislation in the waters of Hong Kong.

Apart from the above control measures, the Environmental Protection Department (EPD) has been monitoring the air quality of Hong Kong. The EPD has established an air quality monitoring network with 14 monitoring stations to measure the air quality of Hong Kong. The general stations at Tsuen Wan, Kwai Chung, Sham Shui Po, Kwun Tong, Eastern and Central/Western are located along the Victoria Harbour and nearby areas. They can accurately monitor air quality impacts caused by air pollutants, including those from the Victoria Harbour. The EPD also compiles inventory of air pollutants emitted in Hong Kong on a yearly basis; the inventory includes emission of particulates, sulphur dioxide, nitrogen oxides and volatile organic compounds both on land and at sea.

- (b) The MD received a total of seven complaints on smoke emissions from vessels in the waters off Hong Kong Island South and Lamma Island from 2004 to 2006. Details are as follows:

<i>Year</i>	<i>Number of complaints received</i>	<i>Location</i>
2004	0	
2005	2	One in Aberdeen waters One in Lamma Island waters
2006	5	Four in Aberdeen waters One in Lamma Island waters

The patrol staff of the MD has conducted investigations on all seven cases. Advice was issued in three cases to urge the vessel owners to take improvement measures. Four complaints were not substantiated as the emission of vessels in two cases were found to be normal, whereas the vessels referred to in the other two

complaints could not be located by the patrol staff in the investigation.

No prosecution action was instituted nor warning issued by the MD in these seven cases.

Sanitary Fitments for Children in Toilets in Public Places

16. **MR FREDERICK FUNG** (in Chinese): *President, I have received complaints from parents that currently, the design of the majority of public toilets in shopping malls, parks and those venues under the Government has not yet met children's needs (including the lack of smaller pedestal toilets, and urinal bowls and lavatory basins being installed at a high position). In this connection, will the Government inform this Council whether:*

- (a) *it had conducted any review on the above situation (including reviewing the Building (Standards of Sanitary Fitments, Plumbing, Drainage Works and Latrines) Regulations (Cap. 123 sub. leg. I)); if so, of the outcome of the review; whether it will put forward amendment proposals, in order to provide toilet facilities suitable for use by children; if it had not conducted any review, the reasons for that, and whether it will conduct a review and consider amending the relevant regulations to require that toilets in public places shall be provided with facilities suitable for use by children; and*
- (b) *it will consider providing toilet facilities suitable for use by children in toilets located in public facilities (including parks, public markets, government offices, community centres, maternal and child health centres, public hospitals, and so on) as a first step; if not, of the reasons for that?*

SECRETARY FOR DEVELOPMENT (in Chinese): *President, my reply to the two-part question is as follows:*

- (a) The Buildings Department (BD) has commissioned a consultancy study on the provision of sanitary fitments in existing buildings and the Building (Standards of Sanitary Fitments, Plumbing, Drainage Works and Latrines) Regulations. Concerning sanitary facilities

for children, the consultant has studied the experience in other overseas countries and the Mainland. The study revealed that the United States, the United Kingdom, Australia, Singapore as well as the Mainland have no statutory requirement for toilets in public places to be provided with water closets, urinal bowls and lavatory basins suitable for use by children. The consultant therefore recommended that the Government should adopt a non-mandatory approach to recommend the provision of sanitary fittings suitable for use by children in shopping arcades, department stores and other public places.

The BD issued a Practice Note in May 2005 advising the industry to consider providing sanitary fittings suitable for children's use when designing the relevant premises. The BD also considers that it is not necessary to revise the relevant legislation at this stage.

- (b) At present, public facilities such as the Government's school dental clinics, maternal and child health centres, some community centres, markets, government offices, parks, paediatrics wards and paediatrics specialist out-patient clinics in public hospitals under the Hospital Authority and newly built shopping arcades and markets under the Hong Kong Housing Authority are provided with some toilet facilities suitable for use by children.

In planning and building new public facilities, the Government will, subject to the actual needs and users' requirements, provide toilet facilities suitable for use by children, such as smaller water closets, urinal bowls and lavatory basins installed at a lower position for children's use. Moreover, when maintenance or improvement works are carried out for existing public facilities, the departments concerned will, as far as possible, provide toilet facilities suitable for use by children according to the actual needs and practicability.

Sub-prime Mortgage Problem

17. **MS EMILY LAU** (in Chinese): *President, it has been reported that the sub-prime mortgage problem besetting the United States in recent months has triggered off a global financial turmoil and its domino effect has even affected the stability of the international financial market. In this connection, will the executive authorities inform this Council:*

- (a) *whether they have assessed the impact of the sub-prime mortgage problem on the financial market and investment environment of Hong Kong; if so, of the assessment results; if not, the reasons for that;*
- (b) *whether sub-prime mortgages are common in Hong Kong, and of the measures put in place by the financial sector to prevent the sub-prime mortgage problem; and*
- (c) *of the details on the amount of money invested by the Hong Kong Monetary Authority (HKMA) in those investment vehicles using sub-prime mortgages as collateral and the losses incurred recently?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Chinese): President, our responses to the questions raised by Ms Emily LAU are as follows:

- (a) The recent sub-prime mortgage problem in the United States has caused substantial losses to a number of overseas financial institutions and is an issue of global concern. The Financial Services and the Treasury Bureau (the Bureau) and the financial regulators have been keeping a close watch on the issue and the related developments. According to information available to the financial regulators, the financial market in Hong Kong remains structurally stable. The sub-prime problem in the United States has not caused systemic implications to our financial sectors.

According to the information submitted by banks to the HKMA, the aggregate direct and indirect exposures of banks in Hong Kong to sub-prime mortgage are immaterial relative to their total assets. Such exposures will not have any systemic impact on the financial soundness of the local banking sector.

The Securities and Futures Commission has been in close dialogue with the industry with a view to monitoring the impact of the sub-prime mortgage problem. According to the information gathered, the direct exposure of authorized retail funds to the sub-prime market is insignificant, though some of these funds do

have exposures to asset backed securities. As collateralized debt obligations (CDOs) markets in Asia are still at a development stage, the Asian market is not exposed to CDOs in the same way as the United States. The potential exposure to sub-prime of those hedge funds managed in Asia is not high.

According to the information gathered by the Office of the Commissioner of Insurance, the aggregate exposure of the insurers in Hong Kong to sub-prime assets is also relatively insignificant.

Although the sub-prime mortgage problem did cause certain volatility to the local financial market, no adverse impact on Hong Kong's general investment environment has been observed so far. Hong Kong's fundamentals remain strong. The Bureau and the financial regulators will continue to monitor the developments, maintain dialogues with the regulated sectors and conduct relevant and necessary assessments.

- (b) Sub-prime mortgages generally refer to those mortgages targeted at borrowers with impaired or low repayment ability who may find it difficult to obtain finance from traditional sources. In granting mortgage loans, authorized institutions in Hong Kong are required to comply with the 70% loan-to-value ratio guideline and to make prudent assessment of the borrowers' repayment ability, by generally limiting the debt servicing ratio to 50% to 60% of the borrowers' income. These mortgages are not considered to be sub-prime mortgages.
- (c) The Exchange Fund's exposure to overseas mortgage markets is mainly through the appointed external fund managers specializing in mortgage-backed securities. These portfolios have no exposure to sub-prime mortgage loans, CDOs or collateralized loan obligations.

Conditions for Allocation of School Sites for Private Independent Schools

18. **DR DAVID LI:** *President, according to the Government's standard conditions for the allocation of a school site for the construction of a private independent school (PIS), a school sponsoring body shall ensure that at least*

70% of the students enrolled with the school concerned are local children. In this connection, will the Government inform this Council:

- (a) of the definition of "local children" in the above condition; and*
- (b) whether the above condition applies from the first year of operation of the school concerned and, if not, of the timetable for applying the condition?*

SECRETARY FOR EDUCATION: President, it is the Government's policy to distinguish between PISs and international schools. In terms of student mix, PISs should serve a more locally-based student body and should not target at children of any particular foreign nationalities. In this regard, we expect that at least 70% of the student population in a PIS are local children. In terms of curriculum, PISs may provide either local or non-local curricula (whereas international schools generally provide non-local curricula).

Our reply to the two parts of the question is as follows:

- (a) Since PISs are intended to serve a more locally-based student body, we generally expect the "local children" served by these schools to be permanent residents of Hong Kong. That said, without prejudice to the capacity of the PISs to address the potential demand from local children, we believe it is necessary to give the schools suitable flexibility in implementing the target student mix having regard to changing circumstances in demand and supply.
- (b) Since PISs operate in the private market on a self-financing basis, it is necessary to give them suitable flexibility in student admission to meet market changes in demand and supply and to sustain their operation. This is especially so for the existing PISs which are all in their early years of operation and are still in the process of building up their enrolment. In this regard, we have invited these PISs to draw up their admission policies and an appropriate school-based timetable for achieving the target student mix. We will follow up with individual PISs on the basis of the plans drawn up and monitor the situation accordingly.

Provision of International School Places

19. **MR JASPER TSANG** (in Chinese): *President, it has been reported that the shortage of places in the international schools in Hong Kong is one of the reasons for the reluctance of overseas professionals to come to Hong Kong. Moreover, it has also been reported that in its report on "International Schools' Expansion Efforts in Hong Kong" published in the middle of this year, the American Chamber of Commerce in Hong Kong criticized that the complicated application procedure for expanding international schools in Hong Kong, which involved dealing with 14 government departments, coupled with the lack of transparency in the approval process, made it difficult for international schools to increase their school places. In this connection, will the Government inform this Council:*

- (a) *of the current number of international schools which are applying or have successfully applied for the expansion of their school premises; and when the approval process and expansion works concerned are expected to complete; and*
- (b) *whether it has plans to streamline the application procedure concerned and make it more transparent; if so, of the details of such plans; if not, the reasons for that?*

SECRETARY FOR EDUCATION (in Chinese): President, the Administration supports the development of a vibrant international school sector. My reply to the two questions, *seriatim*, is as follows:

- (a) A total of 19 international schools have, in recent years, formally applied with the Government for expansion *in situ*, on neighbouring lots or in rented vacant government premises (including vacant school premises). Of these, nine applications have been approved, either in part or in entirety, by relevant government departments. Seven applications are being processed. Since some applications involve changes in land use, town planning considerations or lease matters, it is difficult to ascertain at this stage the specific time required for approval. Relevant departments are actively rendering assistance and discussing with the schools concerned on outstanding issues. The remaining three applications are not supported, one due to availability of spare capacity and two due to

keen competition in an allocation exercise for vacant school premises.

- (b) The Education Bureau has been liaising with international schools and rendering assistance on school development matters through assigned officers. The Development Bureau is also aware of the concerns raised by international schools over the latter's expansion plans, in particular on planning and land issues. School expansion plans often involve changes in land use which may require approval by the Town Planning Board and consultation with the District Councils concerned. In this regard, the Development Bureau will continue its liaison with its relevant departments and with the Education Bureau, with a view to expediting the necessary procedures and resolving matters at an early stage.

As far as school registration and school extension are concerned, the Education Bureau has published comprehensive guidelines which are applicable to both public sector schools and private schools including international schools. These guidelines cover all the necessary application procedures and requirements of the Education Bureau and other relevant departments. We also conduct regular briefing sessions on the school registration process. In addition, to facilitate international schools in applying for expansion in vacant school premises, we issued guidelines on the preparation of detailed proposals in the context of the school allocation exercise conducted in early 2007, setting out various criteria to be considered in our selection process. Since the expansion of international schools may take different forms and the involvement of different government departments may vary depending on the circumstances of each case, we will consider further enhancing the transparency of the relevant application procedures by working with other government departments to run joint briefing sessions that would make reference to a range of practical examples.

Sale of Drugs

20. **DR JOSEPH LEE** (in Chinese): *President, it has been reported that some drug stores have been deceptively selling fake proprietary Chinese medicine or products resembling or packaged like the genuine ones. Moreover, some of the*

advertisements of proprietary Chinese medicine and health products contain untruthful claims to mislead patients and consumers. In this connection, will the Government inform this Council:

- (a) whether it has estimated the current number of blackspots in Hong Kong where fake Western pharmaceutical products, fake proprietary Chinese medicine or pharmaceutical products resembling or packaged like the genuine ones are allegedly sold, as well as the market share of such products; if it has, of the results;*
- (b) of the number of complaints received by the Government in the past three years about the sale of fake Western pharmaceutical products or fake proprietary Chinese medicine, together with a list of the five most often found categories of fake proprietary Chinese medicine;*
- (c) of the existing measures to regulate the packaging, sale, sales outlets and sales practices of Western pharmaceutical products and proprietary Chinese medicine and to combat the sale of fake Western pharmaceutical products, fake proprietary Chinese medicine and spurious products; whether it has considered implementing a registration system for retail outlets of pharmaceutical products so as to strengthen its regulation efforts; and*
- (d) whether it has investigated the situation of advertisements of proprietary Chinese medicine and health food products in the market containing misleading claims; and whether it will study and amend the Undesirable Medical Advertisements Ordinance (Cap. 231) in order to effectively regulate the claims made in the advertisements of proprietary Chinese medicine and health products to ensure that patients will not be misled by such information and delay receiving appropriate treatments or cease Western medical treatments on their own initiative, so as to safeguard public health; if it has conducted the investigation and will study the legislation, of the progress of such efforts; if not, the reasons for that?*

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

- (a) The Customs and Excise Department (C&ED) is very concerned about the problem of spurious pharmaceutical products and will take*

resolute enforcement actions against them in the interests of public health. Most of the spurious pharmaceutical product cases detected by the C&ED involved non-compliances by individual drug retailers. No black spots for the sale of spurious pharmaceutical products have been identified.

- (b) The numbers of complaints received by the C&ED in the past three years about spurious Western pharmaceutical products or spurious proprietary Chinese medicines are as follows:

	<i>2004</i>	<i>2005</i>	<i>2006</i>
Spurious Western pharmaceutical products	84 cases	91 cases	84 cases
Spurious proprietary Chinese medicines	63 cases	77 cases	110 cases

It is hard to define the most often found categories of fake proprietary Chinese medicines. Among the spurious proprietary Chinese medicines recently seized by the C&ED, the more common ones are cough suppressant pill, stomach pain killer, anti-diarrhoeal and anti-vomiting pill, external medicated oil, pain-relieving ointment, and so on.

- (c) For protection of public health, the packaging, sale, sales outlets and sales practices of Western pharmaceutical products are subject to the regulation of the Pharmacy and Poisons Ordinance and its subsidiary legislation. Unless otherwise specified, pharmaceutical products have to be labelled, and those pharmaceutical products not registered with the Pharmacy and Poisons Board shall not be put on sale. At present, pharmacies and medicine companies which are allowed to sell poisons included in Part I or Part II of the Poisons List of the Ordinance have to be registered under the Ordinance. Part I poisons shall only be sold in pharmacies in the presence of a registered pharmacist, whereas Part II poisons shall only be sold in pharmacies and medicine companies. Any violation of the above requirements is liable on conviction to a maximum penalty of a fine of \$100,000 and to imprisonment for 24 months. Convicted drug traders may also be subject to disciplinary inquiries by the Pharmacy and Poisons Board, which may even lead to the revocation of their licences.

Besides, upon the full implementation of the provisions governing the registration of proprietary Chinese medicines under the Chinese Medicine Ordinance, the sale, import and possession of unregistered proprietary Chinese medicines shall not be allowed in Hong Kong. A label shall be attached to the package of registered proprietary Chinese medicines to state clearly, among other things, the name of the medicine, its main active ingredients, the place of manufacture, the registration number on the certificate of registration and the name of the holder of the certificate. In addition, the Practising Guidelines for Wholesalers of Proprietary Chinese Medicines promulgated by the Chinese Medicines Board of the Chinese Medicine Council of Hong Kong prohibits wholesalers from engaging in the dealing of proprietary Chinese medicines suspected to be counterfeit products. The Chinese Medicines Board may take disciplinary actions against non-complying Chinese medicines traders, including issuing warnings to them, varying the conditions or restrictions of their licences, and revoking or cancelling their licences.

To combat fake drugs, the Trade Descriptions Ordinance provides that any person who imports, exports, sells or manufactures goods to which a forged trade mark is applied commits an offence. The maximum penalty is a fine of \$500,000 and imprisonment for five years upon conviction on indictment, or a fine of \$100,000 and imprisonment for two years on summary conviction. Activities involving allusion to a particular trade mark constitute a civil infringement. Upon receipt of complaints, the C&ED will carry out investigations immediately and contact the trade mark owner to verify the authenticity of the brand proprietary medicines in question. If there is sufficient evidence to show that an offence under the Trade Descriptions Ordinance has been committed, the C&ED will take prompt enforcement actions against those drug stores selling spurious pharmaceutical products.

The numbers of enforcement actions taken by the C&ED against spurious Western pharmaceutical products and proprietary Chinese medicines in recent years are as follows:

	2004	2005	2006
Number of cases			
Spurious Western pharmaceutical products	7	31	5
Spurious proprietary Chinese medicine	8	29	14
Number of people arrested			
Spurious Western pharmaceutical products	9	47	7
Spurious proprietary Chinese medicine	14	34	27

The C&ED has been in close collaboration with the Department of Health (DH) and trade mark proprietors in exchange of intelligence and market surveillance. In addition, the C&ED and DH carry out large-scale joint operations from time to time to combat the sale of spurious pharmaceutical products. Since 2005, the two Departments have carried out seven joint operations and detected 28 spurious pharmaceutical product cases. The C&ED has also enhanced its intelligence work, and introduced reward schemes with trade mark proprietors to encourage the public to report activities involving spurious and fake pharmaceutical products, with a view to combating such crimes more effectively.

- (d) As to the problem of misleading claims in product advertisements, various ordinances and codes of practice regulate different aspects of advertisements or claims. The Undesirable Medical Advertisements Ordinance prohibits the advertisement of medicines, surgical appliances or treatments that claim to be able to prevent or treat certain diseases or conditions specified in Schedules 1 and 2 to the Ordinance. The Ordinance aims to protect the public from being induced by such advertisements to seek improper self-medication or treatment which may pose health or safety hazards to them as a result of delayed treatment. We will base our decisions on risk assessments when determining which diseases or conditions should be included in the Schedules to the Ordinance. When considering the need for amending the law, we will endeavour to safeguard public health without imposing unnecessary constraints on the trade.

STATEMENTS

PRESIDENT (in Cantonese): Statements. The Secretary for Constitutional and Mainland Affairs will now make a statement on the "Report on Further Development of Political Appointment System."

In accordance with Rule 28(2) of the Rules of Procedure, no debate may arise on the statement, but I may in my discretion allow short questions to be put to the Secretary for Constitutional and Mainland Affairs for the purpose of elucidating it.

Report on Further Development of Political Appointment System

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, the Chief Executive has indicated in the policy address his hope that two additional tiers of political appointment positions can be created as soon as possible. In this regard, the SAR Government will publish the "Report on Further Development of the Political Appointment System" (the Report) later today to set out our way forward on implementing the proposals.

In July 2006, we issued a consultation document proposing the creation of two additional layers of political appointment positions, namely Deputy Directors of Bureau and Assistants to Directors of Bureau. During the four-month public consultation period, more than 200 written submissions were received. We also reached out to different sectors of the community to gauge their views on the proposals. The Report sets out the way forward after careful consideration of these views. The submissions received during the consultation period are published in an Appendix to the Report.

Generally speaking, many respondents are supportive of the direction set out in the consultation document. More specifically, they share the need for further development of the Political Appointment System by creating two additional layers of political appointees. Their grounds for supporting the Government's proposals can be summarized as follows: The proposals can pave the way for further democratic development and facilitate the grooming of all-round talent in public affairs; the proposals will enable the Government to have a wider spectrum of expertise for better governance; the proposals will

enhance the political capacity of the governing team in the pursuit of people-based and effective governance.

There are, of course, some who hold views which are different from the above. However, in overall terms, the public views received indicate general support for the Government's proposals. Chapter 3 of the Report summarizes the views put forth from both sides together with the Government's response.

Madam President, let me briefly introduce the Government's recommendations in the report on the way forward to further develop the Political Appointment System.

The Report recommends that one position of Deputy Director of Bureau and one position of Political Assistant to Director of Bureau should be provided for each Policy Bureau, except the Civil Service Bureau.

We have refined the job description for the Deputy Directors of Bureau to underline the fact that they are expected to assist the Directors of Bureau in assuming a full range of political responsibilities, including the handling of Legislative Council business. We have also strengthened the job description for the Political Assistants to make it clear that they will take up various aspects of political liaison work. The recommended job descriptions for these two new layers of political positions have been included in the Report.

We hope that the adjustments can delineate the roles and responsibilities between the political appointees and the Civil Service more clearly, which is supported by many of the views received. On the other side of the interface, no substantial changes are proposed to the job descriptions for Permanent Secretaries, Administrative Assistants and other directorate officers in the Government Secretariat. However, in time the roles of civil servants with respect to the conduct of policy research, and analysis and formulation of policy options will become more prominent after expansion of the Political Appointment System. We believe the strengthening of the political stream will place more demands on the Civil Service for policy analysis, information, advice and support. The new positions will not be created at the expense of the civil service establishment.

During the consultation period, we received some views regarding the arrangement for appointing Deputy Directors of Bureau and Political Assistants. After taking into account these views, we recommend that the Chief Executive

should chair an appointment committee to consider nominations and appointments of potential candidates to fill the new political positions, and to assess and consider the suitability of these candidates for the positions. The appointment committee will comprise the Secretaries of Department, the relevant Directors of Bureau and the Director of the Chief Executive's Office.

With the establishment of the appointment committee, we recommend that both Deputy Directors of Bureau and Political Assistants should be appointed and removed by the Chief Executive on the advice of the appointment committee.

We hope that people with political party, Civil Service, business, professional, academic and other backgrounds can serve in the new political positions. We will not set aside any quotas on appointees from any particular background. Of course, for appointees who are political party members, they will have to work in the overall interest of Hong Kong, rather than that of individual parties. For appointees who are selected from the body of serving civil servants, in line with arrangements for Secretaries of Department and Directors of Bureau, they will have to leave the Civil Service before taking up political appointments, so as to ensure that we maintain an apolitical Civil Service. In other words, there will be no "revolving door" arrangement.

In respect of remuneration package, we recommend that for a Deputy Director of Bureau, the level of remuneration should be pitched at a range equivalent to 65% to 75% of the remuneration package for a Director of Bureau. For a Political Assistant, we recommend that the level of remuneration should be pitched at a range equivalent to 35% to 55% of the remuneration package for a Director of Bureau.

We need to ensure that public money is well spent, while offering a competitive remuneration package which can reflect the level of responsibility for these positions. We consider that the proposed ranges of remuneration are about right, and it is appropriate to set the remuneration at the respective ranges, so that the Government may offer remuneration commensurate with the experience and qualification of the candidates concerned.

Regarding the position of the Secretary for the Civil Service, we consider that the existing arrangement is working well. The present arrangement, whereby the person filling the Secretary for the Civil Service position is drawn from the body of serving civil servants and not obligated to resign or retire from

the Civil Service before taking up the position, should continue. He may return to the Civil Service at his original rank after leaving the office of the Secretary for the Civil Service if he has not yet reached the retirement age specified for civil servants.

We recommend that the current Administrative Assistant and Press Secretary posts in the private offices of the Principal Officials should both be filled by civil servants on posting. Persons filling these posts will need to have good knowledge about the government operations and machinery for effective delivery of their work.

We also recommend that one position each of Political Assistant to Chief Secretary for Administration and Political Assistant to Financial Secretary should be created to strengthen the support to the Chief Secretary for Administration and Financial Secretary in undertaking political work. The two positions will both be at the rank of Political Assistant to Director of Bureau.

We appreciate that the public expects the Government to put in place rules to govern the performance and behaviour of political appointees. In this regard, we recommend that the current "Code for Principal Officials under the Accountability System" should be adapted as the "Code for Officials under the Political Appointment System" and applied to all political appointees, so that they will be subject to the rules stipulated in the Code regarding declaration of interests, protection of official secrets, post-office employment, and so on.

The Government's recommendations entail creation of 11 positions at the rank of Deputy Director of Bureau and 13 at the rank of Political Assistant, plus some civil service posts providing administrative support. The additional financial implications are estimated to range from \$50 million to \$65 million per annum. We will seek the approval of the Legislative Council Finance Committee for creation of the proposed positions. If necessary, these positions will be filled in phases. It is important that these new positions be filled by individuals of the right calibre.

Madam President, the SAR Government hopes that we can provide the team of Principal Officials with stronger support in carrying out political work in the pursuit of people-based governance, and in leading an outstanding, permanent and politically neutral Civil Service to meet the objective of effective governance.

On top of the above, we have a broader objective, which is to widen, and to groom, the pool of political talents, so as to broaden the avenues for those who wish to serve Hong Kong by pursuing a career in politics. We believe that the additional political appointments offer excellent opportunities to professional political talents to gain public administration experience and participate in the governance of the Special Administrative Region. This is shared by many of the views we have received. As we see it, further development of the Political Appointment System will pave the way for implementation of universal suffrage for returning the Chief Executive and the candidate who wins can have sufficient room to nominate and appoint his team of Principal Officials and their deputies.

We sincerely hope that Members will support the Government's implementation of the recommendations in the Report. Thank you, Madam President.

PRESIDENT (in Cantonese): Honourable Members, short questions may be put to the Secretary for the purpose of elucidating the content of the statement if necessary. However, if questions are raised not for seeking elucidation, you may do so at the meeting of the Constitutional Affairs Panel to be held shortly.

MR LEE CHEUK-YAN (in Cantonese): *President, I would like to seek an elucidation from the Secretary with respect to the 19th paragraph, which reads, "As we see it, further development of the Political Appointment System will pave the way for implementation of universal suffrage for returning the Chief Executive." Does it mean that the Chief Executive will be elected by universal suffrage in 2012, thus necessitating the paving of the way now? If universal suffrage will not be implemented in 2012, why is it necessary to pave the way at such an early stage? Does it carry such an implication? I hope the Secretary can make an elucidation.*

PRESIDENT (in Cantonese): Mr LEE Cheuk-yan, you have raised a question but I will try to rephrase it so that it is for elucidation. You ask: Regarding the route to the election of the Chief Executive by universal suffrage as the ultimate goal, does it include the election of the Chief Executive by universal suffrage in 2012?

MR LEE CHEUK-YAN (in Cantonese): *Thank you, President. It would be better to treat this as a point of elucidation sought by you.*

PRESIDENT (in Cantonese): I need not seek elucidation but you do. The President is neutral and I do not have any question.

MR LEE CHEUK-YAN (in Cantonese): *Yes, fine.*

President, I would like to follow your advice. Does it mean that the way is paved for the implementation of universal suffrage in 2012?

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, in fact, Mr LEE Cheuk-yan and all Members here are clear that our Chief Executive, Donald TSANG, has stated unequivocally that the Political Appointment System should be widened since his participation in the Chief Executive By-election in 2005. In running for the third term Chief Executive in March this year, moreover, he also made it clear that he hoped to find a solution in respect of the model, roadmap and timetable for implementing universal suffrage in Hong Kong in accordance with the Basic Law during his new five-year term of office. So, the SAR Government is contemplating how to carry out these two tasks in parallel, with each being complementary to the other.

We very much hope that a consensus can be reached by the people in Hong Kong society, both inside and outside the Legislative Council, so as to implement universal suffrage for returning the Chief Executive and forming the Legislative Council. Meanwhile, we can see that the further democratization and advancement of Hong Kong's constitutional system is an issue greater than the electoral system. Apart from the hardware of an electoral system, we need the software of political talents and the widening of the channels for participation in politics. Once a consensus has been reached in this Council, consideration can be given to increasing the number of seats. Today, we will also let Members consider giving support to the proposal of drawing from a wider pool of political talents to join the political team by creating new positions in the political tier in the Government, thus enabling those aspiring to pursue a career in politics to join the executive-led Government and the parliamentary assemblies. In doing so, we may be able to pull our minds together for paving the way for implementing universal suffrage for returning the Chief Executive.

MR LAU KONG-WAH (in Cantonese): *President, in part (a) of the third paragraph, the Secretary said that "the proposals can pave the way for further democratic development and facilitate the grooming of all-round talent in public affairs". May I ask the Secretary what is meant by "all-round talent" and whether there is a necessary or causal link between an "all-round talent" and the healthy development of democratization?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, I thank Mr LAU Kong-wah for his discerning read of the text. He has noted the wordings "all-round talent" in my statement. Madam President, we have in fact come to realize that, in foreign countries, individuals or political parties who are promoting the development of democracy have done so with the ultimate purpose of joining the executive organ or in fact leading the executive organ. The first and foremost aspiration of those who participate in politics is to realize their dreams which have been pursued in their whole life. To realize their dreams, they have to put forward their principles of governance and policies in the parliamentary assemblies so that these can be implemented in society through their leadership in the executive-led Government. So, for the all-round talents who have participated in politics, we hope they will have a lot of room to join the political team of the Government one day and to deal with the executive departments, policy-related matters, and solid work of enforcement. Through participation in various tiers of elections, they may also take part in legislative work or serve the community at the level of District Councils.

In fact, in all open and free societies around the world, there is a lot of room for the political parties, political bodies and political figures who are offered various channels to participate in politics in the parliamentary assemblies or the executive organ. In addition, they will see the route of a political path. We hope that Hong Kong will go down the same route and its development can be continued.

MR RONNY TONG (in Cantonese): *President, in the 10th paragraph, the Secretary said that appointees who are political party members will have to work in the overall interest of Hong Kong. President, as far as I understand it, none of the Principal Officials of the three Departments and 12 Bureaux has any political party background. Now, given that the Government has put forward such an arrangement, will the appointees be required to withdraw from their*

political parties? If not, what system or regulation will be imposed by the Government so as to prevent them from favouring the interest of their political parties in the performance of their duties? Besides, how can the Government ensure their administrative experience will be utilized in a way that will benefit the community rather than their own political parties after retirement from office? Has the Government made any arrangement in this regard?

PRESIDENT (in Cantonese): Mr Ronny TONG, this is obviously a question rather than elucidation. May I let other Members seek elucidation first before calling upon you to.....

MR RONNY TONG (in Cantonese): *President, it is stated that under the relevant arrangement, the political party members will be required to work in the overall interest of Hong Kong. I asked the Secretary what requirements would be imposed to ensure their compliance.*

PRESIDENT (in Cantonese): Yes, you may seek elucidation from the Secretary by raising this question, and that is: Does the phrase "in the overall interest of Hong Kong" imply that the appointees will be required to quit their political parties?

MR RONNY TONG (in Cantonese): *Correct. Or how can the Government ensure that the appointees will benefit the community with their administrative experience rather than their political parties after leaving their posts in the Government? President, I think the Secretary should clarify this.*

PRESIDENT (in Cantonese): You may rephrase your question like this: If there is such a requirement, will it cover a situation just mentioned? And will such a restriction be imposed? This is what you mean, right?

MR RONNY TONG (in Cantonese): *Thank you, President.*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, I thank Mr TONG for his detailed reading. Our

team of Principal Officials, including the Deputy Directors of Bureau and Political Assistants to Directors of Bureau in the future, should all abide by the Code. And it is set out in subsection (3) of paragraph 1.3 of the Code that political appointees should, in the discharge of their duties, act in the best interest of the Hong Kong SAR as a whole. In our concept, these political appointees, be they the Secretaries of Department, Directors of Bureau, Deputy Directors of Bureau or Political Assistants to Directors of Bureau, should perform their duties according to the Chief Executive's election platform. Also, they have to decide on their own whether they are able or willing to support the platform before joining the political team.

Under our proposed system, the Secretaries of Department and Bureau Directors are allowed to have political party background and their political affiliation is allowed to be maintained and retained as it is under the existing system. The existing requirement will be applicable to the Deputy Directors of Bureau and Political Assistants to Directors of Bureau in the future.

If they wish to take up new employment after retirement from the Government, they will be required to submit an application to an independent committee within one year. After consideration, the committee will express its views to the public.

We believe the starting point of a political party member who wishes to join our political team is to consider whether he is willing to accept the Code and whether he is willing to support the Chief Executive's election platform which is an undertaking made during the election campaign.

MS EMILY LAU (in Cantonese): *President, in the 10th paragraph, the Secretary, in talking about who can join the political team, said that they are people with political party, civil service, business, professional and academic backgrounds. But of course, he added, appointees who are political party members will have to work in the overall interest of Hong Kong. May I seek elucidation from the Secretary whether or not the authorities still insist on vilifying the political parties by saying that political parties are only concerned about their narrow interest? Thus, it is necessary to specify that people with political party background have to work in the overall interest of Hong Kong after joining the political team rather than the narrow interest of their parties as they did in the past. But for people with other backgrounds, such a requirement*

is not necessary. Are people with other backgrounds immune from doing so? Besides, for a government which is elected by a small circle, what makes it eligible to represent the public interest? Madam President, I hope the Secretary can elucidate this.

PRESIDENT (in Cantonese): Ms Emily LAU, you cannot ask a *de facto* question in the name of seeking elucidation.

MS EMILY LAU (in Cantonese): *President, I hope the Secretary can elucidate whether or not only political parties represent narrow interest, thus it is not necessary to give such a reminder to other people. I hope he can clarify this.*

PRESIDENT (in Cantonese): You at the most can seek elucidation from him that.....

MS EMILY LAU (in Cantonese): *President, why did he not mention other people as well?*

PRESIDENT (in Cantonese): Yes, exactly.

MS EMILY LAU (in Cantonese): *Thank you.*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, I am very much willing to elucidate this. We have specifically inserted this sentence because, after the publication of our consultation paper last year, people from various quarters asked whether people with political backgrounds will be guided by the interest of Hong Kong or that of their parties after joining the Government. Hence, we have expanded the Code so that it will be applicable to the incumbent Secretaries of Department and Directors of Bureau as well as the prospective Deputy Directors of Bureau and Political Assistants. They will be treated indifferently and required to discharge their duties in the overall interest of Hong Kong irrespective of their backgrounds. The rationale and the approach adopted are self-explanatory.

Furthermore, I would like to elaborate our views to Miss LAU that we do not think that political parties must be guided by their narrow interest. In the past few years, I have been promoting Hong Kong's party politics from different aspects and there is fresh room for new development in the future. Today, we have put forward this set of proposals to pave the way for implementation of universal suffrage for returning the Chief Executive. In future, the Chief Executive candidate running in the election by universal suffrage will need a team of people to draft his election platform, and garner public support by "sweeping the floors" and conducting canvassing activities. After elected, the Chief Executive will also select some virtuous and capable people as members of his political team. These people may include those who have political party background or other backgrounds. With these space and systems, we may one day be able to achieve the goal of forming a ruling coalition in Hong Kong as always mentioned by Ms Emily LAU.

MS EMILY LAU (in Cantonese): *President, has the Secretary clarified whether or not an amendment will be made to the 10th paragraph in order to include all people? I want to hear his clarification but he did not make any mention of it.*

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

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, our stance on this is in fact very clear in the papers and reports to be submitted to the Legislative Council. As I explained just now, this sentence has been specifically added because questions concerning whether people with political backgrounds will be guided by the interest of their parties or the overall interest of Hong Kong were asked during the consultation period. And our attitude towards this matter is crystal clear.

MR CHEUNG MAN-KWONG (in Cantonese): *President, I hope the Government can clarify the relationship in respect of powers and responsibilities between Deputy Directors of Bureau and Political Assistants and the Civil Service. It is mainly about the 6th and 7th paragraphs. It is mentioned in the 7th paragraph that the "adjustments can delineate the roles and responsibilities between the political appointees and Civil Service more clearly" and "no*

substantial changes are proposed to the job descriptions for Permanent Secretaries, Administrative Assistants and other directorate officers".

May I ask the Secretary whether decisions involving policies made by the Deputy Directors and Political Assistants appointed by the Chief Executive must be accepted and implemented by the directorate officers, including the Permanent Secretaries?

PRESIDENT (in Cantonese): This is really a very good question. Now I am thinking how to put it into a request for elucidation and ask the Secretary to answer it.

To delineate more clearly the roles and responsibilities between the political appointees and the Civil Service, does it mean that the civil service team will be subordinate to the political appointees and required to execute the instructions of the political appointees? Is such an implication included in the delineation?

Mr CHEUNG Man-Kwong, are you satisfied with this?

(Mr CHEUNG Man-Kwong nodded)

PRESIDENT (in Cantonese): Secretary, please answer it.

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, thank you for your summing up. I try to elucidate what Mr CHEUNG Man-Kwong wants me to elucidate.

There are four tiers. First, the Deputy Directors and Political Appointees are political appointees. In particular, the Deputy Directors, as deputy to the Bureau Directors, will provide assistance to the Bureau Directors in many aspects, including political liaison and Legislative Council business. Meanwhile, the Permanent Secretaries and civil servants will gradually put their focus on policy analysis, giving advice and collection of information.

As politically appointed Directors of Bureau, we have to integrate the policy advice and analysis submitted by the civil servants with the political

analysis provided by the Deputy Directors of Bureau and Political Assistants before making our recommendations to the Chief Executive and the Executive Council.

In the process of policy brewing and making political judgement in the light of the prevailing situation in society, both the civil servants and political appointees can freely express their views within the Government before any final decision on the relevant policy is made. They can fully and thoroughly reflect to the Government what they have seen and what they have grasped.

However, once the Executive Council has made a decision, the civil servants should, of course, sincerely implement and execute the decision. And the Directors of Bureau and Deputy Directors of Bureau will be responsible for introducing the policies, bills or budgets in the Legislative Council. They may also need to explain the policies.

Madam President, the final tier which I wish to mention is that, after the creation of these 11 positions at the rank of Deputy Directors of Bureau, arrangements will be made in future such that the Bureau Directors or their deputies, as head of their team, will communicate with Members at the monthly meetings of various panels. They will deal with the most important items on the agenda and answer the most succinct and critical questions of Members. Through such an arrangement, we can also further protect our colleagues in the Civil Service from facing any undue political pressure.

Lastly, I wish to point out that our colleagues in the Civil Service are very professional, most neutral and very loyal to their duties. When necessary, they will discharge their duties in good faith, and assist the Bureau Directors and Deputy Directors to explain the Government's stance and policies before the Legislative Council and the media. They will also deal with some technical matters such as the direction and formulation of detailed provisions after completing the most important stage of communication in the Bills Committees. Our colleagues in the Civil Service will continue to help us explain all matters in the Legislative Council.

MR CHEUNG MAN-KWONG (in Cantonese): *President, I would like to seek your ruling because the Government's elucidation just now has not clarified a core issue, and that is, the line of command between the political tier and the Civil Service, and the power structure.*

As we all know, the Directors of Bureau are politically appointed officials. Now we have an additional tier, that is, the Deputy Directors of Bureau and Political Assistants who will be involved in policy formulation and briefing the Legislative Council on the policies. In case they have, on various occasions, confirmed a policy which may not have been endorsed unanimously by the Executive Council, may I seek elucidation from the Government whether the Permanent Secretaries, under the current delineation of power, will be required to push ahead the policy decision — I would like to specify that it is a policy decision — once it has been made by them?

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

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, in each Policy Bureau, which is headed by the Director of Bureau, is divided into two streams of staff. The first stream comprises the Permanent Secretaries, Deputy Secretaries, Principal Assistant Secretaries and Assistant Secretaries. They are responsible for policy analysis, study and proposals. Another stream comprises the Deputy Directors of Bureau and Political Assistants to Directors of Bureau. Both streams are accountable to the Directors of Bureau direct. While the Permanent Secretaries are directly subordinate to the Directors of Bureau, other civil servants can also approach the Directors of Bureau direct via the Permanent Secretaries for introducing or submitting their policy proposals. As a politically appointed official, the Deputy Director of Bureau will be responsible for assisting the Director of Bureau in dealing with the political work and Legislative Council business, serving as the Director's deputy.

Before a new Legislative Session begins, we will evaluate what are the major areas of work in the coming year, what areas of work can be dealt with by the Bureau Directors together with the Permanent Secretaries and colleagues in the Civil Service, and what areas of work should be dealt with by the Bureau Directors with the joint effort of the Deputy Directors and colleagues in the Civil Service.

To answer the last part of Mr CHEUNG Man-Kwong's question: What is a policy decision? All important policy decisions are handled by the Executive Council or Policy Committee in the Government instead of one single politically

appointed official. Hence, everybody, be they the Bureau Directors or Deputy Directors, be they the civil servants, the Permanent Secretaries or Deputy Secretaries, should act in accordance with the proven internal operation procedures.

MS AUDREY EU (in Cantonese): *President, in both the 10th and 18th paragraphs, the Secretary mentioned political neutrality of the civil servants. May I seek an elucidation from the Secretary whether "political neutrality of civil servants" includes that there should not be different degrees of affinity for political parties? Besides, for these newly proposed political appointees, does it mean that they need not maintain political neutrality, thus they can display different degrees of affinity for all parties? If not, when the Secretary mentioned in the 16th paragraph that rules would be put in place to govern these political appointees, does it mean that they should treat all parties impartially without showing any affinity difference in respect of information dissemination or meeting with Members? Will this be part of the rules?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, the principle of political neutrality of civil servants has been a very important foundation of public service in Hong Kong over the years. In fact, one of the most important objectives of the Political Appointment System for Principal Officials implemented since 2002 is to maintain and uphold the principle of neutrality of civil servants. While political pressure and accountability will be shouldered by the political team comprising the Bureau Directors and Secretaries of Department, the concrete policy work will be delegated to the Permanent Secretaries and civil servants as far as possible. The essence of political neutrality is that once the Chief Executive in Council has made a policy decision, the civil servants as a team will implement it and push it ahead in complete loyalty.

Regarding the political appointees like us, Chapter Four of the Code, for instance, has stipulated that we can participate in political activities but are required to observe some important rules such as the prohibition against the use of public resources. So, colleagues in the Civil Service are in a different stream from that of political appointees. Under protection, they are immune from politics. Although they can take part in political activities, they have to adhere to some principles.

Regarding Ms Audrey EU's question about whether we will meet with some political parties during the election period, I have already answered this question on another occasion.

MS AUDREY EU (in Cantonese): *President, I have not asked the Secretary about matters related to the election period. I ask whether his remark just now that there are two kinds of people and one of them is the civil servants who are apolitical, implying that political appointees can display different degrees of affinity for political parties. President, this is my question. You may also remember that my question is about affinity difference for political parties. Will people of different parties be treated with different degrees of affinity especially concerning information dissemination, meeting with officials or even attendance at the parties' activities by officials? President, this is my question. If the answer is in the negative, does the Code governing the political appointees as mentioned in the 16th paragraph also include a stipulation that they have to treat all parties impartially in information dissemination, meeting officials or attendance at political activities?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, as a party leader, Ms Audrey EU should know clearly that different parties have different political beliefs. Thus, parties will get closer to each other if they have similar beliefs and *vice versa*. This is a political reality which is a phenomenon in Hong Kong and all parts of the world. Regarding dissemination of information mentioned by Ms Audrey EU, we, as the executive organ, will certainly disseminate information on policy decisions, for instance, to the media and the public. We will certainly disseminate information to the community as a whole in an impartial manner.

However, regarding politically appointed Bureau Directors and Secretaries of Department like us, as well as the Deputy Directors and Political Assistants to be appointed in the future, it will depend on the prevailing situation and the development of relationships in deciding what political activities and which parties' functions to take part. That said, let me give a relatively simple answer to Ms Audrey EU. Anyone who is eligible to join our political team and take up the office of Bureau Director, Secretary of Department, Deputy Director or Political Assistant should support the Chief Executive's political platform. This is in line with the fundamental starting point of all presidents or premiers returned by election in the world when taking up their office.

PRESIDENT (in Cantonese): Honourable Members, you have been seeking elucidation for 27 minutes while the Secretary's statement took only 11 minutes. So, the last elucidation now. Members who do not have the opportunity to seek elucidation today can ask questions at the meeting of the Constitutional Affairs Panel to be held shortly and a wider spectrum of questions will be allowed at that time.

MR HOWARD YOUNG (in Cantonese): *President, I would like to seek an elucidation on the 17th paragraph. The Political Appointment System has been implemented by the Government for some time. While there were only three Secretaries of Department and 11 Directors of Bureau at the beginning, there are now 12 Directors of Bureau and the system is not applicable to the Civil Service Bureau. Maybe, the base has changed.*

The Secretary said that the financial implications are estimated to range from \$50 million to \$65 million. I am aware that the Secretary has mentioned the figures on different occasions in the past. May I ask the Secretary whether the figures are more or less the same as cited before or whether there is an increase or decrease?

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, I am happy to elucidate this.

The fact is that there were only 11 Policy Bureaux in the Government when the consultation paper was launched last summer. But now, there are 12 Policy Bureaux. When the proposal was introduced last year, it implied that more than 20 positions as a whole would be created if one position at the rank of Deputy Director of Bureau and one position at the rank of Political Assistant would be provided for each of these 11 Policy Bureaux.

Now, we have proposed to create 11 positions at the rank of Deputy Director of Bureau and 13 at the rank of Political Assistants, two of which will be provided in the offices of the Chief Secretary for Administration and the Financial Secretary. Such politically appointed positions will not be created in a Policy Bureau, which is the Civil Service Bureau, and a department, which is the Department of Justice, because their policies and work areas are a bit different from that of other Policy Bureaux. Thus, unlike other Policy Bureaux, they do not have such a need in respect of political liaison work.

The estimated of \$50 million to \$65 million will be sufficient to create more than 20 positions. It also depends on the starting salaries and levels of remuneration fixed at the recruitment exercise after creation of these posts. \$65 million may be more than enough.

MR HOWARD YOUNG (in Cantonese): *President, my question actually does not pursue an answer. I just ask whether the present figure is more or less the same as that estimated on previous occasions or whether there is an increase or decrease.*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Madam President, the figure is more or less the same and can meet our need.

MOTIONS

PRESIDENT (in Cantonese): Motion. Proposed resolution under the Interpretation and General Clauses Ordinance to amend the Official Languages (Alteration of Text under Section 4D) (Miscellaneous) Order 2007.

I now call upon the Secretary for Justice to speak and move his motion.

PROPOSED RESOLUTION UNDER THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

SECRETARY FOR JUSTICE (in Cantonese): Madam President, I move that the motion under my name, as printed on the Agenda to amend the Official Languages (Alteration of Text under Section 4D) (Miscellaneous) Order 2007 (the Order), be passed. The Order was laid before this Council on 4 July 2007.

The Order was made under section 4D of the Official Languages Ordinance (Cap. 5). It makes formal alterations to the Chinese text of certain items of legislation in order to standardize the Chinese equivalents for various English words, expressions and phrases, including the words "advocate" and "advocacy".

A Subcommittee was formed by the Legislative Council to study the Order. The Subcommittee agreed at its meeting on 26 July 2007 that the relevant bodies in the legal field should be consulted before deciding on the choice of Chinese equivalents for "advocate" and "advocacy". The Department of Justice has invited the relevant bodies in the legal field and members of the public to offer their views. The consultation exercise is now in progress.

Under the commencement clause of the Order, the Order is to come into operation on 26 November 2007. To allow sufficient time for consultation and in order not to delay the coming into operation of other amendments, the Subcommittee agreed that Part 2 of the Order, which deals with amendments relating to the Chinese equivalents for "advocate" and "advocacy", be repealed.

The motion will give effect to the decision of the Subcommittee. I hope Members would support the motion.

Thank you, Madam President.

The Secretary for Justice moved the following motion:

"RESOLVED that the Official Languages (Alteration of Text under Section 4D) (Miscellaneous) Order 2007, published in the Gazette as Legal Notice No. 136 of 2007 and laid on the table of the Legislative Council on 4 July 2007, be amended by repealing Part 2."

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

MS MARGARET NG: Madam President, in my capacity as the Chairman of the Subcommittee on Official Languages (Alteration of Text under Section 4D) (Miscellaneous) Order 2007 (the Subcommittee), I would like to report the deliberations of the Subcommittee.

The Official Languages (Alteration of Text under Section 4D) (Miscellaneous) Order 2007 (the Order) seeks to make formal alterations to the Chinese text of certain items of legislation in order to standardize the Chinese equivalents of various English words, expressions and phrases.

The Subcommittee supports the proposed amendments in the Order, except those in Part 2 relating to the Chinese equivalent of "advocate" and "advocacy". The Subcommittee has reservations about the proposed Chinese equivalent of "advocate" and "advocacy", and considers that the Administration should ensure that the proposed alterations to the Chinese text of the legislation reflect the meaning accurately and, more importantly, the users share the understanding of the meaning of the term.

Having noted that the Administration has not conducted any consultation on the proposed amendments, the Subcommittee considers that the Administration should seek the views of the relevant stakeholders on the proposed Chinese equivalent of "advocate" and "advocacy".

To allow time for the consultation and in order not to delay the coming into effect of other amendments contained in the Order, the Administration has acceded to the Subcommittee's request to delete the proposed amendments in Part 2. The Administration has also undertaken to report the outcome of the consultation to the Panel on Administration of Justice and Legal Services, and will reintroduce the amendments in the light of the views of the consulted parties.

Madam President, with these remarks, the Subcommittee supports the motion moved by the Administration.

MS MARGARET NG (in Cantonese): Madam President, now I would like to make some additional remarks in my personal capacity. Madam President, perhaps I should give an account of our concerns to Honourable Members and the general public. In the past, the term "advocate" had different renditions in law, in society and in law dictionaries. The Chinese rendition of "advocate" included "代訟人" and "出庭代言人", and so on, which were commonly used in many of our laws.

However, the Administration has recently amended the Chinese rendition of "advocate" to "訟辯人" in certain bills, such that "出庭代言人" is used in some provisions of law, while "訟辯人" is used in others. This gave rise to conflicts. The Administration originally intended to make an amendment to standardize the Chinese rendition of "advocate" as "訟辯人". The Administration was not totally groundless as it said that the Chinese rendition of "advocacy" was "訟辯" in many places. Given that the rendition of "訟辯" has been widely accepted, the Chinese rendition of "advocate" should therefore be "訟辯人".

However, the question is despite that the rendition of "advocacy" as "訟辯" has been widely accepted and commonly used — I have no idea of this. Just that I raised no query on what the Administration said — But, can the Chinese rendition of "advocate" as "訟辯人" still be so widely supported, commonly used and easy to understand? This is questionable, especially because the previous usage of the term "advocate" did have certain characteristics. First, this kind of people only represents other people, but not defending themselves in cases where they are involved, for they should otherwise be the litigants or clients. An advocate must defend and conduct litigation on other people's behalf.

Another characteristic is appearance in Court. While we said that advocacy sometimes involves paperwork and does not necessarily require the appearance in Court, because generally speaking, for instance, barristers are specially required by many laws to appear in Court, a lawyer who appears in Court for defence may have special requirements or treatments. "Appearance in Court" is therefore a pretty important concept. Since the term "訟辯人" does not carry the meaning of conducting litigations on other people's behalf or "appearing in Court", it does not seem to be a suitable rendition.

The last point is that people who are now called lawyers and barristers will be named as "advocates" in the future. Do Members consider it a very suitable name? It seems that more efforts should be made in this regard.

Madam President, I am very pleased to see that the Law Drafting Division of the Department of Justice has issued a consultation paper, in which sufficient information has been provided for consultation. Therefore, we do not have to wait too long before this problem can be resolved, after which further discussion can be held by the Panel. As for today's amendments, we render our unanimous support. Thank you, Madam President.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): Secretary for Justice, do you wish to reply?

SECRETARY FOR JUSTICE (in Cantonese): Madam President, I just wish to add one point. Members have all agreed on the approach to consultation. Our consultation exercise will come to a close at the end of this year, and we will then proceed as quickly as possible. However, I wish to point out that "訴訟人" as a rendition in the translated version is actually quite well-based. I understand that there is some controversy, so I wish to point out in particular that the term "訴訟人" is also used in the amendments introducing the professional qualifications of certain judicial officers to the Statute Law (Miscellaneous Provisions) Bill 2005. At that time, there was no objection to the use of this term from the judicial sector. I only wish to point out that it is not true to say that we have done nothing; all is just because there is already a basis for using this term. However, we still respect the concerns raised by the Subcommittee, and we will proceed with the consultation. Thank you.

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

(Members raised their hands)

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

(No hands raised)

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

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Members' motions. Proposed resolution under the Interpretation and General Clauses Ordinance to extend the period for amending the Building Management (Third Party Risks Insurance) Regulation and the Merchant Shipping (Prevention of Air Pollution) Regulation.

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

PROPOSED RESOLUTION UNDER THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

MS MIRIAM LAU (in Cantonese): Madam President, at the House Committee meeting on 5 October 2007, Members agreed to form two Subcommittees to study the Building Management (Third Party Risks Insurance) Regulation and the Merchant Shipping (Prevention of Air Pollution) Regulation respectively tabled before the Legislative Council on 11 July 2007. To allow more time for the Subcommittees to deliberate on the items, Members also agreed that I move a motion in my capacity as Chairman of the House Committee to extend the scrutiny period of the two Regulations to 7 November 2007.

Madam President, I now move the motion in my capacity as Chairman of the House Committee to extend the scrutiny period for the two foregoing Regulations. Details of the motion are set out on the Agenda. I urge Members to support the motion.

Ms Miriam LAU moved the following motion:

"RESOLVED that in relation to the -

- (a) Building Management (Third Party Risks Insurance) Regulation, published in the Gazette as Legal Notice No. 146 of 2007; and
- (b) Merchant Shipping (Prevention of Air Pollution) Regulation, published in the Gazette as Legal Notice No. 149 of 2007,

and laid on the table of the Legislative Council on 11 July 2007, the period for amending subsidiary legislation referred to in section 34(2) of the Interpretation and General Clauses Ordinance (Cap. 1) and deemed to be extended under section 34(3) of that Ordinance, be extended under section 34(4) of that Ordinance to the meeting of 7 November 2007. "

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Ms Miriam LAU be passed.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Ms Miriam LAU be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Two motions with no legislative effect. First motion: Franchised bus fares.

I now call upon Mr LEE Wing-tat to speak and move his motion.

FRANCHISED BUS FARES

MR LEE WING-TAT (in Cantonese): Madam President, concerning the application for fare increase by the Kowloon Motor Bus (1933) Limited (KMB), the Democratic Party's position is very clear. The Democratic Party opposes the Government approving the increase rate of 9% in the application by the KMB. This rate of increase far exceeds the rates of wage increases in recent years. In 2006, the rates of wage increases ranged from 2.5% to 3.6% only. And, also in 2006, the Composite Consumer Price Index saw an increase of 2.3% only. Therefore, this excessive rate of 9% is certainly beyond the affordability of the public.

A couple of days ago, the Democratic Party conducted a telephone opinion poll that covered 1020 respondents. More than half of the respondents (56%) thought that the fare increase application was "extremely unreasonable". Twenty-nine percent of them said that the application was "unreasonable". In other words, totally 85% of the respondents thought the application was either "extremely unreasonable" or "unreasonable".

According to the survey, 43% of the respondents said that their financial burden would become very heavy if the KMB really increased its fares by 9%. We also found that households earning an average monthly income of \$10,000 would be the worst-hit. More than 80% of such households claimed that the KMB fare increases would add to their transportation expenditure.

Computations based on the existing fare levels show that an increase rate of 9% will mean an average fare increase of \$0.3 to \$0.5 per trip for short-distance routes. The fare increases for long-haul routes will be very astounding, amounting to \$2.5 per trip. People living in remote areas may have to spend \$100 to \$150 more monthly on bus fare.

As revealed by our opinion poll, 63% of the respondents said that the KMB fare increases would reduce their desire of working in locations far away from their homes. We also anticipate that in order to save transportation expenses, residents of remote areas (such as Tuen Mun, Yuen Long, Tin Shui Wai and Tung Chung New Town) will go less frequently to the urban areas after the fare rises. This means that low-income households and residents of remote areas would actually be worst-hit by the fare increases.

I now wish to say a few words on the various considerations related to fare increases. One of the justifications advanced by the KMB is that under the Modified Basket of Factors approach introduced in January 2006, the KMB is entitled to a maximum annual return rate amounting to 9.7% of its fixed assets. According to the KMB, the attainment of this return rate will mean a uniform increase of 9% in the fares of all its routes.

But it must be pointed out that computations based on the fare adjustment formula introduced last year actually show that the permitted fare increase rates for the KMB should range from 2% to 2.5% only. The Government's response is that when vetting the fare increase application, the Executive Council will take account of the bus company's profitability, people's affordability and the basket

of factors under the fare adjustment mechanism that allows both upward and downward adjustments (FAM).

Actually, as far as our understanding goes, the original intent of the FAM is to ensure that all rates of fare increases can be measured against some objective criteria. In other words, the aim is to ensure that rates of fare increases can be determined by computations based on the formula under the FAM (The formula takes account of various factors such as year-on-year changes in the wage index, the Composite Consumer Price Index and productivity). The merit of this formula is that it can avoid the endless disputes over fare adjustments between bus companies on the one hand and political parties, the legislature and the public on the other.

Madam President, political parties and the public are not opposed to all fare rises. If the KMB's application is really based on computations under the FAM, I believe that although the majority of the public may not necessarily express their approval, they will still agree that there can be room for negotiations. But the KMB has totally brushed the formula aside and asked for such a high rate of increase, hoping that the Government will just give a token counter-offer and allow it to increase its fares to levels higher than those permitted by the formula. Such an approach should be condemned indeed.

The Democratic Party surely knows that oil prices are subject to pressures of increase, but we cannot endorse this as a justification for allowing the KMB to increase its fares drastically by 9%. Nor can we agree with KMB Managing Director John CHAN, who once remarked to this effect, "Ten years has passed, but we have only applied for a fare increase of merely 9%." The reason is that while Hong Kong once recorded a deflation rate as high as 12% during this period, the KMB's profits have still gone up year after year since 1997. In 1997, its profit stood at \$551 million. In 1999, it made a profit of \$743 million. In 2001, its profit was \$1.056 billion. And, in 2002, it still earned \$872 million in profit. Despite the deflation and its huge profits over the years, the KMB has never reduced its fares. Therefore, Mr John CHAN's argument is nothing but mere sophistry. Not only this, I also think that it runs counter to the belief that a public utility company must have social conscience and discharge its corporate social responsibility.

Madam President, in order to make sure that the FAM can be more transparent and objective and can better ensure that fare increases can be within

the affordability of people, our motion proposes that when vetting fare increase applications, the Government should base its consideration on the computation results under the fare adjustment formula and take account of people's affordability.

Madam President, the second issue I wish to discuss is the activation of the FAM. Under the existing procedures of fare adjustments, fare increase applications are made by bus companies and vetted by the Executive Council. But when there is room for downward fare adjustment, the Administration may raise the issue of fare reduction only after reviewing all the relevant factors (including the profits of bus companies).

The Democratic Party requests the Government to also include the Legislative Council in the activation of the FAM. I wish to reiterate that we are only asking for the power of activation, not that of approval, because the latter should belong to the Executive Council. We can foresee that in the future, even though there may be room for fare reduction, the Government may not want to activate the FAM immediately due to its concern about the bus companies' profitability.

The third issue I wish to talk about is the provision of more comprehensive sectional fares and bus-bus interchange concessions. The present bus fare structures are unfair to some passengers. This is especially the case with passengers who do not complete full journeys, because they are sometimes required to pay the full fares. In the case of passengers boarding at bus termini, for example, they must still pay the full fares although they may have to alight several stops later or in the middle of the journeys.

Another shortcoming of the present bus fare structures is that there are too few sections. Even in the case of cross-harbour or relatively long-haul routes, there are usually three sections only. And, there are even no sectional fares for certain urban bus routes. And, even if there are any sectional fares, the amount of fare reduction is just 10 cents.

In regard to bus-bus interchange concessions, the main beneficiaries are those bus passengers interchanging at tunnels. Owing to inadequate publicity or unattractive route combinations, very few passengers can benefit from the concessions offered for other bus routes.

We propose that new sectional fare benchmarks should be formulated for all bus routes with the exception of airport routes and overnight routes. Consideration should be given to the idea of dividing the main bus routes in Hong Kong into cross-harbour routes and non-cross harbour ones. A greater number of sections should then be delineated, so as to make the fare structures fairer.

We propose that fare concessions for a greater number of route combinations should be offered to induce people to use bus services. This can help abate the air pollution in areas with busy traffic and cater for people's transportation demand without increasing point-to-point bus services.

I can remember that when the Democratic Party first put forward this sectional fare proposal, I heard a most ridiculous reply from the bus companies and the then Environment, Transport and Works Bureau (It was before the time of Secretary Eva CHENG, of course). They claimed that the proposal would involve the application of very complex technologies. Hearing this, I really wanted to laugh. As SIN Chung-kai told me (and as I myself also know), what will be involved is actually very low-tech. Our Chinese Government has already launched spaceships into space. And, the addition of more sections to a trip is just a very low-tech matter. Therefore, in case the Secretary really intends to mention this point in her reply, I must advise her to delete it altogether. If not, she will only make herself a laughing stock. Many thanks to the Secretary, for she is now shaking her head to show that she is not going to mention this.

The fourth issue I want to discuss is the introduction of one-day and monthly ticket schemes for buses. In the case of London, for example, the urban areas are divided into four zones. A passenger may purchase a pass for a specific zone, or he may also purchase a pass for cross-zone trips. Passes are divided into one-day passes, weekly passes, monthly passes or even one-year passes. But there are no such passes in Hong Kong.

We request the Government to hold negotiations with franchised bus operators on the introduction of one-day and monthly ticket schemes for buses. We also ask them to follow the example of the railway corporation and introduce one-day and weekly ticket schemes for tourists.

Finally, I wish to say a few words on the designation of Sundays and public holidays as free-ride days for the elderly and the provision of half-fare

concessions to people with disabilities. At present, bus companies already offer a fare concession of \$2 per ride to senior citizens on Sundays and public holidays. But I have the impression that this concession will end on 31 January 2009. We hope that this concession can be further developed by turning all Sundays and public holidays into free-ride days for the elderly, so that senior citizens can go out with their families during holidays.

In regard to the provision of half-fare concession to people with disabilities, the various political parties and groupings in this legislature have been holding discussions for a very long time. And, Legislative Council Members will move a motion on this topic every year. After all these years, the Legislative Council has generally forged a consensus, and not only this, there is also a consensus in society as a whole. However, the Government has been arguing that it is very difficult to ascertain whether this topic should fall within the policy area of social welfare or that of transport (This is at least what we have been told in all the discussions). As a result, government departments have been passing the buck to one another. I hope that with a new Secretary, there can be a fresh approach. I hope that during her term of office..... Have 100 days passed since her assumption of office? I think 100 days have already passed. But she has not introduced any new policies. All new governments will say that it will do this or that within the first 100 days of their terms of office. I suggest that the new Secretary should introduce half-fare concession for people with disabilities within roughly the first 100 days of her term of office (Even if the period has already passed, it will not be too late anyway). I hold that this concession may not necessarily cause any overall financial loss to public transport operators, because with fare reduction, there will be more passengers. I hope the Secretary can heed our views.

With these remarks, I beg to move. Thank you, Madam President.

Mr LEE Wing-tat moved the following motion: (Translation)

"That, as a franchised bus operator has recently applied to the Transport Department for a substantial fare increase of 9%, which is far beyond public affordability, this Council urges the Government to reject the application and adopt measures, including:

- (a) in applying the Modified Basket of Factors approach, taking the outcome of the fare adjustment formula and public affordability as

primary factors for consideration, while other factors should be supplementary and secondary ones;

- (b) allowing the Legislative Council to activate the fare adjustment mechanism so as to safeguard public interest;
- (c) requesting the franchised bus companies to provide more comprehensive sectional fares and bus-bus interchange concessions;
- (d) discussing with the franchised bus companies the introduction of one-day and monthly ticket schemes for buses;
- (e) designating Sundays and public holidays as free-ride days for the elderly; and
- (f) introducing half-fare concessions for people with disabilities,

with a view to ensuring that franchised bus fares are within public affordability, and promoting the participation of the socially disadvantaged in the community."

PRESIDENT (in Cantonese): I now propose the question to you, and that is: That the motion moved by Mr LEE Wing-tat be passed.

PRESIDENT (in Cantonese): Three Members will move amendments to this motion. The motion and the three amendments will now be debated together in a joint debate.

I will call upon Ms Miriam LAU to speak first, to be followed by Mr WONG Kwok-hing and Mr CHEUNG Hok-ming; but no amendments are to be moved at this stage.

MS MIRIAM LAU (in Cantonese): Madam President, currently, almost 4 million passenger trips are made on franchised buses every day. Some 70% of these passenger trips are made on the buses of the KMB. Therefore, any fare adjustments will directly affect the general public, especially grass-roots people

whose affordability is the lowest. In early 2006, the Government introduced a two-way fare adjustment formula. The results of computations based on this formula will form the basis of the fare adjustment, and several other factors will also be considered for the determination of fare increase rates. These factors include people's acceptability and affordability and bus companies' profitability and financial performance, which in turn cover changes in operating costs and profits since the previous fare adjustment, forecasts of future costs and profits, reasonable returns and quality and quantity of services. The Government is supposed to balance all these factors, but we think that it should focus mainly on the results of computations based on the formula and people's affordability. We maintain that the FAM is fair to bus companies, and that it is also reasonable to the general public.

However, last month, the KMB still applied to the Government for a uniform 9% fare increase for all its 400 bus routes on the grounds of rising oil prices and tunnel tolls. The Liberal Party thinks that the general public can hardly accept such a "crazy" rate of increase, because the increase rate applied for by the KMB actually deviates greatly from the formula under the FAM and far exceeds people's affordability.

According to the figures released by the Census and Statistics Department, the inflation rate in the past one year was merely 3%. During the same period, the wage index of the transportation sector rose only 2%. If the two-way fare adjustment formula is applied, the result should just be an increase rate of roughly 2%. Admittedly, apart from the formula, the Government will also consider the operating costs of a bus company when considering its fare increase application. But according to information in the annual report of the KMB, the Kowloon Motor Bus Holdings Limited's expenses on fuel and tunnel toll in 2006 only increased respectively by \$186 million and \$20 million when compared with the same expenses in 2005. On the basis that there was some \$5.7 billion from fares, it can be computed that a fare increase rate of 4% will be sufficient to totally offset the cost increase concerned. However, we must still point out that the bus company should not shift the increased expenditure on fuel and tunnel toll entirely to passengers. The Government deliberately excluded fuel costs and tunnel tolls from the formula, for its precise purpose was to prevent operators from shifting all their operating costs to passengers. Therefore, changes in oil prices and tunnel tolls should only be considered as one of the many factors.

Regarding profits, the performance of the KMB this year has not been as poor as imagined previously. Its after-tax profits in the first half of this year

actually started to rise again after a period of decrease, amounting to \$132.8 million. This shows that the bus company was somehow able to reverse the situation in one way or another, so it is not necessary to apply for a uniform fare increase of 9%. What is more, the rate applied for by the KMB this time around is based on the maximum reasonable return rate of 9.7%. But the rate of 9.7% should not be taken as any guarantee of minimum return. Therefore, the rate of 9% proposed by the KMB can actually tell people that it wants to maximize its profits as far as it is allowed.

The Liberal Party maintains that when considering the increase rate proposed by the bus company, the Government must give priority consideration to the fare adjustment formula and people's affordability. Transportation expenses are a very heavy burden on many people living in remote areas. A Yuen Long resident having to work in Central, for example, must pay \$20.7 for the outward trip. Even if there is a 20% discount for his return trip, he must still spend more than \$930 on bus fares every month. If fares are really increased by 9%, the fare for his outbound trip will rise to \$22.6, and his monthly expenditure on bus fares will be as much as \$1,017, meaning an increase of some \$200 in money terms. How can employees earning just several thousand dollars a month afford such an increase?

Although the Liberal Party fully appreciates that transportation expenses are a heavy burden on people, it does not support the idea of vesting the Legislative Council with the power of activating the FAM. The reason is that the Government is the only executive authority responsible for vetting applications and determining the rates of fare increases. Such responsibility should also include the activation of the FAM. It is especially worth noting that under the new mechanism, when it is necessary to reduce fares, the Government should be the one to discharge such responsibility. The Legislative Council is an institution representing people's opinions, so it should monitor the Government's administration on behalf of the general public. Actually, what is most important is that the Government should listen fully to the views of the Legislative Council and society and then give careful and adequate consideration to various factors, so as to safeguard the interests of the public. At this juncture, I wish to mention one point. In late 2005, The Hong Kong Polytechnic University conducted an opinion poll on the FAM for buses. According to the findings, 82.5% of the respondents agreed that the Government should continue to have the "final say" in the determination of bus fares.

When it comes to fare concessions for senior citizens, it should be noted that they can already pay just \$2 for a trip on any bus routes on Sundays and public holidays. The Liberal Party maintains that bus companies may consider whether it is possible to waive this token fare of \$2 and offer free rides to all senior citizens as a way of repaying their contribution to society. As early as late 2005, the Liberal Party already requested bus companies to designate at least one Sunday or public holiday in every month as a free-ride day for the elderly. We hope that the Government and bus companies can respond more positively over this issue. Because senior citizens going out during holidays are often accompanied by their family members, so in the end, bus companies may not really have to suffer any losses as imagined. They may receive more or less the same amounts of fare proceeds as when they do not provide any fare concessions.

Concerning the provision of half-fare concession to people with disabilities, I suppose the handling of this issue may be easier these days. The reason is that this Council has already forged a consensus on the issue. Besides, Chief Executive Donald TSANG has already undertaken to account for the progress within one or two months. The Liberal Party therefore hopes that the Government can step up its efforts and hold negotiations with the bus companies on the provision of such concession.

In regard to sectional fares, I still hope that bus companies in Hong Kong can continue to study the technical problems involved, with a view to overcoming the difficulties in implementation. Actually, even before solving all the technical problems, bus companies should still try to solve the problem of divergent sectional fare structures. At present, two different bus routes with just the same drive circuit will still charge different fares, even though they are both operated by one single bus company. If bus companies can standardize the sectional fare structures for all routes, it will be possible to achieve an even distribution of patronage among various bus routes and reduce the number of bus routes with duplicated drive circuits. As a result, while costs can be reduced, bus-bus interchange concessions can also be expanded further.

In foreign countries, monthly and weekly tickets are offered by many bus companies. I already mentioned this point in many past debates. Similar fare concessions are also offered by the East Rail and the West Rail, and the responses are quite satisfactory. I think bus companies may consider the possibility of first introducing small-scale monthly ticket schemes covering a

small number of bus routes. If the results are satisfactory, such schemes can then be extended to other routes.

Finally, I must emphasize that with the return of inflation and rising oil prices, many different modes of public transport, including minibuses, taxis and even ferries, have applied for fare increases or the imposition of fuel surcharges. The Government must handle each and every application prudently in order to balance the interests of the general public and those of the public transport operators, lest it may set a bad precedent, adding to the burden on the public.

Madam President, I so submit.

MR WONG KWOK-HING (in Cantonese): Madam President, the KMB is the first public transport operator to apply for a drastic fare increase. The rate under application far exceeds the inflation rate by as much as 390%. This is downright robbery. As early as last month, I already visited the Transport Department for negotiations. Early this month, 250 Tung Chung residents from the Tung Chung Residents' Livelihood Monitoring Group and I also protested outside the KMB and the Transport and Housing Bureau, handing over to them the signatures of more than 10 000 people who were opposed to the proposed fare increase. In regard to the motion today, I wish to point out at the very beginning that we must all unite and make concerted efforts to oppose the KMB's crazy fare increase. It will be in the interest of the public if we can successfully stop the KMB from taking the lead in drastically increasing transport fares. In order to safeguard the interest of the public, all the three Members belonging to the Hong Kong Federation of Trade Unions will vote for the original motion and all the amendments although the amendment put forward by Ms Miriam LAU of the Liberal Party is more conservative than the original motion and the other amendments, lest we may end up achieving nothing and the KMB may thus succeed in raising its fares.

Madam President, rising operating costs are the KMB's main justification for fare increase. It is claimed that oil prices have increased most significantly. It is also claimed that tunnel tolls and staff salaries have also risen. It looks as if the KMB has no alternative but to raise its fares. But the truth is that it has totally ignored the affordability of society as a whole and run completely counter to the fare adjustment formula set down by the Government and bus companies. This is not acceptable to the public indeed.

The KMB has racked its brains, advancing various justifications to package and rationalize its fare rise application. But it cannot conceal the fact that it has actually made very huge profits through property development. The KMB's net profit in the first half of this year stood at \$3.138 billion, which is 17.47 times the profit in the corresponding period of last year. The property development profit from the sale of its depot sites already amounted to \$2.962 billion. All of us know very well that the depot sites were basically public assets, but the KMB was granted priority in their development. It has therefore reaped gains, but it still wants to make the public pay more in fare. And, when we look at the profits of the KMB in the past two years, we can notice that the amounts were respectively \$398 million and \$247 million. Even when we look back at the past 10 years, we can still see that it managed to make considerable profits every year.

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

Regarding oil prices, it is indeed true that there have been huge increases over the past 10 years. But currently, the fuels used by franchised bus companies are all exempted from duty payment. This can already reduce their operating costs. When the KMB put forward its fare rise application last month, its Managing Director, John CHAN, remarked that besides fuel prices, staff salaries have also been rising incessantly over the past 10 years. Can this be used as an excuse to justify the KMB's request for a 9% crazy fare increase? In the middle of this year, I took part in the negotiations on salary increases between the KMB staff unions and KMB management. Although representatives of the staff unions shouted themselves hoarse during the negotiations, the bus company would just agree to increase staff salaries by less than 3%. This shows that the KMB can hardly justify its request for a crazy fare increase by saying that money must be obtained to meet the additional expenditure on salary increases.

Deputy President, how do the public look at the KMB's request for a 9% fare increase? Many people will certainly ask, "The KMB now asks for a 9% increase, but can it maintain a standard of service which is commensurate with the value of the fare increase?" According to the Transport Complaints Unit under the Transport Advisory Committee, of all the franchised bus operators, the KMB has attracted the greatest number of complaints. There were 1 815

complaints against it from July last year to June this year. It can thus be seen that the KMB's current standard of service is far below public expectation.

As early as 2002, the Government already started to talk about the introduction of a FAM. The mechanism was finally implemented in 2005. However, the mechanism has never been activated ever since. And, this time around, the KMB has even acted in total defiance of the mechanism. This is hardly justifiable. Under the FAM, bus fare adjustments must be determined with reference to factors such as wages, the price index, people's affordability and rate of return. And, the maximum rate of adjustment must be 5% plus or minus. The FAM was formulated with the agreement of bus companies and the Government. If a bus company thinks that the mechanism is unable to reflect rising operating costs, it should seek to revise the mechanism. It must not ignore the mechanism when it wants higher rates of increase and adhere to it when it wants lower rates of downward adjustment. This is nothing but the mentality of a bad loser. And, this will also be seriously unfair to passengers. If the Government grants approval for the KMB to increase its fare as drastically as proposed, the FAM will cease to serve any meaningful purpose. Or, if the Government allows the KMB to increase its fares by half of the requested rate, then it will fall into the KMB's trap, or fare increase strategy, of asking for a high rate in the hope of getting a token counter-offer from the Government. I hope the Government will not fall into the KMB's trap.

The KMB also claims that it has applied for a fare increase because patronage has been declining. But it must be pointed out that as an enterprise, the KMB should really focus on boosting patronage when faced with a drop in patronage. Both the original motion and my amendment contain many proposals on boosting patronage. One feasible proposal is to provide fare concessions to passengers interchanging between bus routes operated by different bus companies. Since the four franchised bus companies are each assigned a specific area for the operation of their own bus routes, a passenger travelling from Hong Kong Island to the New Territories must make more than one bus trip and patronize more than one bus company for his journey. However, under the existing fare concession schemes, there is no fare concession for interchanging involving routes operated by different bus companies. Passengers may thus choose to travel on the railways or use other modes of transport instead. The provision of fare concession for interchanging involving routes operated by different bus companies will help induce more passengers to take buses.

In recent years, new town residents have never stopped protesting against exorbitant transportation fares. Tung Chung can be cited as an example. According to the census statistics of 2006, 65% of Tung Chung residents must go to work in other districts. The amounts of bus fare they must pay every day range from \$20 to \$60 each. On this basis, it can be computed that with a 9% fare rise, each resident will have to spend some \$100 more on transportation. This will add to the already heavy burden on residents of remote places. Besides, in the case of a Tuen Mun resident having to work in Wan Chai, the total bus fare he has to pay every day is \$36.4. Following the proposed fare rise, the amount will increase to \$40. In other words, his monthly bus fare expense will amount to almost \$1,200. In the case of a grass-roots employee earning just \$7,000 or \$8,000 a month, this amount is already close to 20% of his monthly income. Small wonder that they often ridicule themselves, saying that they are just working for the bus companies.

At the meeting of the Panel on Home Affairs this Monday, the government officials present emphasized that quite a number of measures had been implemented to nurture caring families. During the Chief Executive's Question and Answer Session in July, the Chief Executive also mentioned that he did not think that Tin Shui Wai was in a hopeless situation. However, just a couple of days ago, there was yet another family tragedy in this "City of Sadness" called Tin Shui Wai. Owing to inadequate social support, a tragedy happened to a family living on Comprehensive Social Security Assistance, in which one adult and two children fell to their death from a building. High-ranking government officials may think that this tragedy is not related to the motion topic today. But it must be pointed out that what has made Tin Shui Wai a "City of Sadness" is precisely faulty government planning, under which families with similar problems are clustered around remote areas, thus leading to the "resonance effect" and making the situation out of control.

New towns such as Tin Shui Wai, Tuen Mun and Tung Chung are all located in remote areas and transportation fares are consequently exorbitant, so the employment prospects of the residents are affected, and old people, children and women, in brief the disadvantaged, are all trapped inside these cities of sadness. The residents there are seldom able to go to the urban areas for entertainment. But there is an inadequate supply of leisure and cultural facilities in their neighbourhood. Besides, neighbours are just unable to help one another out because they are equally miserable. For all these reasons, if the bus company still increases its fares at such a high rate, the residents of these

remote places will certainly fail to cope and only "stay home" more often. In this way, these remote places will become even more isolated from the urban areas. The Government has repeatedly emphasized that social support will be offered to residents of remote areas. But on the other hand, it still allows large companies to exploit them. That being the case, even if it really puts in more resources, it will still be putting the cart before the horse.

Owing to the time constraint, I can only emphasize once again that the Government must set a timeframe for providing half-fare concession to people with disabilities. The Chief Executive has admittedly mentioned that he wants to resolve this problem within one or two months, but I am afraid that all is just "cry wolf" once again, because we have actually heard many such undertakings before. Will the authorities advance new excuses a couple of months later? I therefore hope that when she gives her reply later on at this meeting, the Secretary can tell us an actual timeframe. Thank you.

MR CHEUNG HOK-MING (in Cantonese): Deputy President, I believe Members may still recall that the issue of transport fares had led to a series of heated debates in society several years ago, which eventually resulted in the introduction of a FAM to provide an important basis for consideration of bus fare increase applications, before a unanimous view could finally be reached in society, and the mechanism was put into operation in 2006.

Just when everyone thought that the issue of bus fares had finally been resolved, the KMB suddenly announced last month that it would submit an application to substantially increase its bus fares by 9%. Apart from being higher than the inflation rate, this rate of increase has also exceeded the outcome of the upward or downward fare adjustment formula, thus leading to a strong public outcry. In addition to voicing strong objections, the DAB also collected over 120 000 signatures from members of the public, in support of our opposition to the KMB fare increase within two short weeks. From this, we can see that the public is very dissatisfied with the fare increase.

The KMB justified its fare increase by saying that it is mainly caused by additional operation costs and difficulties. Members, I believe that we could still keep our cool and be sympathetic towards the bus company if it has suffered losses year after year for, after all, Hong Kong is a commercial society. However, the actual situation is, the KMB has recorded hundreds of millions of

dollars in profit for each of the past 10 years. With such a huge profit every year, there is actually no pressure for fare increases. So, why is it still making such an exorbitant demand on the public?

What makes one most disgruntled is that apart from lacking sufficient justifications, it has also misled the public, ignored its promise and shirked its responsibility towards the general public. Below is a brief list of their crimes: the first crime is misleading the public. The KMB explained to the media that they had to increase their fares by 9% if they were to obtain a 9.5% return on their net fixed assets. This is entirely misleading the public for it would give people an impression that bus companies could still enjoy permitted profits and see this fare increase as justified. However, the 9.5% actually means that when the rate of return on the average net fixed assets of bus companies reaches 9.7%, they would have to share the return 50/50 with passengers. In other words, this percentage is only the triggering point for rewarding passengers and it is not meant to guarantee 100% that bus companies could enjoy a 9.7% rate of return. This explanation is clearly written in the relevant Legislative Council paper.

The second crime is lack of honour and respect. Before the introduction of the FAM, the Government had fully discussed the issue with bus companies and a unanimous agreement had been reached with all parties concerned and pledges made. It was clearly written in the relevant government document at that time that the introduction of the FAM is to provide the Government with a more objective and responsive starting point for considering bus fare adjustments. The Government will use the outcome of the formula as the reference indicator in considering whether fare adjustment rate is supportable and justifiable at a given juncture.

However, it seems that the KMB did not have any respect for this mechanism. It has even asked for a rate of increase which is more than thrice of and greatly deviated from the outcome of the formula, thus giving people an impression that it does not have any respect for the new mechanism and made them directly question its significance.

What made us most worried is that members of the public are concerned that other bus companies will follow the example of the KMB once a precedent is set and would totally deviate from the formula in applying for fare increases in future, thus rendering it useless.

The third crime is failing the public. Public affordability should be taken into account in fare adjustments and this is actually where the spirit of the FAM lies. Though the economy of Hong Kong has turned for the better in recent years, not all members of the public have benefited from the recovery. The majority of commuters, who take the bus to school and work every day, are members of the lower class. On the one hand, they have to face the pressure of inflation and on the other, their income has not been timely increased in pace with our economic recovery. As a result, they still have to face a lot of pressure in living. It is obvious that the KMB has not fully considered the affordability of the public and has overlooked the social responsibility of public enterprises when it applied for a fare increase this time. This is really disappointing.

Deputy President, I would like to talk about the issue of concessionary fares as mentioned in the motion. As regards fare concessions for people with disabilities, the DAB has always maintained the view that this responsibility should be shared among three different parties. According to our estimate, only an additional expenditure of \$150 million will be incurred each year if the Government introduces a concessionary fares scheme for people with disabilities. Compared to the Treasury's current surplus of at least \$50 billion, the Government could certainly afford this.

As regards transport organizations, although they are reducing their fares in a way, I believe their income will increase instead of decrease since the reduced transport fares could attract more people with disabilities to venture out of their homes. This option of "killing two birds with one stone" is nothing new, for the Mainland and other cities have already adopted such measures.

Finally, I would now like to talk about the issue of granting half-fare concessions to students. In the past, the DAB has often received many complaints from parents, saying that the existing system of granting travel allowances on the basis of the means test has not taken students' extra-curricular activities into account, thus depriving poorer students of their opportunities to take part in extra-curricular activities and obstructing the development of their mind and body.

Deputy President, I sincerely urge the KMB to withdraw its application for the substantial fare increase and uphold the spirit of social responsibility so that people who have to take the bus every day can breathe a sigh of relief. The DAB supports today's original motion and all the amendments to the motion. Thank you, Deputy President.

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Deputy President, first of all, I wish to thank Mr LEE Wing-tat for moving this motion entitled "Franchised bus fares". I also wish to thank Ms Miriam LAU, Mr WONG Kwok-hing and Mr CHEUNG Hok-ming for putting forward their views on "franchised bus fares" in their respective amendments. Public buses are a mode of transport frequently used by the public. We can naturally understand why the public and Members are so concerned about the fare increase application submitted by the bus company concerned because bus fares will have a direct impact on the daily expenditure of the masses. Since the Kowloon Motor Bus (1933) Limited (KMB) submitted its fare increase application to the Government in September this year, we have received the views of many members of the public and various social sectors who all hold that the increase rate applied for is much too high. Deputy President, following a preliminary examination of the information furnished by the KMB, we also agree that the increase rate applied for by the KMB is indeed on the high side. The Government will certainly, certainly, process the KMB's application with prudence.

I first wish to explain the fare adjustment arrangement for franchised buses. In January last year, the Chief Executive in Council approved a new fare adjustment mechanism. And, even when vetting applications for bus fare adjustment before the implementation of the new mechanism, the Government had already been considering a whole basket of factors as follows: changes in operating costs and profits since the last fare adjustment, forecasts of future costs, profits and returns, a reasonable return rate for the bus company concerned, public acceptability and affordability and also the quality and quantity of service.

Under the new arrangement implemented in January 2006, when processing a bus company's fare increase application, the Government will consider one new factor while continuing to consider the aforesaid basket of factors — a fare adjustment formula that allows for both upward and downward fare adjustments.

In brief, the formula is based on changes in the wage index of the transportation sector and the Composite Consumer Price Index as well as the rate of productivity gain. The changes in the two indices in the formula are announced by the Census and Statistics Department on a regular basis. As for the rate of productivity gain, it is pre-set at an annual rate of minus 3% in the formula. This pre-set rate is counted back to January last year and will remain

unchanged for three years. Therefore, the parameters included in this formula are all very transparent. The purpose of adding this formula to the bus fare adjustment mechanism is to ensure that bus fares can be adjusted upward or downward in response to economic conditions. To ensure that all relevant factors can continue to receive full consideration in the processing of fare increase applications from bus companies, the Government will continue to make reference to the aforesaid basket of factors while considering the newly added formula in determining fare increase rates. Therefore, the results of computations under the formula will not be the sole factor determining fare increase rates.

I wish to point out that when processing fare increase applications from bus companies, the acceptability and affordability of the public are one of our important considerations. Under the new arrangement, apart from changes in the Composite Consumer Price Index, we will also consider the rates of changes in the median household income, so as to ensure a more comprehensive assessment of the affordability of the public. But we must at the same time take account of bus companies' financial conditions. I wish to emphasize that this does not mean any government intention of ensuring that bus companies can attain any specified level of profits. As a matter of fact, the Government has long since abolished the profit control scheme for bus companies. But it must also be added that bus companies must still remain financial sound before they can continue to deliver efficient public transport services that can meet the needs of the public. For this reason, we must fully consider and balance all relevant factors, including the formula, people's affordability and the financial conditions of bus companies.

Deputy President, the Government will prudently handle the present fare increase application under the FAM for buses. It will also consult the Legislative Council Panel on Transport and the Transport Advisory Committee. A final decision will then be made by the Chief Executive in Council.

I have given an initial reply. After all Members have given their views, I shall give a further, consolidated reply. Thank you, Deputy President.

MR LAU CHIN-SHEK (in Cantonese): I have been living in the Mei Foo Sun Chuen (Mei Foo) district. Mei Foo is a large residential district but no one would say that it is an upscale residential area. However, during the past half

year or so, a new residential development known as the "Manhattan Hill" was put up for sale and its price went as high as almost \$10,000 per sq ft, with duplexes going at the astronomical price of more than \$10,000 per sq ft, thus earning a huge profit for the developer.

The current site of the "Manhattan Hill" development used to be a depot of the KMB and because of this reason, the holding company of the KMB, the Transport International Holdings Limited (Transport International) obtained a revenue of about \$5.1 billion last year for selling "Manhattan Hill", bringing the net profit of Transport International up to over \$1.8 billion, and recorded a 214% increase in net profit as compared with that of 2005. The net profit of the group has also rapidly increased to \$3.1 billion for the first half of this year, a drastic increase of 17.5 times as compared to the net profit of about \$170 million for the same period of last year.

If the Director of the KMB, Mr John CHAN, is listening to my speech now, he will certainly query the relationship between property sales and bus fares. I do think there is a close relationship between them.

One of the main justifications advanced by the KMB for the 9% crazy fare increase is that its revenue has decreased as a result of the company's rising operation costs, and thus there is pressure for fare increase, or even a substantial increase. However, if the profits of the whole KMB's holding company were taken into account, then not only have their profits for the last year or so not decreased, but they have also rapidly soared to an astronomical figure. Since Transport International has gained a profit of \$3.1 billion for the first half of this year, how could it say that there is pressure for fare increase?

Deputy President, the KMB has always maintained that revenue from property developments has nothing to do with bus operation. However, as early as more than a decade ago, when the KMB started making plans to convert the land use of its Lai Chi Kok depot into residential development purposes, I already pointed out that there was a close relationship between the development of this site, which was originally an asset of its bus operation, and its bus services. This quality site had not been acquired through public auction by the KMB or its holding company for property development purposes, and the KMB has only acquired this piece of quality land for bus operation needs over the years. As the KMB was operating under the Profit Control Scheme prior to

1997, the annual profit of the company was linked to the net fixed assets of its bus operation. Therefore, when the KMB purchased the site of its Lai Chi Kok depot back then, it could be said that it was funded by bus fares paid by passengers over the years and nearly no risk was involved in the purchase of the depot site.

Now, since the KMB has made a huge profit by converting the land use of its original depot into residential purposes, the group should consider not to increase its fares for a period of time, even if it does not account all profits from this source as revenue from bus operation, so that its passengers could enjoy some fruits of its achievements. In fact, the holding company, the Wharf (Holdings), of another public transport enterprise, the Hongkong Tramways, had publicly undertaken that it would not increase tram fares for a period of time when its Happy Valley tram terminus was developed into the Times Square in the early '90s. I believe that this is how enterprises could shoulder their social responsibility as well as take more sensible care of their passengers' interest.

No matter whether it is from the perspective that the KMB has reaped a huge profit from the development of the site of its original depot or from the perspective of public affordability, there is no reason for the Government to accept the fare increase application of the KMB, still less to accept its demand for such an exorbitant increase. Though the Secretary has indicated earlier that she would consider the application very prudently, I hope that she would also take the "Manhattan Hill" development of Transport International into consideration and urge the KMB to observe the circumstances clearly and withdraw its application for fare increase.

Deputy President, while we are talking about the fare increase application of the KMB, another issue which also warrants the concern of the Government is the recent "price hike" tide which has struck a heavy blow to people's livelihood. For public transport alone, the fares of a number of outlying ferry service routes have been successively increased earlier, while the fares of many maxicab routes have even been increased without any prior warning. In fact, the operators of many modes of public transport have successively increased their fares or applied for fare increases. Apart from rising operating costs, there is also an important link between the tide of current fare increase and structural factors like the market environment and positioning of different modes of public transport and whether there is vicious competition among different public transport services.

At present, the total daily patronage of public transport in Hong Kong is about 11 million passenger trips. However, as the total rate of population growth in Hong Kong for the past 10 years is close to zero on the whole, there is very little room for growth in terms of total patronage, and the passenger volume could only remain constant. Hong Kong is a densely populated place with a small urban area which restricted the potential for road development. As such, apart from railways, the growth for most public transport service, including bus services, is very limited. But meanwhile, there are different modes of public transport in Hong Kong, and the passenger volume for franchised buses, including those operated by the KMB, is 35%, that of the MTR and the KCR also constitutes nearly 35%, and the remaining 30% is shared among the trams (2%), mini buses (16%), ferries (1%), taxis (9%) and coaches run by housing estates (2%).

The problem is while passenger volume remains constant, different modes of public transport have to compete against one another for patronage, traffic jams, operational difficulties and widespread discontent among operators of different modes of public transport will result, and fare increases will only directly add to the burden of the general public. I believe the Government should conduct a comprehensive strategic review of the positioning of different modes of public transport, such as whether and how railways should have priority, what the roles and positions of other modes of transport are and what the reasonable number for each mode of transport is? It is only by doing so that the structural difficulties confronting various modes of public transport can be continuously and effectively streamlined. With these remarks, Deputy President, I support the motion.

MR RONNY TONG (in Cantonese): Deputy President, the Chief Executive said in the 14th paragraph of his policy address that: "As for enterprises in today's society, they should no longer just perform a pure economic role — they should also shoulder social responsibility..... I will mobilize our enterprises to actively participate in building a caring society". However, the Chief Executive has not mentioned in his policy address what approaches or attitudes he will adopt to mobilize enterprises to shoulder social responsibility.

Deputy President, if private enterprises have to shoulder social responsibility, then public enterprises will have to shoulder an even greater

responsibility. The operations of public utilities, in particular those of public transport, have a very great influence on the general public. However, it is a pity that the Government seems to lack the determination to fulfil its social responsibility, thus resulting in constant high profits for public enterprises and widespread discontent among the public.

Deputy President, at present transport fares constitute about 10% of the household expenditure of most families. For residents living in remote areas, transport fares may even constitute about 20% of their total household expenditure. Bus services account for nearly 40% of the whole transport market of Hong Kong, and they are also the only choice for residents who live far away from railway stations.

Deputy President, high transport fares, low wages and the high land price policy are the main causes for the widening gap between the rich and the poor. While the Government asks enterprises to take social responsibility into consideration, it should also shoulder its own responsibility by trying its best to monitor and dissuade public transport organizations from adopting an economics-oriented approach of operation in serving the public. Deputy President, the Civic Party absolutely supports the motion moved by Mr LEE Wing-tat today.

I would also like to state my views on several issues, namely one-day tickets, monthly tickets and half-fare concession for people with disabilities. Deputy President, one-day ticket and monthly ticket schemes have been effectively adopted in many places, and in places like London, the United Kingdom, the options of quarterly and annual tickets are also available. Hong Kong's high transport fares are attributable to our mass transport operators' pursuit of short-term, and the quickest and highest profit. As a result, the most obvious feature of Hong Kong transport is charging fares by the journey.

We recall that in 2003, at a time when our economy was in low ebbs, different sectors of the community requested transport operators to reduce their fares so as to ride out the storm together, but in the end, we only saw the MTRCL offering a bonus ride for every 10 rides, and the former KCRC doing slightly better by offering a bonus ride for every eight rides. However, bus companies only offered a 5% concession for routes with fares ranging from \$ 10 to \$14.9, and a 10% concession for fares over \$15. Later on, the bus companies even replaced their per journey fare concession with discounts for the

return journey and so far, this is the only concession offered by the bus companies. The bus companies have always looked upon such concessions as great favours and thought that they have already been very generous. What exactly do they take Hong Kong commuters for? Are they taking commuters for chickens or cows which could be slaughtered at will?

Leaving aside the merits of one-day tickets and monthly tickets to the railways, their benefits to bus companies are actually very obvious. By paying one fare, commuters can take the bus of certain or all routes for as many times as they like within the same day or the same month. In this way, the income of bus companies will become more stable since they will be less influenced by different factors. Moreover, since bus passengers have already paid the fare, they will also find bus services more attractive and will be happy to continue to use buses as their mode of transport, and this will be most conducive to enhancing the competitiveness of buses. In the long run, for both bus companies and passengers alike, monthly tickets at fair rates is actually a win-win option and will also result in a win-win situation.

Half-fare concession for people with disabilities is something which the Civic Party and members of the pan-democratic camp have been fighting for over the years. Since Rehabus services are gravely insufficient at present, all newly purchased franchised buses should and must be vehicles of super low floor design and the majority of these buses should reserve spaces for wheel chair users. At present, the KMB has got more than a thousand buses with super low floors and most First Bus buses are equipped with super low floors, while only 200 Citybus buses are equipped with super floors due to the quota on its fleet, among which only a very small number serves the urban areas.

Deputy President, on the whole, bus services are the most convenient mode of transport for people with disabilities and since the transport network covered by buses is definitely far more extensive and comprehensive than that of Rehabus, why do the bus companies not take advantage of such favourable conditions to fulfil its social responsibility and reward the community while increasing their market share at the same time if they have the ability to serve people with disabilities when the time comes for them to replace its fleet, or even encourage people with disabilities to develop the habit of taking more bus rides?

We hope that the bus companies will not see people with disabilities as unwelcome customers. On the contrary, while fulfilling their social

responsibilities, they could also make it more convenient for people with disabilities to take the bus more often. No matter whether it is in terms of bus companies fulfilling their social responsibilities or for society as a whole, this would be a win-win situation. Deputy President, I hope that this could give the Government and bus companies an opportunity to reconsider their policies and business strategies, so as to offer greater benefits to the public.

Deputy President, since the Chief Executive has talked about the social responsibility of enterprises in his policy address, I hope that the SAR Government could fulfil this promise, and I also hope that the bus companies could positively respond to the Chief Executive's comments on this issue, so as to come up with an arrangement which will be beneficial to society as a whole and convenient to the public.

Thank you, Deputy President.

MS LI FUNG-YING (in Cantonese): Deputy President, extensive discussions have been going on in the community ever since the KMB proposed a substantial fare increase of 9% early last month. As regards the KMB's fare increase application, I do not wish to speculate whether it is trying to ask for an exorbitant increase first and then wait for the Government to make a counter offer, or that it has completely disregarding the FAM by forcefully applying to the Transport Department for a substantial increase, while knowing that under this mechanism that the ceiling and floor of bus fare adjustments should not exceed 5%? However, what I can be sure is that the increase rate of 9% is absolutely unrealistic and far beyond public acceptability and affordability. This reflects that the KMB has failed to consider its social responsibility when it makes fare adjustments.

The Government introduced the FAM in 2002, at a time when the economy of Hong Kong was still in a downswing and all Hong Kong people were still troubled by deflation. If the FAM were established at that time, I believe the bus companies might have to immediately reduce their fares to the benefit of the public. Thus, the bus companies had responded rather coldly towards the mechanism at the time and adopted a delaying tactic ever since. It was until 2005, when the bus companies saw that the economy of Hong Kong was on the road of recovery and deflation had ended before they were willing to reach an

agreement with the Government to establish the FAM. This is obviously the tactic of bad losers.

According to the fare adjustment formula under the mechanism, fare adjustments should depend on factors like wage and price indexes, public acceptability and affordability and rate of return, while the ceiling and floor of the adjustments should not exceed 5%. However, the KMB has now put forward all sorts of justifications for a substantial fare increase. I deeply regret the KMB's disrespectful attitude towards the mechanism and I hope that this attitude would not spread in society.

Though the KMB said that it has not increased its fares over the past 10 years, and was only forced to do so due to increasing operating costs and substantially decreased profits, the fact is, the KMB still recorded a profit of \$200 million last year and it seems that its justifications for fare increase are insufficient. In fact, apart from the operating conditions of bus companies, factors like public affordability and the social responsibility of the company itself should also be taken into account in fare adjustments.

Moreover, I am worried that a substantial bus fare increase would further aggravate the "price hike" atmosphere in society and deal a severe blow to residents of remote areas who wish to work outside their home district. And even if they are willing to continue to work outside their home district, their monthly travel expenses would also greatly increase, thus directly affecting their livelihood and may eventually increase the burden on our social security net. I feel that the Government, instead of allowing such large enterprises to substantially increase their fares and put icing on their cakes, had better freeze bus fares, so as to alleviate the pressure of the public in face of inflation. Helping those who are in need is definitely more pressing and meaningful to society than putting icing on the enterprises' cake. Moreover, the Government has already indicated that it will reduce the rate of profits tax next year. The Secretary said in her reply that the Government would try to strike a balance between the interests of bus companies and the public when she examines the KMB's fare increase application. I really hope that the Secretary would face up to the existing discrepancy between the rich and the poor, the high unemployment rate and the fact that the majority of the working class are still unable to share the fruits of our economic prosperity, so as to avoid the grave consequences imposed on the general public by the enterprises' substantial fare increases.

Deputy President, as regards the issue of offering half-fare concession to people with disabilities, this Council has reached a consensus over the past years. We share the view that the Government should implement the relevant policy as soon as possible to help people with disabilities to integrate into society. However, the Government has always not been very proactive over this issue, and we could not see any such determination. The Chief Executive had to wait until last week to disclose that the Government is now considering arrangements on offering travel allowances to people with disabilities and it is anticipated that a decision could be made within one to two months when the relevant problems are resolved. The Federation of Hong Kong and Labour Unions and I welcome this decision. Though we have to wait until today to see some signs of progress, we still hope that the issue which has been discussed in society for more than five years and about which a consensus has long been reached could really be resolved, so that every person with disabilities could be benefited.

I support the original motion and the amendments. Thank you, Deputy President.

MR ANDREW CHENG (in Cantonese): Deputy President, first of all, I would like to respond to what the Secretary said earlier, that the fare increase application of the KMB would be "handled with prudence". We are happy to hear the Secretary say that and I also believe that she and the authorities would be really careful with their deliberations.

However, as our colleagues said, the KMB is really "asking for an exorbitant increase". It has asked for a 9% increase as a start, and no matter how prudently the Government cuts down its increase rate by half, it may still be 4% to 5%, and this 4% to 5% is still higher than the average rate of the public's salary increase and inflation rate of 2.5%. Therefore, what the KMB is doing now would really made the Legislative Council reopen discussions on the operation of the FAM that we have always wanted for a long time, so as to pre-empt other transport companies from taking advantage of the mechanism and continue to ask for exorbitant fare increases.

Deputy President, on behalf of the Democratic Party, I would like to state our position on two points of the amendment which you proposed on behalf of the Liberal Party to Mr LEE Wing-tat's motion. The first point is the criteria of

the vetting mechanism. Both the Secretary and Deputy President have indicated that they are aware that apart from the FAM, our vetting mechanism has actually taken into account factors, such as public affordability, financial performance, profit earning ability, quality of service, future revenue of bus companies, and the need for a reasonable return. This is where the problem lies. Now, the bus company said there is pressure for fare increase because of high oil prices. However, as a colleague has mentioned earlier, it has not taken all factors, such as revenue from property development and past deflation, into account. It seems that the bus company has not considered the factor of public affordability.

Therefore, the objective of our original motion is to take the FAM and public affordability as primary factors for consideration. Though we still need to consider other factors, I hope that the bus companies and the Legislative Council could use public affordability as an objective criterion to promote the FAM. If bus companies eventually use operational difficulties as an excuse for fare increase, or as Mr John CHAN said, the company would be closed down anytime if its fare increase application was not approved, to force the Government to disregard public affordability and allow the company to increase its fare substantially, then the FAM will cease to exist except in name only, and its real effectiveness will certainly be threatened and questioned.

Therefore, I hope that the Government that serves as the goalie for vetting fare increase applications could understand what today's motion is striving at, and that is, we hope to achieve the real objective of the FAM. Since this is the first time the fare adjustment mechanism is put into operation, I hope that the Government will not overlook this point. If the outcome of the current vetting exercise is still to allow a great discrepancy between this mechanism and public affordability, who would be there to take care of the interest?

Another point which we should not neglect is that the concession for return journeys of long-haul routes currently offered by the bus companies will expire in January 2009. We predict that the bus companies will withdraw the concession by then. If the fare adjustment mechanism fails to protect the public, then it will certainly add to their already heavy burden. We do not wish to criticize the Government or bus companies again for choosing to introduce the relevant formula in times of inflation for the Democratic Party actually believes that this formula could actually be introduced under an objective mechanism. It

is true that inflation and deflation will have a timeframe, but eventually, the pressure of fare increase could only be most effectively reflected by public affordability.

Deputy President, I will then talk about the activation of the fare adjustment mechanism. As Members of the Legislative Council, we should monitor the fare increase or reduction applications of transport organizations and public organizations from the perspective of public interests. We would be very worried if the Legislative Council does not even have the authority to activate the mechanism, and I have already emphasized this point in my discussion on the application of the FAM. We believe that bus companies will only activate the mechanism when it wants to increase its fares but will wait for the Government to take the initiative for fare reductions. Nothing will happen if the Government does not do so. However, the Legislative Council will definitely take fare reductions into consideration when it monitors the fare adjustment formula. If both the Government and the Legislative Council could respectively activate the mechanism when our calculations show that there is room for fare reductions, then we could complement each other.

Therefore, Deputy President, I would like to reiterate that I notice that Members of the Liberal Party have been very careful when they spoke earlier and understand that they are also very unhappy with this crazy rate of fare increase. I hope that this time the motion and the three amendments will not all be negated, and the authority of the Legislative Council to activate this mechanism or allow the Government to make decisions on fare reductions will not be lost just because of the amendment on fully consulting the Legislative Council when activating the mechanism. If that were the case, then the Liberal Party would give people a very strong impression that they are still protecting the interest of the consortiums. If they really want to protect public interests and take into consideration the pressure faced by the general public in times of fare increase, they should certainly allow the Legislative Council to activate the FAM.

Here, I would like to try to persuade the Members of the Liberal Party again for I believe that the public would like us to take public interest into account and in addition to the fare adjustment mechanism of the MTRCL or KMB, they would like us to monitor all fare adjustment mechanisms in the

Legislative Council, and our power to activate this mechanism will not be deprived. Therefore, as regards this amendment, I hope Ms Miriam LAU could seriously discuss the issue with her colleagues in the Liberal Party and support us.

Thank you, Deputy President.

MISS TAM HEUNG-MAN (in Cantonese): Deputy President, the Government reached an agreement with three bus companies early last year to include the FAM in the conditions of the franchise agreement. At that time, the public pinned great hopes on this mechanism and expected that it would keep bus fares controlled at a reasonable level. But regrettably, the latest development made us doubt the effectiveness of the FAM.

Earlier on, the KMB has taken the lead to apply for a fare increase at a rate of as high as 9%, thus immediately causing a public outcry. Some academics pointed out that if the FAM were strictly followed, the rate of fare increase should only be about 1% to 2%, and there is definitely no way for it to reach as high as 9%. I really have to ask, "Given the mechanism, why could the KMB still make such an excessive demand?"

It turns out that the so-called FAM is only one of the factors for considering the rate of fare increase, while the bus company and the Government still have to bargain over the final rate of increase. In that case, we hope that the Government would stand firm — like the democratic camp — and strictly abide by the mechanism. Otherwise, the FAM will cease to exist except in name only and the public's expectation of the Government will once again vanish, thus eventually undermining the prestige of the Government. Therefore, the Government should do its best in examining the rate of increase.

Deputy President, there are, in fact, many reasons for the Government to strictly abide by the FAM. The rate of fare increase which the KMB has applied for is to a great extent based on soaring oil prices. I believe that oil prices will also be a very important justification for other bus companies when they apply for fare increases, but this is not a justification for a substantial increase.

First of all, according to the FAM, one of the factors for consideration is the change in Composite Consumer Price Index and this index had already taken into account the change in fuel prices. Therefore, the FAM has to a certain extent reflected the change in oil prices. Bus companies should not use the change in oil prices as an excuse to ask for a rate of increase which has deviated substantially from the mechanism.

Furthermore, the Government must understand that to allow bus companies to increase their fares substantially would certainly affect people's livelihood. While the rate of inflation for this year is only 2% to 3%, the bus company has applied for a 9% fare increase. If the Government gives the green light to this application, it will certainly lead to a new tide of price hike. With everyone increasing their prices, the domino effect will push up the rate of inflation which will certainly exceed 3% by then. If that were really the case, people at the grassroots would be the first to bear the brunt and have their already heavy burden increased. The Government really must not take this matter lightly.

Deputy President, I also support the idea of asking all franchised bus companies to provide more fare concessions, including more bus-bus interchange concessions, and fare concessions for the elderly, full-time students and people with disabilities. Take the KMB which has recently applied for a fare increase as an example, we could see that franchised bus companies could certainly afford to offer more fare concessions.

According to the data on the financial and operation positions provided in the 2006 Annual Report of the KMB, revenue from its bus fares in 2006 amounted to \$6.35 billion and shareholders' profit amounted to nearly \$1.84 billion. In other words, every 1% of fare concessions offered by the KMB will only affect 3% of its profits. Such figures are sufficient to show that the KMB could absolutely afford to offer more fare concessions.

Let us take a look at the share capital return rate of the KMB. With a rate of return of more than 36% in 2006, the share capital return rate of the KMB is far higher than that of other public utilities companies. For example, the CLP Power Hong Kong Limited (CLP) which has a share capital return rate of 25% in recent years has already been accused of profiteering by the public. Then, should the KMB which has a share capital return rate of 36% be rewarding its passengers?

Deputy President, the KMB alone has an average daily patronage of 2.8 million passenger trips, and adding the daily patronage of other franchised bus companies, the daily patronage of buses will definitely amount to 3 million to 4 million passenger trips. So, bus fare adjustments should be an important subject of people's livelihood. Since our Government is a people-oriented government, it should act as our goalie to alleviate the financial burden of the public.

I hope that the Government will consider the bus fare increase applications of the bus companies prudently. I would also like to urge franchised bus companies to shoulder their corporate social responsibilities, and stop "eyeing the public's wallets". With these remarks, I support the original motion and all the amendments. Thank you, Deputy President.

MR LI KWOK-YING (in Cantonese): Deputy President, it is understandable that business organizations in general would raise the prices of their goods and services one after another when the market is thriving so as to increase their profits. However, should organizations which provide public services behave like ordinary business organizations and set their eyes on money alone? I believe such organizations should be clearly aware that the objective of their operations should not only be making money and that they should shoulder a share of their corporate social responsibilities.

In fact, many local public and private enterprises have actively participated in environmental protection and charitable activities to fulfil their social responsibilities. For example, the KMB has taken the initiative to explain to the public on a regular basis through its newsletters the progress on efforts to improve the quality of emissions by KMB buses and report on its involvement in community services. It is undeniable that these are all part of its agenda for fulfilling its corporate social responsibility. But please forgive me for stating frankly that such measures could not demonstrate the spirit of being people-oriented.

What I mean by being people-oriented is whether the enterprises could try their best to cater for the needs and feelings of the public in their business operations. The motion under discussion today is obviously the best proof of the fact that the bus company has disregarded public needs and interests. We only have to check the profits made by the KMB over the past 10 years to find

that the KMB has recorded a profit of hundreds of millions of dollars every year. Even the KMB claims that despite its operation costs having gone up a great deal in recent years, it still manages to gain a substantial profit and we could see that it is under no pressure to increase its fares. However, the KMB has chosen to propose a fare increase at this time. What made us more dissatisfied is that the 9% fare increase which the KMB applied for this time has far exceeded the prevailing inflation rate. This not only shows that the KMB does not have any respect for the FAM that has been in operation for less than a year, but also shows that it has disregarded public affordability and totally forgotten its commitment to social responsibility.

From the fact that the KMB has applied for a substantial fare increase, we could see that the bus company lacks social commitment, and from the services it provided we could also see that it has not positively responded to the demands of the socially disadvantaged groups. The most obvious example is, though the Legislative Council has passed many motions over the years to urge various leading transport organizations to offer fare concessions to people with disabilities, to date, the organizations are still unwilling to do so. While many overseas countries and our Motherland have long since offered free transport services to people with disabilities, the Hong Kong society is still rather backward in taking care of the rights and interests of people with disabilities.

I certainly understand that transport organizations have also got their own difficulties, like they are worried that the actual number of people with disabilities will be very large and that their measures may infringe upon the provisions of the Disability Discrimination Ordinance, and so on. However, I believe that if we see the needs of people with disabilities as issues to be treated with priority, the so-called practical obstacles could be removed. The crux of the problem is whether bus companies are really sincere in co-operating and whether the Government is determined to fight for more benefits for people with disabilities. People with disabilities have been unable to enjoy concessionary transport fares over the years, so I think in addition to directing our criticisms at transport organizations, we should not overlook the role of the Government in this. For example, the Government has never got a clear position on whether or how concessions should be offered to subsidize the transport fares of people with disabilities. As such, even though eight major local transport organizations have unanimously agreed to introduce specialized half-fare Octopus cards for people with disabilities, with the fares being subsidized 50/50 by the Government and transport organizations according to the principle of reimbursing all actual

expenses incurred, the plan has fallen through because the Government has repeatedly reiterated that it has to look into the expenses. This fully reflects that apart from positively discussing the details, the Government and public transport organizations should also be equally committed to offering transport fare concessions for people with disabilities if we hope to be successful in our quest.

In addition to concessions for people with disabilities, there are also many voices in society requesting transport organizations to offer more concessions to the elderly and students, in particular the elderly. At present, various transport organizations have offered half-fare concessions to the elderly, but in order to promote the sense of worthiness among the elderly and encourage them to participate in more activities, should regular ride-free days not be designated for the elderly?

I could still recall that the Chief Executive, Mr TSANG, has actively promoted the idea of building up harmonious families and tried to re-define the concept of families or even large families of a few generations through the renewal of public policies some time ago. Elderly ride-free days could provide elderly who seldom leave their homes or see their children with opportunities to get together with their families. Therefore, the purpose of elderly ride-free days is not simply to save the elderly a few dollars on transport fares, but to create an atmosphere of respecting and caring for the elderly and old people getting together in harmony with young people in society.

From this, we could see that in order to be people-oriented and fulfil their social responsibilities, the organizations should not stick to their money-oriented attitude, but instead they should care for the needs of the public and show more love and sincerity. I earnestly hope that the bus companies could see this reason.

Deputy President, I so submit.

MR ALBERT CHAN (in Cantonese): Deputy President, the issue of bus fare increases under discussion today is very meaningful and this Council is very concerned about this issue of people's livelihood. However, looking back at what happened several years ago, it seems that there is obviously a great change in Members' attitude towards the three bus companies, including Long Win which operates the airport bus route, New World and City Bus as compared to

that of a few years ago, when they examined the 10-year franchise extension application for operating the airport and Tung Chung scheduled routes. It seems that everyone was very lenient back then, and the 10-year franchise was easily awarded with no opposition from Members. If we had adopted the serious attitude of today in examining the 10-year franchise application back then, I believe residents of new towns, Tung Chung in particular, might not have to face such serious bus fare and service problems. Deputy President, perhaps this is because this year happens to be the election year. When I look up the records of the Council meetings of that time, I found that there was one-sided support for extending the franchise in question and I was one of the Members who had not supported the application.

Deputy President, as regards this FAM, I found that it has really got some elements of "dupery". On the whole, the principle is very sound, for fares could be adjusted upward or downward and no one will say that the principle is wrong. However, I have pointed out many times during discussions on this mechanism that if technical issues are involved, the consortiums will have hundreds of thousands of ways to avoid the key issues if we compare financial tactics with them and they can always find the most advantageous solution by employing different financial tactics to avoid financial figures which made their accounts look favourable.

Mr LAU Chin-shek has talked about property developments and quoted the relevant figures earlier. If we include land granted by the Government the bus company often acquired a lot of its land through special arrangements made by the Government back then, instead of free market sales for bus operation purposes. Therefore, I think that it is extremely unreasonable to exclude proceeds from their land transactions from profits calculated under the FAM.

Furthermore, I have also mentioned many times in this Chamber that revenue from sources like RoadShow is actually part of the profits from bus operations, but this profit was not regarded as profits of the bus company after a separate company had been established. This is another financial tactic for excluding the profit from calculations under the FAM. RoadShow had a business volume of \$176 million and a net profit of \$54-odd million in 2006. If this profit of \$54-odd million were used to help residents of new towns by reducing the fares of long-haul routes or used as fare concessions for people with disabilities, then it would definitely be of some help.

However, when it comes to financial tactics, to put it harshly, the Government will always turn into a "dead dog". Looking back at issues discussed by us in the past, including a number of CLP's power generation project applications back then, applications which Mrs Anson CHAN who will run for the by-election had taken part in examination, we could find that the Government had also been criticized. I remember that Mr LEE Wing-tat and I had cast doubts on figures put forward by Anson CHAN in relation to the CLP issue, but the then Government did not listen to us at all. Similarly, when the Government now debates the relevant figures or talks about the relevant issues with John CHAN, a former senior government official, I believe the Government is still being led about the bush by John CHAN, and finally let him have his way because the Government is not as good as John CHAN in terms of financial tactics, cunningness, skill, and debate on figures. Therefore, when we look back at the records on this issue, we could see that the Government was often in a bad position. And eventually, the interests of the people and the public were jeopardized while such financial tycoons could gain higher and more unreasonable exorbitant profits by employing those tactics.

Deputy President, let us look back at the issue of bus fares which has the most crucial impact on people's livelihood. The Government often says that it is concerned about people's livelihood and is people-oriented, but once practical issues are involved, its nasty face would become apparent. Let us come back to the issue of new towns. I have always pointed out to the Chief Executive, our former Secretaries and Directors alike in this Chamber that the hardships of new town residents, in particular those of Tung Chung and Tin Shui Wai are mostly due to the high transport fares. People who are forced to live in those areas often have to sever all ties with all their relatives and friends for the round trip transport fares for a family of four will amount to more than \$100 each time, so many people are forced to remain in the new towns and cannot visit relatives and friends who live outside the district. As a result of the high transport fares, their friends and relatives will also cease to visit them or have to wait for a period of time before visiting again. If nothing special occurs, they will have less contact and reduce the number of visits to relatives and friends, thus seriously affecting their social lives in general.

Several years ago, at a time when the bus company made enormous profits, I had personally asked John CHAN whether the company could offer residents of new towns fare concessions once a month, so that they could visit the

urban areas. I was only asking for once-a-month and not once-per-day concessions for a family of four, so that they could go out and visit their relatives, but he resolutely refused. I think that the spokesmen of such unscrupulous consortiums will only look at their own huge profits and high salaries, and are totally indifferent to the impact of the fares on society and the miserable families.

Therefore, Deputy President, today's motion has given us a very good opportunity to show concern about this issue. However, the most important point is how to monitor those bus companies, so that such companies can no longer do as they like in earning exorbitant profits and affecting the normal lives of the general public.

Thank you, Deputy President.

MR LEE CHEUK-YAN (in Cantonese): Deputy President, the Chief Executive has recently talked about the new direction of Hong Kong in his policy address and I feel that the new direction of Hong Kong is that it has moved into a very extreme era. By extreme, I mean that it is extremely rich with exorbitant profits on the one hand, and extremely poor on the other.

Let us take a look at the rate of 9% increase which the KMB has applied for. This is really a very crazy rate of increase. I think that the KMB is really making an excessive demand. For how could it have asked for a 9% increase when the prevailing inflation rate is only 2% or so? Furthermore, we should not forget one thing, Deputy President, and that is, the KMB has never reduced its fares when Hong Kong was in deflation. How could the KMB account to the public when it had failed to reduce its fares in times of deflation and applied for an exorbitant increase in times of inflation and thus pushed up our inflation rate? If the KMB had really been fair, then it should have reduced its fares in times of deflation. Since the KMB is unfair, then why is it entitled to asking for a 9% increase now?

Why did I say that this is exorbitant profit? Deputy President, it was reported in the newspapers that John CHAN had said that if the authorities rejected its fare increase application — perhaps he is just trying to bluff the Secretary — then the KMB might have to face the destiny of closure. I do not

know whether John CHAN had really said that, but it was what the newspapers reported. I was shocked at reading this. John CHAN said the KMB has to close down, how is it possible for the KMB to be closed down? It does not really matter even if the KMB were closed down for lots of people are interested in this piece of "fat meat", especially when this "fat meat" of the KMB is so succulent that "its juices are dripping all over". Why? In fact, which part of it is actually so "succulent"? It is not only "succulent" in terms of its bus operations, though profits from bus operations could already be as high as \$100 million to \$200 million; but it is also most "succulent" in what Mr LAU Chin-shek has mentioned earlier in respect of property development. Some people may say that property development has nothing to do with buses, but this is definitely not unrelated. Do you know why the KMB has got this piece of land? It was the site of its bus depot back then. If the KMB has not operated bus services, then it would not have gotten that piece of land.

I remember that Mr Alan LEONG has told the Government a long time ago that if modification of land use has to be made every time, then the Government should resume the land and grant it out again. If the sites in question are no longer used as bus depots or power plants, then it is only fair that they should be put up for auction, so that the highest bidder could acquire the land and there is no need for the Government to give the sites to the KMB or power companies. But the Government said this is not possible because the site has already been granted to the KMB and the net profit of the group for the first half of this year has gone up to \$3.1 billion, which is a drastic increase of 17.5 times compared with the net profit for the same period of last year by selling the site which was originally used as a depot. Since the KMB has already gained a profit of \$3.1 billion from the "Manhattan Hill" development alone, what other reasons have it got and how could it have the nerve to ask the public for a fare increase?

The KMB may say that land development has nothing to do with bus operations, but to say that would be putting forth a very forced argument. Deputy President, the site would not actually have existed without bus operations, and since the KMB has got this site, then the income from this site should be used to subsidize other areas of its bus operations. The KMB said that revenue from bus operations is inadequate, but in fact, the revenue from land development is already equal to the revenue from its bus operations of many years. I think that there is definitely no reason for the KMB to increase its fares by 9%.

I do not know how the Secretary would eventually examine the application, but the Secretary has said that there are a number of factors for consideration and such factors, namely changes in operating costs and revenue since the last fare adjustment, forecasts of future costs, revenue and return, the need to provide the operator with a reasonable rate of return, public acceptability and affordability; and quality and quantity of services provided, have already been mentioned many times. There are five points and I hope that the Secretary could give more consideration to the fourth point, and that is, public acceptability and affordability. If we just talk about a reasonable rate of return and the permitted reasonable rate of return is 9.7% and it has always been said that the rate of return on net fixed assets should be 9.7%, then the fares should really be greatly increased. However, it will be most unreasonable indeed if the revenue from site development is not included in calculating a reasonable rate of return, for the revenue from the site alone already suffices to bring a very high rate of return. As regards forecasts of future costs, and so on, if all factors under consideration are only focused at bus operations and excluding property development, then I would find it unreasonable and it will be fairer to the public if property development is also taken into consideration.

I hope that the Government would consider public acceptability and affordability. Have employees really got a pay rise? Many trades have not yet offered a pay rise for their employees and the present situation is people who are the poorest suffer the most. While it is harder for those with low skills and low wages to get a pay rise; they are the ones who have greater needs for buses; what bus companies are doing now is extorting people who have to take buses, but they already have difficulties in making both ends meet. Therefore, public affordability should be taken into consideration and I hope that the Secretary would consider this issue. Instead of just looking at the general or average situation, she should really care for the poorest people who have to take buses, before the objective of being people-oriented and working for the people could really be achieved. It is unreasonable just to look at the average situation, for people with the lowest income may not be able to cope with the fare increase, and this would have a negative impact on people who want to seek jobs outside their home district, for if transport fees are too high, the income they earn may not be able to cover their transport expenses in the end. This would have a very great impact on the public.

(THE PRESIDENT resumed the Chair)

President, finally I would like to say that there is a very important part of Mr LEE Wing-tat's motion which has my great support, and that is, all examinations of bus fares should go through the Legislative Council. The standpoint of the Hong Kong Confederation of Trade Unions has always been that fare increase applications from all public transport organizations, no matter whether it is the KMB or MTR should be examined by the Legislative Council. However, it is a pity that this issue has always been outside the jurisdiction of the Legislative Council, thus making it very easy for bus companies to ask for exorbitant fare increases.

I have to point out that I oppose the amendment proposed by the Liberal Party because it has deleted the part on allowing the Legislative Council to examine the fares increase application and pre-empts this Council from doing so. I think that the Liberal Party has taken a too lenient position on this. Thank you, President.

DR RAYMOND HO (in Cantonese): Madam President, transport expenses have always constituted a great part of the total expenditure of the working class in Hong Kong. Though there have been marked improvements in the economy of Hong Kong recently, the livelihood of the labour class is still under great pressure, especially when inflation seems to be on an upward trend. Recently, a franchised bus operator has applied to the Transport Department for a substantial fare increase of 9%, which is far beyond public affordability. From the perspective of business operations, the franchised bus operator certainly hopes to get the greatest return for its shareholders. However, at a time when the gap between the rich and the poor in our community is becoming greater and greater, and when we have been holding continuous discussions on corporate social responsibility, the enterprises should consider whether this will cause serious hardships to the public in their consideration for making fare increases. They should not only seek to win the applause of shareholders through short-term profiteering, but should also set their goals at reasonable profits and long-term development.

The current fare increase application reminds me of the time when I was the Chairman of the Transport Advisory Committee (TAC) during the period from 1995 to 1997, when I had to consider the fare increase application of the same franchised bus operator. At that time, the company asked for a 7.5% fare increase. After the TAC had made relevant discussions and considered public

affordability, in my capacity as the Chairman, I decided to recommend to the Government to approve a 2.7% increase only, with the final decision being made by the Government. After one year, we discovered that the company had achieved good results in its operations and its profits were a few times higher than our original estimate of \$414 million. As such, I hope that the company could really consider the affordability of passengers and reconsider the rate of increase it had asked for. Back then, through my repeated efforts, another bus company which has now ceased operations granted half-fare concessions for elderly people to take the cross-harbour bus.

I hope that Hong Kong bus companies could schedule Sundays and public holidays as ride-free days for the elderly. Here, I would like to declare my interest, for I am a holder of a green Octopus card, and I always try to use public transport every day. According to my understanding, many elderly people have tried to use as less public transport as possible due to financial considerations, so as to save on their expenditure, thus greatly restricting the activities of their daily lives and also adversely affecting their limited social activities.

Apart from the elderly, bus companies should also consider offering fare concessions to people with disabilities and purchase more buses which could cater for the needs of people with disabilities. Many people with disabilities have a very strong will and they have overcome the restrictions of their disabilities and try their best to get involved and participate in social activities. However, the existing restrictions imposed by bus facilities and bus fares have become the greatest obstacles for them in leading normal lives. As key enterprises of Hong Kong, bus companies should positively respond to the transport needs of people with disabilities.

For many people with lower incomes, the benefits brought about by our economic recovery have still been very limited. However, the pressure of inflation has caused them many hidden problems. Those who have been lucky enough to get a pay rise may not be able to get a rise that is high enough to offset inflation and will still have to economize on food and clothing. However, very often, they may not be able to save on bus fares for they need to travel to and from work. Their situation should be one of the considerations of franchised bus operators in applying for fare increases.

Madam President, I so submit.

MR LEUNG KWOK-HUNG (in Cantonese): President, as regards the monitoring of bus fare increase applications or certain enterprises, if we were told that those involved have society and people's well-being in mind and would not increase their fares lightly, they must either be speaking insincerely or have good intentions but no ability.

Let me use this publicity leaflet as an example. I got a leaflet today and it is the publicity leaflet of a certain candidate running for election. This is really a very good example. It is written in the leaflet that "I have very high expectations of myself since I was very young and have always striven to be perfect in everything I do. After I started to work in society, 'dedication to my job and serving the public' has always been my motto." However, I found four mistakes in the one page leaflet — there are four mistakes and she dares to tell me.....

PRESIDENT (in Cantonese): Mr LEUNG, has this got anything to do with fare increase?

MR LEUNG KWOK-HUNG (in Cantonese): Yes, because I have to cite an example to illustrate what is meant by having good intentions but no ability, or what I said at the very beginning about speaking insincerely. This person told us that she is a perfectionist, but four mistakes could be found in the leaflet handed out in her name and she even said she has to serve the public.....

PRESIDENT (in Cantonese): Please tell us quickly how the two issues are related.

MR LEUNG KWOK-HUNG (in Cantonese): Yes, they are related. After getting the leaflet, I asked the person "how could you serve me?" This leaflet is like a game I used to play when I was small, and that is, to find out 10 discrepancies between two pictures. Is she really serving the public?

PRESIDENT (in Cantonese): If you do not come back to the issue of the fare increase of the KMB, I have to rule that you have deviated from the question.

MR LEUNG KWOK-HUNG (in Cantonese): Therefore, as regards the KMB asking for a fare increase, firstly, the one who speaks insincerely is the KMB, and that means, what it said is not true, like this leaflet. It said it is for the people and it has corporate social responsibility, but that is not the fact. As for the Government, it has good intentions but no ability, but in fact, it may also want to do better. However, as in the case of the person who handed out the leaflet which has less than 400 words in total but four of those words were incorrect. Is this like having good intentions but no ability? All those who speak insincerely and have good intentions but no ability are not to be trusted. Therefore, I hope that everyone would learn a lesson, and that is: Publicity leaflets should not have mistakes and the Government should not make mistakes. Otherwise, it would be a waste of energy to talk about it. I hope since the candidate in question will become our colleague in future, I hope that she will learn to "speak sincerely" and "have good intentions and abilities". Who is this lady? She is the one who said "you should trust me, you should trust me"

PRESIDENT (in Cantonese): Mr LEONG Kwok-hung, I hope that your speech in this motion debate will be related to the subject of the motion.

MR LEUNG KWOK-HUNG (in Cantonese): Alright.

PRESIDENT (in Cantonese): Moreover, you should not mention the names of any of the candidates here for there are going to be two elections. This is the Legislative Council and you should not mention the names of those candidates.

MR LEUNG KWOK-HUNG (in Cantonese): Alright.

PRESIDENT (in Cantonese): Therefore, I hope that you

MR LEUNG KWOK-HUNG (in Cantonese): I have not mentioned any name. I am only saying "you should trust me, you should trust me". There is not a lady in this world whose name is "you should trust me, you should trust me".

PRESIDENT (in Cantonese): I am just reminding you in advance for once you mentioned the name, I would not have the chance to remind you, and so, I am reminding you now.

MR LEUNG KWOK-HUNG (in Cantonese): Thank you. President, you are so wise. *(Laughter)* Alright, I will continue.

Does everyone not agree that our political scene is full of insincere remarks and good intentions but no ability? Let us not talk about the Chief Executive who is full of insincere remarks. I asked him for an apology and he said it is beyond his power. Therefore, I said there are problems with in our political arena. Am I right?

I am now coming back to the subject in response to the President's request. Who gave the KMB the site which has turned into the "Manhattan Hill"? It was given by the Government. Why did it get the site? Because the KMB is a public utility. In fact, perhaps it may not be wrong for us to assume that the money will go into the same account. This could be allowed if the enterprise in question is operated or strictly monitored by the Government. Then, what is our problem at the moment? Our enterprises have tried all sorts of ways, and public enterprises in particular, are monopolizing in nature. Since the KMB has the largest scale of operation among various bus companies and the bus services of these companies constitute 35% of the public's patronage, the City Bus will certainly follow suit once the KMB increases its fares. After the fare has been increased, the MTRCL and the KCRC (but they have already merged) will also increase their fares. This will lead to a tide of fare increases. John CHAN is also people-oriented, but he is using people's interest as gambling chips to see whether he can bluff the Government. He said the KMB would close down.

Let me tell him this, the canteen of the Government Offices has increased the prices for every plate of rice by \$2. I asked the canteen why it had increased the prices. They said they would "die" — close down, if they did not increase the prices. I would believe that this is the actual situation of the canteen because it is a business run on a small capital and not a monopoly, and I could always have my meals at other canteens.

What is this John CHAN saying? He said I am monopolizing and I have made a lot of money. I have made \$3.1 billion from the "Manhattan Hill" but if

I do not increase the fares, then I would "die". You can ask people who run their businesses on small capitals and they will tell you that their operation costs have gone up because the Government has abolished rent increase control and insisted on linking Hong Kong dollar with US dollar at all costs, thus leading to imported inflation. These small business operators are really going to "die" and that is why they have to increase their prices. However, the Government has not treated the KMB in this manner for it is not that the Government has not taken care of its interest, am I right?

Moreover, I have often seen some curious behaviour of the elderly when I take buses for the elderly will not get on the air-conditioned buses. One time, I was waiting for the bus with an elderly person because I failed to catch the earlier bus and the elderly person also did not get on that bus. However, when a bus that does not have air conditioning came along, the elderly person got on the bus. So, I asked him, "Uncle, did you not see the bus which just came along?" He said, "No, 'Long Hair', the air-conditioned bus is too expensive and I cannot afford it." You could imagine his situation.

There are also people who do not bother to look for jobs because the bus fares are too expensive. Could our Government not see such incidents? Our Government said that it is people-oriented, but is it just using people as gambling chips, or just treating people like old savings? Old savings could be used up one day and gambling chips could be all lost in one game. Please do not do this, for money that has been used up or lost could not come back.

Therefore, as regards this issue, firstly, please do not act like this leaflet, which has made four mistakes in one page, and do something which is beyond one's power or speak insincerely. However, what is most important is that our Government should respect people's wishes. How could it respect people's wishes? That is to allow the organization which has the largest number of its Members elected by universal suffrage, that is, the Legislative Council, to monitor the bus companies. The Government is not qualified because it is only elected by a very small electorate of 800 electors only. Brother, is it true that you have to repay your voters? However, we do not owe any debts and do not have to make any concessions, right? As such, we are forced to be people-oriented while the Government is forced to treat people like gambling chips or old savings. Therefore, I hope that the bus company will not increase its fare by 9%, for we will certainly oppose it. Thank you, President.

MISS CHAN YUEN-HAN (in Cantonese): Recently, we have heard a lot about price increases, especially from people at the grassroots. A group of grassroots told me at a residents meeting last night that the prices of certain goods were very high. The prices of canned food like luncheon meat, black bean and fried dace, and so on, have gone up and the prices of chicken, duck and meat have also gone up. They said that the prices of goods are very high and although some government officials said that the inflation rate of this year may be around 2%-odd, they thought it would definitely be higher than this figure. The inflation rate of 2%-odd is an average figure and it will certainly be much higher if we just look at the increase rate for non-staple food alone. Furthermore, as regards the transport fees, if the KMB were allowed to make such an exorbitant increase, it would certainly aggravate the existing hardships of the grassroots. I have a feeling that the present situation is very similar to the lyrics of a song that goes: "prices rising, rising, rising, prices of salt rising and prices of oil also rising", and now the situation is really like this. However, I have not applied for permission to sing today, so I cannot do so. I have to apply for permission before I can sing, right? I remember that in the past..... can I sing now?
(Laughter)

I really have the urge to sing this song right now for I think that the KMB has gone too far. Madam President, please bear with me and allow me to have more practice before I sing the song. I really have to ask whether the KMB has got its sums wrong for in its pay rise exercise of this year, it had to wait until the workers of four bus companies took to the streets and took industrial actions before it raised the pay of its employees by 2%-odd to 3% after repeated negotiations, while it has applied for a 9% increase now. I think that if the application for fare increase has been made in accordance with conditions agreed through negotiations between the Panel on Transport, the Government and bus companies, then the few or more factors like public affordability, under the FAM established by the Government, should be taken into consideration. Frankly speaking, insofar as the present situation is concerned, I agree with what many Members have said and would like to ask what tactics the KMB are adopting now. It is actually trying to drive a hard bargain over the fare increase, for by adopting such tactics, it would eventually be allowed to raise its fares by at least 4%-odd. However, in this relation, I have to say that it should not be allowed, for the KMB has only increased the pay of its workers by 2%-odd, so what justifications has it got to ask for such a high rate of increase? I also have to point out that if we simply narrow down the scope, we could see

that the number of grass-roots KMB workers is very small, but what percentage of pay increase has it offered to those workers? And now, it demands such a high rate of increase from the public, and by this association, we could see that its actions are not justified at all.

Therefore, I really hope that the Secretary would adopt the attitude which she has just mentioned, and that is, prudence; and by prudence, she should not simply assume that it would be alright if the rate of increase is cut by half. I think that if the Government really does that, then everyone would certainly think that there is collusion between the Government and the business sector and vent their spleen on the Government instead of the KMB. Therefore, under the pressure of fare increase, everyone would naturally direct their resentment at the Government. For this reason, I have told the Government earlier that it should not try to drive a hard bargain by cutting the rate of increase by half. It should seize the opportunity to open discussions in the community before the application is submitted to the Executive Council for final approval. If discussions are only launched after the application becomes a fact, then the discussions would be turned into promotional efforts for implementing the policy. I think that this should not be the way how things work.

Madam President, bus passengers are, in fact, mostly people at the grassroots. I think that people who are better-off would prefer the MTR and as our colleagues have pointed out, people at the grassroots would even choose to take non-air-conditioned buses which charge a cheaper fare. We find that people with different incomes will naturally choose their mode of transport in accordance with how much money they have got in their pockets.

If the Government really gives in to the bus company and does not follow the FAM, then even if the bus company is only allowed to increase its fares by 5% (I would first assume it to be 5%) at most, or have the rate of increase cut by half, I think the authorities would have to face the situation where the burden of each member of the public at the grassroots has been greatly increased. Honestly, as regards the present situation, apart from shouldering the burden of price increases in clothing, food and accommodation, transport fares have also imposed a heavy burden on them.

I think that if the Secretary is interested, we can find an opportunity to accompany her in visiting our constituencies so that she can listen to the views of

the residents. I would like to ask which item of the total household expenditure of the public actually incurs the highest expenses? We would often think that transport expenses are a very heavy burden. Therefore, when we come into contact with the public, they would naturally ask us to try our best to guard the gate for them, and not to allow the bus company to get what it asks for in the fare increase application. I think that everyone has very strong feelings about this point and also expressed very strong opinions.

Another point which I can see for myself is that, in the face of the high transport fares, people at the grassroots have not only expressed the wish that the fares should not be increased or only increased a little, but they also hope that fares could be reduced. In fact, their wish for fare reduction also includes the hope that bus companies could change their existing mode of operation a little and that the MTR could further reduce its fares. I think that these are also the wishes of the public.

Apart from this, I attended a major function of the Hong Kong Blind Union two days ago. The blind felt that motions on the same subject were moved and discussed year after year by Members of this Council over many years and they have waited for a long time, and wondered when there would be any results. At present, some government officials seem to indicate that we still have to wait for two more months and that discussions are underway, and details still need to be finalized. However, the voices of this group of people are very strong, and when we talk about the grassroots, we should be aware that the livelihood of people with disabilities or the blind is even more difficult than that of the grassroots. Transport expenses are actually quite a heavy burden to this group of people. I must also particularly stress that, sometimes they will even need the help of many people before they can take buses. Therefore, under such circumstances, they particularly express the hope that the Government should hold discussions with relevant transport organizations over the issue of transport fares. Why am I saying this? Though I am not a member of the Panel on Transport, I sometimes attend the meetings of the Panel. I found that certain organizations really hope that actions could be speeded up to reduce the transport expenses for this group of people.

My position on the original motion and the amendment proposed by my colleague, Mr WONG Kwok-hing, is very clear.

Another point which I would like to talk about is the elderly. It is true that bus companies allow the elderly to take rides at a charge of only \$2 every Sunday. However, some elderly people told me that things had been different in the past and they only had to pay \$1. They think it would be best if they could get free rides on the bus. Some people are particularly envious of the elderly in Guangzhou for they could take free rides at all times, holidays or otherwise, and do not have to pay any fares. However, some elderly think that we do not have to follow the example of Guangzhou. We all know that Hong Kong people are very honest, and the elderly would be very happy if they could get free rides on holidays, public holidays and Sundays, and would not ask for fare concessions on weekdays. I think that everyone is very realistic. Hence, apart from opposing the 9% fare increase of the KMB today, I also hope that certain public transport organizations, including the KMB, MTR, and so on, could take into account the condition of people with disabilities or the elderly, especially in relation to the existing fare mechanism of the bus company.....

Madam President, I so submit.

MR ALAN LEONG (in Cantonese): President, we have heard many Honourable colleagues mention earlier that the soaring prices of all goods and services have really exerted a great pressure on the grassroots. Recently, that is, two days before the Chief Executive delivered his policy address, when I got on a taxi, the driver said to me, "Mr LEONG, I am now in great difficulties, for the housekeeping money which my wife recently asks for has increased by 30%, as compared to that of two months ago, and even if I made as many runs as possible, my take-home pay each month is still less than \$10,000 while the things I can buy with my meagre income has become less and less." I believe that such feelings are recently shared by many homemakers. We only have to visit our own constituency and look around to learn that the price of "Choi Sum", which was \$8 per catty two or three months ago, has now gone up to \$12 per catty; we could buy two catties of Chinese lettuce with \$5 half a year ago, and now we cannot even buy one catty with \$5; the same can of luncheon meat was only sold for \$11.6 half a year ago and now it nearly costs \$16. These are some of the examples we could see around us.

We have certainly heard the Chief Executive say that 10 major infrastructure projects would be undertaken, and upon commencement of the construction works, more people will have jobs, and people will become a bit

more generous in spending if they have jobs. It is hoped that the troubles of taxi drivers will be over when more people take taxis. However, if we have to wait for people to get jobs and take taxis, I am afraid that taxi drivers would have been smothered long before that. Therefore, under such circumstances, when we heard that the KMB had asked for a 9% fare increase last month, everyone was greatly shocked. To ask for such a rate of increase at a time like this will really add to the already heavy burden of those people who need to take the bus, and this is really a bit shocking.

I still remember that on the afternoon of the day when the KMB announced that it had asked for a 9% fare increase, I launched a signature campaign in my constituency and the campaign was really met with very enthusiastic response at that time. President, some people had even crossed the road to come to my booth to put down their signatures. As such, if the Government or the KMB has not gauged public sentiments correctly, then there is really a need for them to do so.

President, we certainly know that there is this FAM. The Civic Party also believes that since we have such a mechanism, we should give the mechanism an opportunity to operate, and allow this Council and the public to have an opportunity to observe how this mechanism operates, to see whether it could strike a suitable balance between the profits of bus companies and public interests. It is only right that all discussions should be conducted on the basis of this mechanism.

Everyone may be familiar that there is only one formula and that is "0.5 x Change in Wage Index + 0.5 x Change in Composite Consumer Price Index - 0.3%". Of course, the Government has always stressed that in applying the FAM, other relevant factors, such as public acceptability, public affordability, service and financial performances of the bus company, and so on, should be taken into account in addition to considering the outcome of the computation using the formula.

In defending its fare increase application, the KMB management has put forwarded factors like it has not increased fares for 10 consecutive years; and oil prices, tunnel tolls and staff salaries have increased, as justifications. President, on the surface, it seems that this is not in contravention of the FAM because the outcome of the computation and other factors should actually be taken into consideration under the mechanism. However, the so-called

"justifications" of the KMB for its fare increase application seem to be far-fetched, or have even disregarded the facts.

Though the KMB has not increased its fares for many years in a row, we should not forget the fact that Hong Kong has experienced deflation for the past 10 years and the KMB did not reduce its fares back then. Since it had operated under the condition of no fare reductions, its material revenue had actually been more than its nominal revenue. In fact, after the abolition of the profit control scheme of the KMB 10 years ago, its profits have actually increased instead of decreased, and once soared to \$900 million in 2000, benefiting from factors like the local deflation and decreased oil prices. In 2001, the profit of the KMB even drastically increased to \$1.6 billion as a result of the separate listing of the RoadShow, and its high profits could be clearly reflected by the fact that the annual pay of its highest paid Director had amounted to \$20 million.

It was not until the beginning of last year when inflation returned and after the Government had introduced the FAM and signed a new franchise agreement with the bus company at the same time that the KMB introduced concessionary measures that were only slightly better than nothing, such as what a Member mentioned earlier, to allow the elderly to enjoy a fare concession of less than \$2 during the holidays. As a result of all measures, the fare concessions enjoyed by passengers on the whole have only actually amounted to 1%. In other words, if the accumulated operating returns of the KMB for the past years were taken into account, we could hardly find any operation difficulties which would justify a substantial fare increase, not to mention the need to close down.

The fact that the KMB has listed all factors that are not included in the formula as justifications for its fare increase has actually also given us a warning on the operation of the FAM. As the Government has only stressed that the formula and various factors would be considered at the same time, but has not stated the weighting of each factor, it has virtually opened up a loophole for the bus company and allowed it to exaggerate the effects of other factors and offset the restrictions imposed by the computation outcome of the formula on the rate of increase.

President, the present situation is the prices of everything have actually gone up while the salaries of many people fail to catch up with the rate of inflation. Therefore, I hope that the bus company would shoulder its corporate responsibility and would not ask for such a substantial rate of increase.

MR LEUNG YIU-CHUNG (in Cantonese): President, the position of today's motion and amendments to the motion is very similar to that of ours in many ways, therefore we would support many parts of the motion and amendments. As regards the part on granting half-fare concessions to people with disabilities, since I am going to move a motion debate on the relevant subject two weeks later, I would not talk about it in detail today and would wait until then to express my opinions.

After the current news of the KMB's application for a 9% increase has spread out, I think that three messages are sent out to the community and the first one is, the pressure of living on the already hard pressed grassroots will certainly be increased. President, why am I saying this? Everyone knows that in recent years, the rate of salary increase for the "working class" has been very low, or as in many cases there has been no increase at all, and even if there has been an increase, as in the example of civil servants, the rate of increase is only about 4%. The chambers of commerce have even urged all enterprises to only offer a 2.5% salary increase. We could imagine how low the rate of increase is. But regrettably, the KMB has applied for a 9% fare increase, which is far higher than twice or even more than the rate of staff salary increase.

As such, the rate of our salary increase will definitely fall short of the rate of the bus fare increase, then how could it not be a pressure on our living? Moreover, everyone also knows that the Government said last year it had to grant travel allowance to residents of remote areas for their transport expenses were too expensive. This is really the actual situation, and the Government has to help these residents because their transport expenses are too high. But now, not only are the transport costs high, the bus company has also asked for a 9% increase which will result in an increase of \$1 to \$2 in the fares of certain routes, how could the public be able to afford it? The travel allowance granted by the Government is only several hundred dollars, how could an allowance of \$500 be able to make up for this rate of increase? President, this would certainly add to the already heavy burden of people at the grassroots and the problem is very serious.

The second message is, there is indeed no social responsibility, social conscience, or concern for the socially disadvantaged in society. President, why am I saying this? The Chief Executive has specifically talked about promoting social enterprises in this year's policy address, and what actually do social enterprises embody? It requires that the Government should do

something for the socially disadvantaged, and there should be public participation and concerted efforts of business organizations before any achievements could be made. If such business organizations could not sympathize with or understand the hardships of people at the grassroots, then I do not know how the Chief Executive could promote social enterprises.

From the current fare increase application of the KMB, we could see, and many Members have also already given examples to illustrate that the bus company has never suffered any losses. On the contrary, it has continued to earn money, and not only has the KMB itself gained profits, but organizations such as the RoadShow, which has been spun-off from the parent company for listing, or its property developments, have also made continuous profits. As the relevant figures have all been quoted by Members earlier, I do not wish to spend time on quoting them again. Since the KMB has made so much money, why does it still have to apply for a fare increase?

It is true that it has given a lot of justifications and Mr Alan LEONG has talked about those justifications earlier, such as it has not increased its fares for 10 years, operating costs have gone up due to increase in fuel prices, tunnel tolls, and so on, and that all this has left it with no alternatives but to increase its fares. However, President, despite the additional daily expenditure, the KMB has not suffered any losses as a result. If that had been the case, then the fare increase application might be worth discussing. However, nothing of this sort has happened, then what justifications does the KMB have for applying for a fare increase? As such, this only shows that the KMB has no social responsibilities or social conscience. If such big organizations or the so-called public transport organizations do not have any social responsibility or social conscience, then I do not know how the Chief Executive could promote social enterprises in future. Therefore, I think that this problem is really very serious and it has also given us a very strong message.

Then, what is the third message? The message is that our FAM is after all bankrupt and useless. President, why I am saying this? Mr John CHAN has originally told us that..... if the rate of increase is really calculated in accordance with the fare adjustment formula that allows fares to go upward or downward as mentioned earlier by Mr Alan LEONG, then the rate of increase could only be around 2% to 3%. So, Mr CHAN decided that he might as well disregard the fare adjustment formula and apply for a rate of increase according

to his own wish. He said that the rate of return could not be more than 9.7%, so he thought he had better asked for a 9% increase, and President, this rate of increase has just been proposed randomly with no justifications at all. As such, though the former Secretary Dr Sarah LIAO said that an upward or downward fare adjustment mechanism should be set up, to allow members of the public to have a clear idea and monitor bus fares, it turns out to be all hot air with no actual effect.

Is the fact that Mr CHAN chose not to play by the rules of this mechanism and sought to raise the fares in accordance with his own wishes a very alarming message? President, the story does not end here for he has not only disregarded the mechanism, but also given us another wrong message, and that is, though the Government has repeatedly told us that we should be assured that there is a mechanism to monitor the bus company, we have to ask, "How could we do so?" I really do not know how we could monitor the bus companies. Unless the Government could make an "across-the-board" rejection of the fare increase application this time and allow us to regain our confidence in this mechanism, I would think that what the Government has been saying over the years were only lies to deceive the public, and the only purpose for introducing such a mechanism is to divert our attention. A more important point is that it has allowed the consortiums to care for their own interests only and pay no heed to the public's basic standard of living and their own social responsibility.

With these remarks, President, I support the original motion and amendments.

MR WONG YUNG-KAN (in Cantonese): Madam President, early this month, the KMB applied for a fare increase as high as 9%, which was far higher than the rate of inflation and public affordability. In opposition to the fare increase, the DAB organized a territory-wide signature campaign which was met with enthusiastic response seldom seen in the last 10 years from the public. Take Tai Po, my constituency, as an example, we collected over 10 000 signatures in opposition of the fare increase, shortly within two to three days, and we were surprised to find the staff of the KMB and their families among the signatories. I told them that "as the staff of the KMB, you should not have signed the petition to avoid placing yourself in a difficult position". However, they told me that "we signed the petition not only because we know you well or are 'good friends'

with you, but we also wish you to know that despite the fact that we hope to get a pay rise, we are against certain actions of the KMB." Though the annual profit of the KMB has amounted to several hundreds of millions of dollars for each of the past 10 years, only shareholders were benefited and KMB staff had only got a meagre pay increase or even had their salaries frozen for two or three years in the interim.

As a franchised transport service organization, the KMB's fares and quality of service should be monitored by the public, and unlike other general consumer services, it should not raise its fares by any rate it wishes. At present, the public feel that the fares of the KMB are already too high. As the District Council member of Tai Po District, I have often come across people on the public housing waiting list who asked for my assistance, so that they could be allocated housing units in Tai Po for though the majority of these people work in the New Territories or Tai Po, they were often allocated housing units in Tin Shui Wai or Tuen Mun by the Housing Department. Apart from the employment factor, one of the reasons why they are unwilling to move to those districts is exorbitant bus fares.

As such, if the KMB were successful in its 9% fare increase application this time, then the bus fare for each journey will be increased by \$0.51 on average. Since small sums, in particular those for recurrent expenditure, will add up to a big amount, the accumulated travel expenses for a month will amount to a very significant figure, if two or three members in the family have to go to school or work in other districts.

The Senior Executive Director of the KMB, Mr John CHAN, has put forward many justifications for the fare increase, and on the surface, it seems that the KMB has to face a very tough operating environment, for he said that tunnel tolls and staff wages had increased, but the rate for those increases is only 14%. He has even taken into account the factor of soaring fuel price which the trade I represented has often complained about. However, he has concealed the fact that the KMB has never stopped taking advantage of its favourable position over the past 10 years to broadcast advertisements, that is, advertisements on the RoadShow in bus cabins, and exploring profit-making opportunities at bus stops. All this revenue is earned at the expense of depriving passengers of their peace and quiet. Since many bus stops were already located in the midst of a concrete jungle which had a wall effect, the big advertisement boards or light boxes

surrounding the bus stops would further worsen the condition by creating a mini wall effect, thus causing untold miseries and sufferings to pedestrians and people waiting for buses. However, not only has the KMB failed to reward passengers who suffer from its encroachment of public spaces for the sake of profit-making, but it also went further to fight for a "reasonable" return. Is this not going a bit too far?

Madam President, the FAM for franchised bus was introduced last year. According to this mechanism, the KMB could have asked for a 2% to 3% fare increase in an open and aboveboard manner, but instead, it has chosen to challenge this mechanism and jeopardize social harmony by applying for a substantial increase of 9%. I think the Government should reject the KMB's application and not even grant a half percent increase, so as to punish the KMB for its contempt of the FAM and to have a deterrent effect on other franchised bus companies.

Madam President, apart from debating bus fares, the motion today has also given us an opportunity to debate the introduction of a diversified mode of operation, such as sectional fares, bus-bus interchange concessions, one-day tickets, monthly tickets, and half-fare concessions for the elderly, people with disabilities, and so on, so as to maintain the fares of franchised buses at a level affordable to the public and to promote the participation of the socially disadvantaged in the community.

Looking back at the development history of franchised transport services of Hong Kong in the past several decades, we could see that only superficial progresses like the introduction of air-conditioned bus and electronic fare collection have been made, but when it comes to caring for people, the franchised transport organizations have only offered petty favours to people who have taken multi-rides and are lagging far behind other overseas countries in terms of practices in this respect. Take concessions for people with disabilities as an example, developed western countries like the United Kingdom or the United States have granted subsidies and fare concessions to people with disabilities, and Singapore, a long time rival of Hong Kong, is doing the same, while the Mainland has even offered them free transportation. Looking back at the situation of Hong Kong, although on the annual free-ride day for people with disabilities, all people with disabilities in Hong Kong could take an unlimited number of free rides on buses and other modes of public transport when

accompanied by a fare paying passenger, it is a pity that they could only enjoy such benefits on the free-ride day for people with disabilities.

In fact, if the Government and the transport organizations could share the commitment of granting at least half-fare concessions to the elderly and people with disabilities, I believe the transport organizations could earn more profit due to a substantial increase in the number of passengers who have always been immobile, and it could also enable more elderly people and people with disabilities to spend time with their families and friends living outside the district. This is also very beneficial to effective governance and building a harmonious society. Such public transports, in particular buses, should bring in more low-floor vehicles that are suitable for people with disabilities and priorities should be given for these vehicles to serve hospitals, homes for the aged and districts with an ageing population.

With these remarks, I support the original motion and all the amendments.

MR ALBERT HO (in Cantonese): Madam President, we have heard the speeches of Members from different political parties and groupings and I believe that as a responsible government official, the Secretary really has no choice but to reject the current bus fare increase application of the KMB. In fact, the motion debate today has delivered a very clear message, and that is, the current 9% fare increase application of the KMB has victimized the general public and should be condemned.

I would like to specially speak for the residents of remote areas, for, to residents of areas like Tuen Mun, Yuen Long, Tin Shui Wai, Tung Chung or North District, if the KMB were successful with its fare application this time, it would impose a very heavy — or even unaffordable — burden of travel expenses on them.

Though our economy has recovered in the last two years, everyone feels that people at the grassroots have not been benefited in general, and the rate of salary increase last year was only 2% on average. As I have mentioned many times in this Council, Tuen Mun, Yuen Long and Tin Shui Wai are the most remote and poorest districts where people have the lowest income and least job opportunities, and — if people have to travel from those districts to the urban areas — their travel expenses will also be the highest. If the residents of these

remote areas have to work on Hong Kong Island, their daily travel expenditure will be more than \$40. The daily wages of workers who work in the security or cleansing trades will only be \$100-odd even if they work up to 12 hours per day. From this we could see that they have to spend nearly one third of their income on travel expenses.

A 9% increase in bus fares means that their travel expenses will be increased by more than \$100 per month. I would like to tell the Secretary a fact, for many low-income grass-root workers who live in remote areas, \$5 to \$6 may be equal to their daily expenditure on breakfasts, and for those poorer people, this may even be equal to their expenditure on lunches, for they could buy two or three buns with \$5 to \$6. According to our understanding, some people with low income really may have to eat a few buns for lunches. I would like to ask Members of the Executive Council whether they are aware of the hardships of such grassroots.

If the Government approved the fare increase application of the KMB, then for people with low income and grass-root workers who live in remote areas, it would mean depriving them of their opportunities to work in the urban areas. With a salary of \$3,000 to \$4,000 or \$4,000 to \$5,000 at most, how many of them would still feel that that they could afford to work in the urban areas if their monthly travel expenses amounted to over a thousand dollars?

Madam President, apart from affecting the job opportunities of the residents of remote areas, other residents of these areas such as housewives, the unemployed, students, elderly, new immigrants and families of the ethnic minority groups who have already felt isolated because they rarely have the chance to go to the urban areas due to high transport fees will also be less inclined to go out and thus they will be denied their social lives.

Here, like what Mr LEUNG Yiu-chung has mentioned many times, I would like to criticize our local transport organizations for lacking a sense of social responsibility. As in the example of the KMB, though Hong Kong was in sustained deflation over the past 10 years, the public transport organizations (including the KMB) insisted on refusing to reduce their fares. And now, just as our economy begins to recover, these organizations, the KMB in particular, have striven for fare increases one after another. Though it is true that the Government has actual regulatory powers, it would be letting the public down if it does not try its best to exercise this power properly and shoulder the highest political responsibility.

I would also like to ask the bus companies — in fact, this has also been the long-standing request of this Council — to offer half-fare concessions to people with disabilities. In fact, it was only until recently that the Government indicated that there would be technical difficulties in implementation and so we have to wait for a longer time. However, certain public transport organizations, among which the position of the Octopus Holdings Limited is the clearest, have even openly declared that they are unwilling to foot the capital and expenses required for altering the technical system. I am really very disappointed with these organizations and think that they should feel ashamed. As a big enterprise, how could it have failed to take up just a little social responsibility?

Furthermore, the measure of granting free rides — not free rides, but half-fare concessions to the elderly and people with disabilities on public holidays and Sundays, is actually aimed to increase the opportunities for the elderly and people with disabilities to participate in social activities. The Chief Executive has often said that we should respect the elderly, and promote the integration of able-bodied and disabled persons in the community, but we must really take actions and this is more practical than innumerable words or sweet talk. I hope that bus companies which have made huge profits, including the KMB which has reaped great gains from the rights of developing the site of its bus depot, could seriously consider today to reward the feeble elderly and people with disabilities, for this is only fair. *(The buzzer sounded).....*

MR FREDERICK FUNG (in Cantonese): President, in the policy address which delivered not long ago, Mr TSANG, the Chief Executive, repeatedly called upon the business sector to positively fulfil their social responsibility, show more concern for society, take care of stakeholders' needs and share the fruits of economic success with their employees. However, in facing members of the business community who are only interested in material gains, we can imagine that if the authorities do not take any practical corresponding actions or put legislation in place, then they will only be met with a rebuff in the end.

True to the KMB's profit-oriented character, it has sought an unreasonable rate of increase which is far higher than the rate of inflation, far beyond public affordability, and disregarded the interest of the public in its fare increase application. Is this not the best depiction of the KMB's disregard of its social responsibility?

I could still recall that when the FAM was first introduced, the public genuinely believed that the increase or decrease of bus fares would finally be regulated in future, and apart from rectifying past situations where bus fares could only be increased and never decreased, bus fares could also be adjusted in the light of the economic conditions under this mechanism. Who could have known that the KMB will bypass the mechanism and apply for a fare increase with some irrelevant justifications, and what does this reflect? Does this reflect that the KMB has no intention to follow the FAM? Or that the authorities left some loopholes which have allowed the KMB to take advantage of when it introduced this mechanism? I hope that the Secretary could give us a clear explanation when she speaks later.

President, I know that the KMB has applied to the authorities for a fare increase with a number of so-called justifications, such as its fares have not been increased for 10 consecutive years and that operation costs like oil prices have gone up continually in the interim, and that it has not obtained a 9.7% so-called reasonable rate of return. It is acting like the FAM does not actually exist. In fact, according to the newly introduced mechanism, the formula has only taken factors such as wage index, price index and productivity gain into account and according to calculations made by using this formula, the rate of increase should only be 1% to 2%. However, the KMB has treated the formula with indifference and even resorted to excuses like it has been unable to get a reasonable rate of return to apply for fare increase. To put it crudely, the actual consequence of this action will be to "castrate" the whole FAM which might be a nominal mechanism.

The KMB's justification that the 9.7% reasonable rate of return has not been achieved is actually sophistry for since the franchised agreement has not actually provided for a guaranteed minimum profit for the KMB, then how could it use this as a justification to apply for a fare increase? The reasonable rate of 9.7% return mentioned in the franchised agreement is actually only a triggering point for 50/50 sharing of return between the KMB and its passengers, and that means, in order to alleviate future pressure for fare increase, the KMB should share profits exceeding this rate of return with its passengers.

As such, the Government should reject the KMB's fare increase application and demand that it must submit its fare increase application in accordance with the FAM.

In addition, from the standpoint of the grassroots, the ADPL and I have always stressed that though the economy of Hong Kong is on the road of recovery, as a result of the special economic structure of Hong Kong and the one-sided and uneven distribution of wealth behind the beautiful economic data, very often, the only beneficiaries of economic growth are big enterprises and people with high salaries. In fact, they are mainly people at the upper strata of society while people at the lower strata could still not benefit from such economic achievements. Their meagre or next to zero pay rise reflected that they could not actually share the economic achievements, and even if they are able to enjoy a little bit of the fruit, it would not be proportional to the economic growth.

Moreover, as a result of the recent appreciation in the value of Renminbi and the continuous price hike on the Mainland, the inflation of Hong Kong has continued to worsen, thus increasing the already heavy burden of the grassroots who rely on the supply of cheap food and daily necessities from the Mainland. How could they possibly afford such a substantial fare increase? We have to pay particular attention to residents of remote areas, and since transport expenses account for a substantial part of their income, should we ask them not to get a job, not to go to work or take the bus?

The recent policy address tends to focus on the interests of the business sector and people of the upper strata while neglecting the needs of the grassroots. Since it has virtually failed to achieve the effect of wealth redistribution, it is anticipated that the discrepancy between the rich and poor will only further worsen. The ADPL has already expressed regrets over this situation. If the KMB were successful in its crazy fare increase attempt, it would not be hard for us to believe that the Government was only indulging in empty talk when it made its so-called request on the business sector to fulfil its social responsibility, while its real motive was to tolerate and encourage the business sector to continue with their profiteering and add fuel to the flame of discrepancy between the rich and the poor and aggravate social conflicts.

The ADPL certainly hopes to see that the Government could really do a good job in narrowing the gap between the rich and the poor and in alleviating poverty. And, we also hope that the Government could really allow all stratum of the community to share the fruits of economic growth in next year's Budget. However, in view of the fact that the KMB has asked for a crazy fare increase, I think that it is time for the Government to tell us and the public whether it is

determined to really do what the Chief Executive has said or what we have mentioned earlier, that is, enabling all strata of the community to share the fruits of our economic achievement. I have mentioned earlier that the KMB has regarded the FAM as nominal, intentionally equated the so-called reasonable rate of return with guaranteed profit, and disregarded public affordability. The justifications for the KMB's bus fare increase application really do not stand, in terms of both justifiability or fairness. Therefore, the Government should reject the KMB's application and take this opportunity to fight for more fare concessions for the middle and lower classes and the public at large, to show that it is really striving to safeguard the basic rights of the grassroots. These are the basic duties of the Government and responsibilities which it could take up to show its real determination in caring for the middle and lower classes.

President, what I have said here are basically my own opinions. You could see from my speech, and I believe that you have already known that I would support Mr LEE Wing-tat's original motion, Mr WONG Kwok-hing and Mr CHEUNG Hok-ming's amendments, and oppose Ms Miriam LAU's amendment.

MS EMILY LAU (in Cantonese): President, I speak in support of Mr LEE Wing-tat's motion. As many Honourable Members have said, the KMB's proposal has triggered a storm of opposition on this occasion. And it is also because of sheer bad luck that the Secretary has to take this hot potato into her hands.

On 13 September, President, in a meeting which you did not attend, that is, one of those luncheon meetings held on Thursdays at the Mandarin Hotel, I sat at the same table with John CHAN and of course I told him that it was a serious case and strong reactions had been caused. The reaction from Mr CHAN at that time was likewise very strong.

Some Honourable colleagues have talked about social responsibility. I believe the KMB knows not very well what that is. President, I think you know that these luncheon meetings are held to let people in the political circles sit together with business people and chat over things. However, those people who sat at the same table with me on that day were mostly people from the business sector, Members of the Executive Council and such like people. No one agreed with my view — be it my view that the rate of fare increase was too

great or my suggestion that fare concession should be offered to people with disabilities. We in the Legislative Council have been talking about these things for years. In this respect, I understand how the Secretary feels. She may hear a lot of our views on this here but things are totally different when she goes out and talks with people from the business sector or hears their views.

It is a shame that the SAR Government loves so much to hear what the business sector has to say. I am not asking the Government to shut its ears to the business sector. As for me, I am glad to join the Business Facilitation Advisory Committee and take part in its work. I also hope that Hong Kong can have a good business environment. However, a balance has got to be struck. Members from the political parties or from the districts would all work for the overall interest of Hong Kong. It is not like what the Government says that Members only work to further narrow partisan interests. However, what I see in people of the business sector is that often times they are so narrow-minded that they would only seek their own interests. President, so when Secretary Stephen LAM said in the Question Time that he would look for people from the business sector to take up the posts of Deputy Directors of Bureaux or Assistants to Directors of Bureaux, these people would have their agenda. The Secretary did not talk about these things and no mention was made of the attitude to work of these people. The Secretary only told people from the political parties that public interest would be taken into consideration when office holders would get a pay of some \$200,000 or some \$300,000 a month.

Therefore, given such distorted conditions, I do not think this motion would get a majority vote and pass. What the Secretary does is that she would only listen to the business sector who says that no attention must be paid to these people and the business sector must be given a very good environment to make more profits, and so on. Actually, they are making grossly excessive profits. President, like I said in previous debates, people living in the remote areas said to me that they get a very low wage and that they may skip lunch but they cannot do without riding a bus or a train. Mr HO has just said that there are people who only have a few dollars to spend and they can only eat a few buns for lunch. Does the Secretary know anything about what these people think?

President, yesterday we went to a seminar on the poor held at the Hong Kong Council of Social Service (HKCSS). The organizer invited all the political parties to send their representatives to take part in the seminar. Figures from the HKCSS show that currently there are 1.4 million people living

in abject poverty and if the KMB is to raise its fares this way, the people who will bear the brunt of the fare hike would mostly be these people. How then are they going to sustain the impact?

I hope the authorities would see the point that it is very important to aid the poor. Suggestions made in the motion such as assisting people with disabilities, designating Sundays and public holidays as free-ride days for the elderly or, as mentioned in the amendment, offering half-fare concessions to full-time students, and so on, should all be considered. The motion mentions "measures" and irrespective of whether they are measures from the authorities or measures introduced after talking with the business sector, all these should be carried out. Does the Government have no money to carry out these measures? President, the Financial Secretary said in the Budget this year that the consolidated surpluses for 2007-2008 were expected to reach some \$20 billion, but he has already announced that surpluses have reached some \$50 billion and there may be more to come. In terms of fiscal reserves, we have some \$400 billion, plus another some \$400 billion of accumulated surpluses, we have \$900 billion. But we still have some 1.4 million people living in abject poverty. So what kind of a society we have got in fact?

We talk about care and social responsibility. I believe when we see people living in such conditions, I think many of us would feel ashamed. It does not matter if everyone in this society is poor, for everyone would have a rough time. But the fact is some people are so obscenely rich while other people are so poor that they cannot afford a ride to Central or Kowloon. The Secretary may have heard about kids in some schools who have never been to the city. Would the authorities not have some responsibility in this?

With respect to this FAM, I would like to hear from the Secretary when she speaks later to see how it really operates. From what I heard from Mr John CHAN, it is another story. He keeps on telling me, "Now the oil guys are in great trouble." Now oil prices are climbing every day, so should the fares be raised by 19% instead of 9%? We have some expectation for certain things when they have been set up, but what we get in return are just shocks and rage all the time.

So I hope the new Secretary will put on a new look and take some new action. Of course, we know that she has to deal with a lot other matters such as the taxis and things like that. I do not envy the Secretary. But these are

problems that must be solved. After all, this can be a good thing for one can see how people perform in the face of challenge.

We in the Legislative Council will give our full support to the motion and we agree that the authorities should do something for the disadvantaged.

I so submit.

MR JEFFREY LAM (in Cantonese): Madam President, Ms Miriam LAU has presented clearly the views of the Liberal Party on the motion today. What I am going to say now is my view on the proposal made by Mr CHEUNG Hok-ming to introduce half-fare concessions for all full-time students. I wish to point out that in 2006-2007, the Student Financial Assistance Agency provided student travel subsidy to 250 000 students in need out of the 1 million full-time students in Hong Kong. The amount of subsidy amounted to \$370 million. If a half-fare concession is introduced across the board, the expenditure in this regard would be astronomical and it would be many times more than the abovementioned amount. It follows that we have reservations about the suggestion made by Mr CHEUNG Hok-ming.

We know very well that besides going to and from school, students would also need to go out to take part in many extra-curricular activities and there may indeed be a need for them to have some sort of fare concession to reduce their travel expenses. This will in turn encourage them to take part in more such activities. Therefore, we hope that the Government can discuss with the bus companies to see how further concessions can be offered to students.

Madam President, I so submit.

DR FERNANDO CHEUNG (in Cantonese): President, Mr Jeffrey LAM has just said that he has some reservations about Mr CHEUNG Hok-ming's proposal to introduce half-fare concessions for all full-time students.

President, incidentally I talked with some secondary school students last night. They are members of the Children's Council (CC). This CC has existed for many years and it is something like the Legislative Council and all secondary school students in Hong Kong are welcomed to join it. There are

committees inside the CC and kids from the committees may propose a motion for debate and subsequent passage. Each year some Members of this Council would lend their support to the work of this CC and members from the CC will come to the Legislative Council this year to hold such a kind of formal meeting.

One of the things these CC members discussed with me last night was precisely the issue which Mr Jeffrey LAM has reservation about. They said that they were young people and they knew that many of their classmates and even they themselves would go out to join some extra-curricular activities and in the course of their daily life, there are also some basic needs which prompt them to go out. However, transport fares these days are really expensive and that applies especially to those who live in remote areas.

A few days ago I went to Tung Chung to visit a single-parent family. The woman said to me that her two daughters had never left Tung Chung during the summer holidays. They did not take part in any activities and she did not have the money to let her two daughters take part in any extra-curricular activities. There was no money for them to go downtown for fun. Hence, for most of the time in the summer holidays, she and her two daughters — one is in secondary school and the other is in primary school — just killed their time watching TV at home.

I do not know how much the officials, entrepreneurs or successful people — like those successful people who had lunch with members of the Executive Council in the same way as Ms Emily LAU did — can understand and see how many people in our society actually lead their life. What are their worries? What is the kind of struggle they face every day and what is taking up their mind?

President, this society of ours is compartmentalized. We are talking about many people who live in a state of poverty. They have a problem with feeding themselves, not to mention paying for the transport fees. The Chief Executive says that it is in this spirit of "working hard for bread and butter" that we have worked this economic miracle. But it is sad to see that despite this economic miracle, many people cannot even get their bread and butter.

This is something which the successful people can never understand. They will only care about their profits for this year which may have gone down by a certain number of percentage points and although they may still have

hundreds of million dollars of income, the performance is terrible when compared with that a few years ago. The share prices of their companies may be affected. They may find themselves under pressure from the shareholders. As entrepreneurs, they are obliged to pursue maximum profits. This is what makes capitalism as it is.

President, even as capitalism has been in operation for so long, it is fashionable these days to talk about adding a human touch to it. We need to care for things at different levels. That is why we say that companies should have social responsibility. This is what the Chief Executive says. As this is what the Chief Executive says, the whole Government should go in this direction and this is what the Secretary will also do.

What then is corporate social responsibility? Some people say that the idea includes three bottomlines, and profits will no longer be considered as the bottomline. People in business think that the most important thing is the bottomline, that is, profits. All things other than this "P" are of secondary importance. Nowadays we talk about three Ps, though. The first P is people. This means people are to be considered and corporations should be judged on account of how much contribution they make to people and how people in society can achieve sustainable development as a result. The second P is planet, that is, the Earth, the environment, and so on. I do not think I would talk about so much theory now. We are not talking any more about corporate social responsibility but just on giving more concessions to the students so that they can be free from this predicament.

We can see now that in some remote areas such as Tin Shui Wai (as the lyrics of a song goes, this enclosed city of Tin Shui Wai), and Tung Chung, and so on, they are almost completely detached from the city. They lack in some of the most basic services. If residents there have an acute illness, they must get on a taxi and go to Princess Margaret Hospital. The taxi fare for this trip is some \$200. This is an example of the basic living conditions and needs. And unfortunately, these are what they have to do without. And the KMB is being so outrageous in seeking a hike in bus fares of such indecent proportions.

President, I do not know if we should shout until we spit blood about such grossly unfair circumstances. It seems that we are living in different worlds and we belong to different social classes. Members of this Council have direct contact with the people and they sense their needs. The images we see and the

images which the business sector sees, and even the social circles and what we think in our minds, are all compartmentalized. But we are living in the same society. Who are the decision-makers and how is that society going to function? What are the basic systems and the fundamental rules of the game we play? It is sad to see that the grassroots are denied this opportunity to play a part in these.

If the Government is not determined and if what it does is only shouting slogans about corporate social responsibility, care for the poor, mitigate inter-generational poverty, and so on, while on the other hand it is allowing these public enterprises to raise by a great rate those fares which bear a close relationship to basic living needs of the people, then this policy will never achieve the goal of reducing poverty that the Government has claimed.

President, I speak in support of the motion moved by Mr LEE Wing-tat. Thank you, President.

DR KWOK KA-KI (in Cantonese): Madam President, a question in this Council today was raised by me and it is the 11th question. I asked the Secretary about how medical services were distributed in the districts. A patient seeking medical consultation may have to go to a place very far away because of the distribution of medical services. If he wants to consult an ear, nose and throat specialist, the minimum waiting time is one week and the maximum is 13 weeks. If he wants to see a medicine doctor, the shortest time he has to wait is four weeks and the longest 33 weeks. If it is an orthopaedics specialist, the shortest time is four weeks and the longest 43 weeks. If he is in Tuen Mun and he wants to see a surgeon, the shortest waiting time is six weeks and the maximum could be as long as 61 weeks and that is for consultation at Kwong Wah Hospital. In this connection, I have asked the Government and also the Hospital Authority (HA), and you know how they replied. They said, never mind, if you live far away from the hospital, then you can travel to another hospital and that would be fine. This is what the Government has said.

Dr CHEUNG has just said that the Government should take the lead and show more care and concern for the people. Actually, this is like asking for something which will never come true. Madam President, because it is precisely the Government that is taking the lead not to show any care and concern for the disadvantaged. You can just look at the policy address this year

and see what are proposed. This is robbing the poor to help the rich. With a bold stroke the Government can forego \$4 billion in profits tax revenue. And it cuts the standard rate of the salaries tax paid by those earning \$1 million to \$2 million a year, thereby waiving \$1 billion. But the Government is showing no concern for the poorest of the poor in society, those with the least amount of income, including those patients of mental illness. Seen against this backdrop, what the KMB is doing is not so bad after all, for there is always the Government which serves as the role model it can look up to.

We can all see that the Government allows the KMB to do this because the KMB has got a franchise. This is different from the case of other people running a business. I have got many friends in the business sector. They have to bear risks as they run their business, for there is no guarantee that they will make money. But this is not the case with the KMB. As long as it puts in the capital, it will have a steady source of profits and income. This is a right which the Government gives to public transport operators. The business sector in Hong Kong has only rights but not responsibilities. They do not think they have any obligations anyway. This explains why in the many issues which we discuss, like fares and offering half-fare concession to people with disabilities and the students, the KMB simply ignores them, because the Government is backing it up.

Last year our inflation rate was only 2%. The KMB has applied for an increase in fares by 9% which is close to the maximum rate of return of 9.7%. Profit maximization is indeed the signature spirit of Hong Kong. Our Government wants to make the most profits, and so is the business sector. Who allows the companies to exploit the people? Is it not the Government? Does the Government think that it will not do if it is doing such nasty things all by itself and so it has to fetch some business people to do the same nasty things in order that the senses of the people will get numbed as they watch more and more people are doing it? Is this the case?

Let us see how exorbitant the transport costs are. A person living in Tuen Mun or Yuen Long, that is, someone from Yuen Long West who goes to work in Tin Hau has to pay \$20.7 for a single trip. The fare for a single trip from the Tuen Mun ferry pier to Mong Kok is \$15.6. And the single trip from Tsuen Wan to Wan Chai costs \$15.3. From these figures, plus the single trip fares of \$22.6, \$17 and \$16.7 respectively, trips from home to office and back would cost \$50. Now many wage earners make only some \$5,000, \$6,000 or

\$7,000. But the transport costs already take up a very large part of their income. If unfortunately they become ill, under the present health care system, the Government or the HA will tell them to travel to a nearby hospital and say that the relevant information is all found on the website. It thinks that telling them to browse the website would solve the problem. So they are told to check out the hospital nearest to them on the Internet. But they have to pay for their travelling expenses because these expenses are none of the business of the HA.

Even if the original motion of Mr LEE Wing-tat is passed, that is, when by such a stroke of grace people with disabilities, plus the students included in the amendment, are given fare concessions, what about the patients? There is no travel subsidy for patients. Even when they are on Comprehensive Social Security Assistance (CSSA) or receiving financial assistance and not required to pay for the medical expenses, they still have to pay for their travel expenses.

Is the KMB not making any money at all? The listing of the KMB's RoadShow has brought instant earnings of \$1.6 billion to the company. As for the Lai Chi Kok depot, I have no idea how much money the KMB will make from its sale. That could be tens of billion dollars. Where does it get all this money in the first place? From the people. The company does not have to be very competent. All it needs is to get the franchise and that will guarantee it a steady flow of income. When it is still indifferent to the needs of the people and does not show any care for the vast number of people who go to work every day or see a doctor, and when the Government is still permitting the KMB to do this, I think it is like asking a tiger for its skin if we want to ask the KMB to withdraw its application for a fare increase. This really makes me feel sad.

On the other hand, as we have discussed in this Council for a long time, sectional fares should be introduced. This should be done and it should have been done a long time ago. It is an unscrupulous practice to charge a uniform fare for any trip regardless of its distance. But the Government allows it. As we all know, franchised bus companies cannot make the decision to do anything by themselves. They cannot put any policy which they have into practice without the blessing of the Government or its permission or agreement. It is none other than the Government which condones such outrageous acts as recklessly putting up justifications for excessive fare hikes. If we think harder, many of the people involved are actually from the 800 rich and powerful whose votes have enabled the Chief Executive to get elected. It may well be this reason that explains why these big syndicates are allowed to act the way they are.

Anyway and having said that, society needs progress and so does our constitutional system. Likewise, there should be progress in the reasonable regulation of public transport operators. I agree and support the original motion moved by Mr LEE Wing-tat. Thank you, Madam President.

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

MRS SELINA CHOW (in Cantonese): President, I just want to make a clarification. Dr Fernando CHEUNG has distorted the remarks made by Mr Jeffrey LAM on the question of whether students should be given half-fare concessions.

As we have made it clear earlier, one quarter of all the students in Hong Kong now enjoy travel subsidy. We in the Liberal Party do not ask for things which will please most people. It would be great if this is handed out to everyone, just like what Dr Fernando CHEUNG says, that this should be handed out to everyone. All that matters is giving, giving and giving, and there is no concern about where the money comes from. All that is said is that this should be given, for it sounds so very nice.

Actually, what we ask for is that those in need should be given assistance. People who have the means should take care of that themselves. We should of course give assistance to those unfortunate students who are not well-off. For if not, there would not be 250 000 students on travel subsidy anyway. But if it is said that all the 1 million students should be given travel subsidy, does this mean that their families are all unable to pay for travel expenses? Or is it that Dr CHEUNG means they should all be given a subsidy regardless of whether they can afford the travel expenses or not? He forgets to tell the community that money has got to come from somewhere.....

DR FERNANDO CHEUNG (in Cantonese): I wish to make a clarification.

PRESIDENT (in Cantonese): Do you know that you cannot ask to make a clarification of your speech now? If you wish to clarify things, you have to wait until she has finished her speech.

DR FERNANDO CHEUNG (in Cantonese): Yes.

PRESIDENT (in Cantonese): Mrs Selina CHOW, please continue.

MRS SELINA CHOW (in Cantonese): Therefore, when Dr Fernando CHEUNG referred to the remarks made by Mr Jeffrey LAM earlier..... Now there are 250 000 students who enjoy travel subsidy, if it is demanded that 100% of the students should enjoy that subsidy, that is, all the 1 million students are given that subsidy, then the bill will be four times as much as the present \$370 million. Will society be able to foot this bill? Or should this price be paid by society at all?

We have made it clear enough that with respect to the less fortunate school children, any one of them, including those from Tin Shui Wai whom he has talked about or those from other less well-off districts, we are obliged to offer this subsidy to them if so they need it. All along we have stressed that for those without the means to help themselves, they should be given assistance by society. We know well enough and we have been holding onto the principle that in any developed society, something such as inter-generational poverty is not to be tolerated. Therefore, the Liberal Party has set up a Poverty Assistance Fund aiming at meeting the needs of the elderly and the young. We have handled quite a number of such cases in some less well-off districts.

We agree and it is beyond any doubt that extra-curricular activities are an essential part of children's development and it is also part of education too. Education should not be confined to the walls of a school and extra-curricular activities are crucial. We must give travel subsidy to the poor students, that is why 250 000 students are presently enjoying a travel subsidy. We will never do anything to obstruct or oppose any effort to give a subsidy to those school children in need. If there are more than 250 000 school children with such a need, then they should all be given this subsidy. But if no consideration is given to the affordability of their parents and a subsidy is given to 100% of the school children, the amount of expenses involved would be so huge and as the money is to be shared among those in society with the means, then should we give all the 100% school children a subsidy just because it sounds all so nice to do so?

This principle does not just apply to the needs of the school children alone. We in the Liberal Party have all along stressed that assistance should be given to those in need of assistance. For those without the means, assistance should be given by a society with conscience and sympathy. But assistance must not be given to all regardless of whether or not they have the needs, for the simple reason that there is a price tag attached to everything.

I hope when Honourable colleagues speak, the first thing they must not do is to distort the remarks made by other people and speak only half of the truth and quote out of context. Mr Jeffrey LAM has made it very clear that for those in need, a subsidy should be provided to them. But we do not agree that we should assume that all of them cannot afford the travel expenses and they all have such a need. If this argument is allowed to extend indefinitely, then everything can be justified. To be frank, we know that Dr Fernando CHEUNG comes from the welfare sector and it is understandable that he sees many people are in need of something. But at the present juncture, I do not think the situation is 100% of the people are in such a need as he would suppose it. Should we go as far as base our argument on some tragic incidents which have occurred recently and say that a subsidy in everything should be given to everyone? I hope I have made our position clear enough and other people should therefore not quote us out of context or twist our arguments. Thank you, President.

PRESIDENT (in Cantonese): Dr Fernando CHEUNG, you may now clarify the part of your speech which may have been misunderstood.

DR FERNANDO CHEUNG (in Cantonese): President, when I referred to Mr Jeffrey LAM earlier in my speech, I was saying that he had reservations about the amendment proposed by Mr CHEUNG Hok-ming. I said that very clearly. Perhaps you can listen to the tape or read the verbatim record.

I really do not see how Mr Jeffrey LAM's remarks are distorted. This is because when I was making the reference, I was quoting the remarks he had made then. Based on the essence of these, an extension was made to the lack of care and attention for the poor children and poor people in society. Against this backdrop, if the application for an increase in fares by the KMB is successful, I am afraid this would be an irresponsible thing done to the people living in dire straits. Thank you, President.

MR CHIM PUI-CHUNG (in Cantonese): President, first of all, I think as Members of the Legislative Council, we all have our freedom of speech and in this Chamber especially, everyone can speak out for themselves. As for criticizing other Members or colleagues, personally I would think that this is not to be desired. You may talk about yourself and you may think how smart and brilliant you are and that you are always right because you have the support from your voters.

President, coming back to the topic, Hong Kong has experienced 68 months of deflation and during that period of time, the economy was not so robust. If public utilities wanted to raise the charges or conduct a review of the prices, this would certainly invite criticisms from all sectors across the community.

Personally, I think that there are two things in Hong Kong that are most undesirable. The first is that oil prices continue to soar. I have asked the Government to work out a base figure for the price of each barrel of fuel oil and produce a table showing the prices charged by the few major oil companies in Hong Kong. Then a report should be compiled to see if they have done anything to reap excessive profits and if any oligopoly exists. Unfortunately, the Government has failed to do any of these. I have also asked Members of this Council to take concerted actions in this and demand actions by the Government.

The second unfair thing is about the Western Harbour Crossing (WHC). The fact that the WHC can raise its tolls is because it can act on the existing mechanism which is actually a government policy that allows it to reap excessive profits. This is why it can keep on raising the tunnel tolls. I have once made a proposal and that is, the Government can buy back the franchise from the WHC since the WHC thinks it is not getting a reasonable amount of returns. If the WHC does not agree to the idea, another tunnel should be built next to it and reasonable tolls can be charged. But the Government does not do that. In my opinion, public transport operators are not simply operators of a business undertaking, for some social responsibility is involved. If the traffic in Hong Kong as a whole suffers because of this kind of purely commercial objectives, it would be no good to the development of society as a whole. An example is that there is no vehicular traffic in the WHC but the cross-harbour tunnel in Hunghom is packed and congested. The Government pretends that it does not see the problem. It should come under the scrutiny of the people and be censured.

Coming back to the KMB, we know that the property developer Sun Hung Kai Properties is the major shareholder of the KMB. I am not saying that it is a sin for the Sun Hung Kai Properties to be the major shareholder of a bus company. We need to look back. It is pure coincidence that the two bus companies, that is, the KMB and the China Motor Bus Ltd. (CMB) were both founded in 1933. Unfortunately, the CMB had for some time ceased operation because of poor management. It thought that the bus operation business was not attractive enough and so it gave up. On the other hand, the KMB has undergone some reform and some professional, that is, Mr John CHAN who is on amicable terms with the Government was appointed to head the company. In the past, owing to its policy and issues like fuels, it was willing to hire professionals and the company was under good management. It has gained social recognition and praises from the community. Moreover, we should know that Sun Hung Kai has sharp investment acumen and in the properties business, the company has certainly benefited from the high land premium policy practised by the Government.

My personal criticism of the Government is, like what I have said about the WHC, that it should look farther ahead and do what it should do. We know that Hong Kong is a free society and an economic society, so all businessmen, be they local or foreign, all make their investments based on the principle of economic viability. We can see that in the financial market of Hong Kong, there is a sharp increase especially in share prices. This has an effect on the personal investments of the businessmen and market players.

PRESIDENT (in Cantonese): Sorry, Mr CHIM, I have to interrupt you, please come back to the issue of KMB raising its fares.

MR CHIM PUI-CHUNG (in Cantonese): President, you have made the interruption because you are acting on your personal view. But for me, my personal view is that I was making an analysis of why investors invest in the financial market and elsewhere and this is the same with the KMB's investments. They are related.

PRESIDENT (in Cantonese): Then you should have said so earlier.

MR CHIM PUI-CHUNG (in Cantonese): Please bear with me and at most it would only be seven minutes and no more. *(Laughter)* Therefore, the Government should formulate a set of policies for investments in and assessment of any industry. We know that of late the interest rate worldwide is about 4% to 5%. Previously, for some public utilities, their rate of return can be as much as 18%, 15% or 16%. Such rates of return are just incredible and far out of touch with the reality. With respect to the review of the electricity tariffs which is scheduled to take place soon, the Government must go ahead with the review and it must not say at the last moment that nothing can be done and that the power companies' demands have to be met. Likewise, when the KMB applies for a fare increase, I hope very much that the Government can act fairly. The company wants to make money and the investors are after profits, there is nothing wrong about it and it is only fair and square.

I hope very much that Honourable colleagues or various sectors across the community would..... I am not saying anything for the KMB, I can tell you honestly that no one has said anything to me on this matter and no one has ever approached me or offered me any explanation. I am only making my voice known in that matter based on my understanding of it as well as my own conscience. I think it is the common expectation of the people of Hong Kong that both local and overseas investors will be pleased to take part in the 10 major infrastructure projects which the Government has mapped out for the future and better development of Hong Kong. To achieve this, we should have the breadth of mind to let everyone make money in the process. It is absurd to ask people to come to Hong Kong to invest in business that will lose money. This will also sound the death knell for Hong Kong. This must be avoided. But the Government has the obligation and the responsibility to tell the people as well as the world that Hong Kong is the best place to make investments. At the same time, we have to protect the interests of all sectors and with respect to those in need, we must use the subsidies wisely so that they can have the best of everything and they can live a happier life.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): If not, I now call upon Mr LEE Wing-tat to speak on the three amendments. The time limit is five minutes.

MR LEE WING-TAT (in Cantonese): President, I do not think I need five minutes.

First of all, the Democratic Party has nothing to say about the amendments proposed by Mr WONG Kwok-hing and Mr CHEUNG Hok-ming respectively, for basically, they are similar to our position. As for Ms Miriam LAU's amendment, we do not think we can support it. This is because we are just asking that this Council should activate the fare adjustment mechanism and as a matter of major principles, this will not cause any change to the existing policy which is, at the end of the day, subject to vetting and approval by the Executive Council. In view of this, we cannot support the amendment proposed by Ms Miriam LAU.

However, I hope Members would note that the focus of the debate today should be on opposing the increase in fares by the KMB. I hope Honourable colleagues would not oppose the original motion because of some very minor details. I think Members may hold different views in other matters, in the same way as, for example, Members hold different opinions on how a subsidy should be given to students. But this is not the theme today. I hope Honourable colleagues would not vote against the original motion because of matters like the student tickets, how a subsidy should be given or differences in how the mechanism is to be activated, and so on. This is because I think an overwhelming majority of the people consider the rate of fare increase proposed by the KMB is way beyond their acceptability. I hope of course that Members would render their support to my original motion. Thank you, President,

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Madam President, many thanks to the Members who have given their views on franchised bus fares. One view which is especially clear is that the rate of increase applied for is much too high. Madam President, following a tentative scrutiny and examination of the information submitted by the KMB, we also think that the rate of increase applied for by the KMB is indeed on the high side. The Government will adhere to the mechanism and process the KMB's present application very prudently. I am now going to give a consolidated reply to the various views expressed by Members.

It has been pointed out by some Members that the formula and people's affordability should be regarded as the most important factors of consideration.

I wish to point out that the existing franchised bus fare adjustment arrangement is a very comprehensive mechanism capable of enabling the Chief Executive in Council to fully consider and balance all relevant factors. It is only natural for Members and the public to be concerned about bus fares. At the same time, we must also consider whether bus companies are capable of continuing to deliver highly efficient and safe bus services. This, however, does not mean that we must thus guarantee any profit level for bus companies. Therefore, in brief, we must consider and balance all relevant factors when processing fare increase applications from bus companies, including the formula mentioned by Members just now, people's affordability and the financial conditions of bus companies.

I believe the public do understand that the Government must handle the present fare increase application in accordance with this mechanism. And, in the course of vetting, the Government will also seek the views of the Legislative Council Panel on Transport and the Transport Advisory Committee (TAC), so as to understand and consider the concerns of the public. After the Chief Executive in Council has made the final decision on the fare increase application, an explanation on the rationale behind the decision will be offered to the public.

As for some Members' proposal on empowering the Legislative Council to activate the fare adjustment mechanism, I must say that the proposal is not quite compatible with the existing mechanism. Under the present fare adjustment arrangement for franchised bus companies, the Government will not, as a long-standing practice, take the initiative of proposing any upward bus fare adjustments. Rather, bus companies themselves must determine whether it is necessary to submit any application. As for downward adjustments of bus fares, the Government will adopt the computation results under the formula as a basis and then balance all relevant factors (including people's acceptability and affordability) before considering whether to activate the mechanism for lowering bus fares. As a matter of fact, the statistics related to the formula and its operation are all open and transparent. The Legislative Council and the public may join hands with the Government to monitor the computation results under the formula, thus ascertaining whether there is any room for downward fare adjustments.

We maintain that the existing mechanism is a very appropriate one, as it is marked by transparency on the one hand and can enable fares to be adjusted upwards or downwards in response to economic changes on the other. When considering any fare adjustment, the Government will consult the Legislative

Council Panel on Transport and the TAC. For this reason, the views of the Legislative Council will be fully considered in the whole process. We are therefore of the view that the present mechanism (including its activation) is appropriate.

Some Members maintain that when considering the KMB's fare increase application, the Government must also take account of the bus company's existing financial shape. As a matter of fact, when vetting any such application, the Government will definitely consider the bus company's changes in operating costs and revenue since the last fare adjustment. Both the revenue from fare and non-fare revenue, such as the proceeds from bus-body and bus-stop advertisements, will be included in the books of the franchised bus operator concerned. We will also consider forecasts of future costs, revenue and return relating to the bus company. In other words, our assessments of the bus company's financial conditions will always be comprehensive in scope. We will not only look at the bus company's existing financial conditions but will also consider its financial revenue since the last fare adjustment. Concerning the KMB's present application, we will comprehensively examine its changes in operating costs and revenue since the last fare adjustment in 1997, and we will also consider forecasts of its future financial conditions. Our Financial Monitoring Division will carefully examine the statistics submitted by the bus company, so as to ensure that our consideration can be both comprehensive and reasonable.

Some Members are concerned that the KMB has used the depot sites granted to it by the Government, especially the Lai Chi Kok depot site, for private property development. They thus maintain that when vetting the KMB's fare rise application, the Government should also take account of the revenue from the development projects concerned. In this connection, I wish to make the point that the depot site in question was not granted by the Government to the KMB. Although, the site was used as a depot, it was actually purchased by the KMB itself in the open market.

Some Members request the introduction of comprehensive sectional fares. But the implementation of this arrangement will pose certain operational difficulties — Mr LEE Wing-tat, this will pose operational difficulties, not technical difficulties. For example, the bus captain will not know where a boarding passenger will alight. If passengers are required to "dab" their Octopus Cards both when boarding and alighting, boarding and alighting time

will inevitably increase. We must therefore consider whether this will add to the traffic congestion on busy roads. Besides, we must also consider one more point. We know that in foreign countries, especially Singapore, there has emerged a serious problem of fare avoidance since the introduction of comprehensive sectional fares. Many passengers will simply "dab" their cards well before their alighting stops. I mean, they will "dab" their cards several stops before the ones at which they intend to alight. And, when they finally reach their destinations, they will just get off. These passengers are really very clever. We must therefore also consider this problem. But we will of course continue to explore this proposal.

Concerning sectional fares, the Government has all along been actively encouraging public transport operators (including bus companies) to offer fare concessions as much as possible in response to socio-economic conditions and their business circumstances, so as to reduce people's transportation expenditure. Bus companies have in fact been responding to this government request over the past few years by offering various forms of fare concessions. For example, in the case of medium- and long-distance routes, which are more suitable for the introduction of sectional fares, some 70% of the routes concerned (that is, around 400 routes in actual number) already offer sectional fares. As many as 120 000 passenger trips can benefit from such arrangements every day. Of all these schemes, 59 were connected with routes involving different bus companies. Besides, early last year, four of the franchised bus companies launched a three-year scheme, whereby fare reduction is offered for same-day return journeys on certain medium- and long-distance routes, with a view to reducing passengers' fare expenditure. And, the New Lantao Bus Company (1973) Limited now also operates a one-day ticket scheme. The KMB, New World First Bus Services Limited, Citybus Limited and Long Win Bus Company Limited also intend to launch a one-day ticket concessionary scheme. Through the Transport Department, we are conducting negotiations with these bus companies.

Regarding fare concession for the elderly, all bus companies now provide half-fare concession to senior citizens. And, the New Lantao Bus Company Limited even offers a higher-than 50% fare discount for senior citizens on its 10 routes during ordinary weekdays. In response to our encouragement, the KMB, Citybus Limited, New World First Bus Services Limited and Long Win Bus Company Limited provide a fare reduction scheme on Sundays and public holidays, whereby, on Sundays and public holidays, senior citizens can pay just

\$2 or only the half-fare (whichever is the lower) on all routes, with the exception of racecourse routes and airport routes. Besides, for several years, all the bus companies have been designating the third Sunday in November as a "free-ride" day for the elderly.

Many Members have also expressed concern about people with disabilities. The rehabilitation policy of the Government aims to promote the integration of people with disabilities into society. In order to cater for the basic transportation needs of people with disabilities, the Government has been operating the Rehabus service, and financial assistance is also available to people with disabilities under the Comprehensive Social Security Assistance Scheme and the Disability Allowance Scheme. The Government is actively studying the proposal of providing a public transportation subsidy to people with disabilities. Under the leadership of the Labour and Welfare Bureau, a decision on this is expected in the next one to two months. We will then brief the relevant Legislative Council panels on the decision. In the area of public transport, we will certainly continue to improve the various facilities for the convenience of people with disabilities. The Transport Department and other relevant government departments will also continue to meet regularly with organizations representing people with disabilities, with a view to understanding their views and requests relating to their use of roads and various modes of transport and making corresponding improvements.

Madam President, the Government will adhere strictly to the bus fare adjustment mechanism and prudently process the KMB's present fare increase application. We expect the vetting process to take about half a year because more than 380 routes are involved. We will fully consult the Legislative Council, the TAC and the various social sectors. In the end, the Chief Executive in Council will make a decision.

This is the end of my consolidated reply. Thank you, Madam President.

PRESIDENT (in Cantonese): I now call upon Ms Miriam LAU to move her amendment.

MS MIRIAM LAU (in Cantonese): President, I move that Mr LEE Wing-tat's motion be amended.

Ms Miriam LAU moved the following amendment: (Translation)

"To delete "as" after "That, "; to delete "is far beyond public affordability" after "a substantial fare increase of 9%, which" and substitute with "will far exceed the affordability of the public"; to add "therefore" after "this Council"; to delete ", while other factors should be supplementary and secondary ones" after "public affordability as primary factors for consideration"; to delete "allowing the Legislative Council to activate" after "(b)" and substitute with "when activating"; to add ", fully consulting the Legislative Council and considering the views of the community" after "the fare adjustment mechanism"; and to add "discussing with the franchised bus companies" after "(e)"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment moved by Ms Miriam LAU 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 LEE Wing-tat rose to claim a division.

PRESIDENT (in Cantonese): Mr LEE Wing-tat has claimed a division. The division bell will ring for three minutes, after which the division will begin.

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

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

Functional Constituencies:

Dr Raymond HO, Dr LUI Ming-wah, Mrs Sophie LEUNG, Dr Philip WONG, Mr WONG Yung-kan, Mr Howard YOUNG, Mr LAU Wong-fat, Ms Miriam LAU, Ms LI Fung-ying, Mr Tommy CHEUNG, Mr Vincent FANG, Mr WONG Kwok-hing, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Prof Patrick LAU and Mr KWONG Chi-kin voted for the amendment.

Ms Margaret NG, Mr CHEUNG Man-kwong, Mr Abraham SHEK, Dr KWOK Ka-ki and Dr Fernando CHEUNG voted against the amendment.

Mr CHIM Pui-chung abstained.

Geographical Constituencies:

Mrs Selina CHOW, Miss CHAN Yuen-han, Mr CHAN Kam-lam, Mr Jasper TSANG, Mr LAU Kong-wah, Miss CHOY So-yuk, Mr TAM Yiu-chung, Mr LI Kwok-ying and Mr CHEUNG Hok-ming voted for the amendment.

Mr Albert HO, Mr LEE Cheuk-yan, Mr Fred LI, Mr James TO, Mr LEUNG Yiu-chung, Dr YEUNG Sum, Mr LAU Chin-shek, Ms Emily LAU, Mr Andrew CHENG, Mr Albert CHAN, Mr Frederick FUNG, Ms Audrey EU, Mr LEE Wing-tat, Mr Alan LEONG and Mr Ronny TONG voted against the amendment.

THE PRESIDENT, Mrs Rita FAN, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 23 were present, 17 were in favour of the amendment, five against it and one abstained; while among the Members returned by geographical constituencies through direct elections, 25 were present, nine were in favour of the amendment and 15 against it. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was negated.

MS MIRIAM LAU (in Cantonese): President, I move that in the event of further divisions being claimed in respect of the motion "Franchised bus fares" and 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 Ms Miriam LAU be passed.

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members who are present. I declare the motion passed.

I order that in the event of further divisions being claimed in respect of the motion "Franchised bus fares" 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): Mr WONG Kwok-hing, you may now move your amendment.

MR WONG KWOK-HING (in Cantonese): President, I move that Mr LEE Wing-tat's motion be amended.

Mr WONG Kwok-hing moved the following amendment: (Translation)

"To add "the Kowloon Motor Bus Company (1933) Limited," after "That, as"; to delete "has recently" after "a franchised bus operator" and substitute with ", has"; to add "the inflation rate and" after "which is far beyond"; to add "arousing strong objection from the community," after "public affordability,"; to add "further" after "to reject the application and adopt"; to add "and, prior to that, consulting the Legislative Council and the Transport Advisory Committee on each occasion before any fare adjustment is implemented," after "to activate the fare adjustment mechanism"; to add "expeditiously" after "requesting the franchised bus companies to"; to add ", including inter-company interchange concessions" after "bus-bus interchange concessions"; to delete "discussing with" after "(d)" and substitute with "urging"; to delete "the introduction of" before "one-day and monthly ticket schemes" and substitute with "to expeditiously introduce"; to add "expeditiously" after "(e)"; to delete "introducing" after "(f)" and substitute with "expeditiously implementing the offer of"; to add ", and drawing up the implementation timetable" after "half-fare concessions for people with disabilities"; to delete "," after "within public affordability"; to add "conducive to" before "promoting the participation of"; and to add "people living in remote new towns as well as" after "promoting the participation of"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr WONG Kwok-hing to Mr LEE Wing-tat'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 Jeffrey LAM rose to claim a division.

PRESIDENT (in Cantonese): Mr Jeffrey LAM has claimed a division. The division bell will ring for one minute, after which the division will begin.

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:

Ms Margaret NG, Mr CHEUNG Man-kwong, Mr WONG Yung-kan, Ms LI Fung-ying, Mr WONG Kwok-hing, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr WONG Ting-kwong and Mr KWONG Chi-kin voted for the amendment.

Mr Abraham SHEK voted against the amendment.

Dr Raymond HO, Dr LUI Ming-wah, Mrs Sophie LEUNG, Dr Philip WONG, Mr Howard YOUNG, Mr LAU Wong-fat, Ms Miriam LAU, Mr Tommy CHEUNG, Mr Vincent FANG, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr CHIM Pui-chung and Prof Patrick LAU abstained.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Fred LI, Mr James TO, Miss CHAN Yuen-han, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Mr Jasper TSANG, Dr YEUNG Sum, Mr LAU Chin-shek, Mr LAU Kong-wah, Ms Emily LAU, Miss CHOY So-yuk, Mr Andrew CHENG, Mr TAM Yiu-chung, Mr Albert CHAN, Mr Frederick FUNG, Ms Audrey EU, Mr LEE Wing-tat, Mr LI Kwok-ying, Mr Alan LEONG, Mr CHEUNG Hok-ming and Mr Ronny TONG voted for the amendment.

Mrs Selina CHOW abstained.

THE PRESIDENT, Mrs Rita FAN, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 23 were present, nine were in favour of the amendment, one against it and 13 abstained; while among the Members returned by geographical constituencies through direct elections, 25 were present, 23 were in favour of the amendment and one abstained. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Mr CHEUNG Hok-ming, you may now move your amendment.

MR CHEUNG HOK-MING (in Cantonese): I move that Mr LEE Wing-tat's motion be amended.

Mr CHEUNG Hok-ming moved the following amendment: (Translation)

"To delete "adopt" after "Government to reject the application and" and substitute with "discuss with the franchised bus companies how the operating costs can be reduced effectively so as to relieve the pressure to increase fare, while the Government should at the same time adopt"; to delete "and" after "free-ride days for the elderly;"; and to add "; and (g) introducing half-fare concessions for all full-time students in Hong Kong" after "introducing half-fare concessions for people with disabilities"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr CHEUNG Hok-ming to Mr LEE Wing-tat's motion, be passed.

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

(Member raised their hands)

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

(Members raised their hands)

Dr Philip WONG rose to claim a division.

PRESIDENT (in Cantonese): Dr Philip WONG has claimed a division. The division bell will ring for one minute, after which the division will begin.

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:

Ms Margaret NG, Mr CHEUNG Man-kwong, Mr WONG Yung-kan, Ms LI Fung-ying, Mr WONG Kwok-hing, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr WONG Ting-kwong and Mr KWONG Chi-kin voted for the amendment.

Mr Abraham SHEK voted against the amendment.

Dr Raymond HO, Dr LUI Ming-wah, Mrs Sophie LEUNG, Dr Philip WONG, Mr Howard YOUNG, Mr LAU Wong-fat, Ms Miriam LAU, Mr Tommy CHEUNG, Mr Vincent FANG, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr CHIM Pui-chung and Prof Patrick LAU abstained.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Fred LI, Mr James TO, Miss CHAN Yuen-han, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Mr Jasper TSANG, Dr YEUNG Sum, Mr LAU Chin-shek, Mr LAU Kong-wah, Ms Emily LAU,

Miss CHOY So-yuk, Mr Andrew CHENG, Mr TAM Yiu-chung, Mr Albert CHAN, Mr Frederick FUNG, Ms Audrey EU, Mr LEE Wing-tat, Mr LI Kwok-ying, Mr Alan LEONG, Mr CHEUNG Hok-ming and Mr Ronny TONG voted for the amendment.

Mrs Selina CHOW abstained.

THE PRESIDENT, Mrs Rita FAN, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 23 were present, nine were in favour of the amendment, one against it and 13 abstained; while among the Members returned by geographical constituencies through direct elections, 25 were present, 23 were in favour of the amendment and one abstained. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Mr LEE Wing-tat, you may now give your reply. You have three minutes six seconds.

MR LEE WING-TAT (in Cantonese): President, regarding the issues raised by the Secretary, I wish to make two points in reply.

First, on the computations of the KMB's profits, the Secretary mentioned the need for distinguishing between fare-revenue and non-fare revenue. Such an approach naturally deserves our support. The reason is that non-fare revenue is derived in part from sources such as RoadShow. But the Secretary also made special reference to the depot in Mei Foo. She explained in the form of footnote that the site had actually been purchased by the KMB in the open market. We are frankly aware of this. But it must be pointed out that the whole problem lies with the change in designated land use. What I mean is that when an application was submitted to the Lands Department for a change in land use, the authorities simply discarded the public auction approach and went ahead with negotiations instead. I for one have never considered negotiated premiums as reflective of the value of land lots. In every land auction, the Lands

Department sets a reserve market price, but in the end, the transaction price is often 50% to 60% higher than such a reserve price. In some cases, the transaction price is even 100% higher than the reserve price.

When discussing the rail merger some time ago, I also mentioned that I did not find the market premium negotiated between the Government and the two railway corporations reflective of the real market value. Market prices are set by bidding. Even if a certain land lot in Aberdeen is priced at \$8,000 per sq ft, some people may still choose to participate in bidding. But in negotiations, the authorities may just ask for a price of some \$4,000 to \$5,000 per sq ft. The footnote of the Secretary therefore really worries me. The Secretary may thus think that in that case, the revenue should not be taken into account. I think the opinions of some colleagues are indeed correct. Naturally, we have no justification for requiring bus companies to split this source of revenue into two parts. But we must at the same time bear in mind that the profits of the whole bus company have come more from property development than from fares, particularly over the past two years. Fare-revenue may amount to merely some \$200 million to \$300 million or some \$300 million to \$400 million. But the revenue from property development is much higher.

Therefore, I hope that the Secretary..... I do not want to ask the Secretary to do any reflection, for this sounds too harsh and not too good. But I hope she will not think that way in the course of consideration. If the Secretary thinks that way, the public will think that she is trying to protect property developers. In the past, we conducted many discussions on the land lots owned by public utility operators, such as oil companies..... We have always thought that whenever changes in land use and the payment of regrant premiums are involved, land lots must not be granted so very lightly. Rather, there must be open bidding. Only then will I be convinced; only then will I remain silent. The reason is that in that case, they will really be making profits through their own efforts. But this is simply not the case now. The bus company has managed to make huge profits due to the preferential policy of the Government.

The second point is that I hope the Secretary can realize that this present fare increase application is no simple issue at all. It will actually trigger off inflation in the coming one or two years. If the Secretary permits the bus company to increase its fares so drastically, inflation may emerge elsewhere. I therefore hope that the Secretary can reject the application. Thank you.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr LEE Wing-tat 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 Andrew LEUNG rose to claim a division.

PRESIDENT (in Cantonese): Mr Andrew LEUNG has claimed a division. The division bell will ring for three minutes, after which the division will begin.

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:

Ms Margaret NG, Mr CHEUNG Man-kwong, Mr WONG Yung-kan, Ms LI Fung-ying, Mr WONG Kwok-hing, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr WONG Ting-kwong and Mr KWONG Chi-kin voted for the motion.

Mr Abraham SHEK voted against the motion.

Dr Raymond HO, Dr LUI Ming-wah, Mrs Sophie LEUNG, Dr Philip WONG, Mr Howard YOUNG, Mr LAU Wong-fat, Ms Miriam LAU, Mr Tommy CHEUNG, Mr Vincent FANG, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr CHIM Pui-chung and Prof Patrick LAU abstained.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Fred LI, Mr James TO, Miss CHAN Yuen-han, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Mr Jasper TSANG, Dr YEUNG Sum, Mr LAU Chin-shek, Mr LAU Kong-wah, Ms Emily LAU, Mr Andrew CHENG, Mr TAM Yiu-chung, Mr Albert CHAN, Mr Frederick FUNG, Ms Audrey EU, Mr LEE Wing-tat, Mr LI Kwok-ying, Mr Alan LEONG, Mr CHEUNG Hok-ming and Mr Ronny TONG voted for the motion.

Mrs Selina CHOW abstained.

THE PRESIDENT, Mrs Rita FAN, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 23 were present, nine were in favour of the motion, one against it and 13 abstained; while among the Members returned by geographical constituencies through direct elections, 24 were present, 22 were in favour of the motion and one abstained. Since the question was not agreed by a majority of each of the two groups of Members present, she therefore declared that the motion was negatived.

PRESIDENT (in Cantonese): Second motion: Development of the convention and exhibition industry.

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

DEVELOPMENT OF THE CONVENTION AND EXHIBITION INDUSTRY

MR ANDREW LEUNG (in Cantonese): Madam President, I wonder how many people know that a world event was hosted by Hong Kong last Saturday — the Hong Kong Electronics Fair (Autumn Edition). This second largest electronics fair in the world contained 3 600 exhibition booths, with more than 55% of the buyers coming from overseas. According to the estimate by the Hong Kong

Trade Development Council (HKTDC), it brought \$500 million to Hong Kong within four days, excluding the orders placed. At the same time, the China Sourcing Fair — Electronics & Components taking place in the AsiaWorld-Expo contained 2 770 exhibition booths, with over 30 000 buyers coming from more than 40 countries. These two fairs combined thus formed the biggest electronics fair in the world.

During the last summer vacation, I went on a study tour with seven Legislative Council Members. We went to Dubai, Barcelona, Frankfurt, Las Vegas and Los Angeles to visit not a few world-class convention and exhibition facilities. Last Wednesday, Chief Executive Donald TSANG, also said in his first policy address after his re-election that Hong Kong had to be developed into an international convention, exhibition and tourism capital and would seek to host more mega international events. Besides, the Financial Secretary and the Secretary for Commerce and Economic Development would lead a cross-sector steering committee to study relevant development strategies and build more convention and exhibition facilities. Being the Chairman of the Vocational Training Council, I am a member of that committee.

Today, I have moved this motion debate here in the hope that we can discuss how to strengthen our infrastructure and supporting facilities with a view to maintaining our leading position as a convention and exhibition centre in the region.

As a member of the Board of the HKTDC, I understand that a competitive convention and exhibition centre, better even with a leading position, is badly needed in the region. In the next five years, the average growth of various economies in Asia will be 5%, and even 9% for the Mainland, while the annual growth of regional trade will be 11%. The exhibition industries all over the world are setting their eyes on this lucrative market, in the hope that they can secure the opportunity of becoming the convention and exhibition centre in Asia.

Hong Kong is the forerunner in developing a large-scale international convention and exhibition centre in the region, and has been the host of many mega international exhibitions. Among the exhibitions held in the Hong Kong Convention and Exhibition Centre (HKCEC), seven of them are of the highest significance in Asia, including the Electronics Fair I mentioned earlier. This year, even the Asian Aerospace International Expo and Congress, which had long been organized in Singapore, is also attracted to Hong Kong. Last year,

Premier WEN Jiabao also said that Hong Kong has to be developed into a centre and base for international conventions and exhibitions of the country.

During this summer holiday, many competitors seemed to have suddenly sprung up in our vicinity. In the new resort hotel in Macao, apart from a casino, there is even an exhibition area of 120 000 sq m as well as over 3 000 hotel suites. It is the largest relaxation and entertainment facility in the entire Asia. Before it was formally opened, it had already received bookings pertaining to 30 mega international conventions and exhibitions. By 2010, there will be 14 hotels at Cotai Strip of Macao. Apart from providing venues for conventions and exhibitions, they will also provide as many as 20 000 hotel guest rooms.

The mode of development in Macao is similar to that of Las Vegas. Since gambling was legalized in Las Vegas in 1931, a greater part of the revenue came from gambling and tourism promotion activities on Fridays, Saturdays and Sundays. In the '60s, in order to break the fate of having business for only three days a week, the city government began to organize conventions and exhibitions. In the '90s, the casino operators in the city worked very hard to extend the exhibition venues. At present, the convention and exhibition industry in Nevada is rather vibrant and ranks the first globally, while the largest convention and exhibition centre in the United States is situated in Las Vegas. Since the large-scale and supporting facilities (including business hotels, relaxation and entertainment facilities, shopping malls, business environment, talents in organizing conventions and exhibitions as well as government assistance) are readily available, it has successfully attracted many exhibitions to take place there. MAGIC Marketplace, the biggest men's fashion show of the world, which is on the agenda of our study tour this time, is a typical example. Ten years ago, this show moved from Los Angeles to Las Vegas as it needed a bigger venue and more comprehensive supporting facilities. In 2006, the convention and exhibition revenue of Las Vegas was US\$82 billion, same as its revenue from gambling activities.

As I wrote in my motion, over the past three years, many cities in the region have been engaging in large-scale construction of additional convention and exhibition venues: Shenzhen has increased its exhibition area by 105 000 sq m. Phases I and II of the Guangzhou International Convention and Exhibition Centre (Pazhou Complex) will be commissioned in spring next year. It has an area of 330 000 sq m, second only to the Hannover Fairgrounds of Germany, which is the largest in the world. When Phase III is completed in

March next year, the total area will be increased to 550 000 sq m, and this centre will be the largest exhibition venue in the world. In recent years, Shanghai has increased its exhibition area by 200 000 sq m, and for Beijing, it is 140 000 sq m. Insofar as hardware is concerned, Hong Kong is obviously inferior to other Chinese cities. Singapore, our major competitor, will also have a new integrated resort in 2009, bringing a new convention and exhibition venue with an area of 120 000 sq m.

Looking back at Hong Kong, at present, we only have two main exhibition venues: AsiaWorld-Expo, with an area of 60 000-odd sq m, and the HKCEC in Wan Chai, with an area of merely 40 000-odd sq m, which has already reached capacity. Only with the completion of the atrium link extension will it provide an additional exhibition area of 20 000-odd sq m. However, according to the growing trend of large-scale exhibitions, it will reach capacity by 2015.

For what I have just said, I do not intend to laud the spirit of others and belittle that of ours. On the contrary, we welcome healthy competition. However, we have to know that in the convention and exhibition industry, the winner takes all. One exhibition cannot be separated and held in two different cities. According to the latest development trend of conventions and exhibitions, the facilities required should at least have an area of 100 000 sq m. If we are unable to join this "100 000 sq m club" in the future, we will easily lose out in the competition. I am very glad that the SAR Government and the HKTDC are currently working on a study on additional convention and exhibition facilities. As the HKTDC estimates, at least 40 000 sq m of additional urban exhibition area is needed at present to tie in with the existing ecological zone of exhibitions in Wan Chai. We need additional exhibition facilities and supporting services in the urban centre to meet the needs. Otherwise, the exhibitors will move elsewhere, and this will cut our share in the international market. In the meantime, Phase III of the HKCEC is at a stalemate due to selection of site. I hope that this knot can be untied very soon and the project can be commenced as early as possible so that we will not be lagging far behind our neighbouring cities in terms of hardware.

Madam President, the exhibitions held in Hong Kong have strong international elements. Last year, among the 500 000-odd buyers participating in the exhibitions organized by the HKTDC, over 55% were from outside the territory. This percentage is higher than those of Las Vegas and Frankfurt, which are large convention and exhibition cities.

In regard to the development of the convention and exhibition industry, Hong Kong has five major advantages: (a) Hong Kong is a free port where imported and exported goods can go through customs easily, and we are also tariff free; (b) We have a geographical advantage and a convenient transportation network. It takes no more than five hours to come to Hong Kong from any trading capitals in Asia; (c) We are near to the production base in the Pearl River Delta (PRD). Besides visiting the exhibitions, it is very easy for international buyers to go to the PRD to inspect factories. They can also immediately discuss with the product designers and then place orders, thus enjoying this "one-stop" service; (d) We have comprehensive protection for intellectual property rights. Exhibitors can rest assured that their products will not be copied after being exhibited for one day; and (e) We are early movers with high quality and good services. We have already established certain brands and competitive edges. We must hold onto the existing leading edges and concentrate our energies on strengthening ourselves in order to face future challenges.

At present, the large-scale exhibition organizations in the United States and the European Union are intent on development in Asia. Beside hardware, they also place emphasis on market opportunities and investment risks. They will also seek local partners for co-operation. With further extension of the HKCEC, we can make use of the existing brands of exhibitions and the foundation of exhibitors and buyers already built up to attract overseas organizers to set up additional theme pavilions, with a view to enhancing our attractiveness. One example is that in the Hong Kong Electronics Fair (Autumn Edition) which was closed yesterday, a German exhibition company was attracted to organize an electronic components exhibition together with the HKTDC.

Madam President, I believe you will also understand that the convention and exhibition industry can bring substantial economic benefits to Hong Kong. Every year, it brings more than \$26 billion in business tourism revenue to Hong Kong, as well as a huge amount of trading proceeds. Currently, the annual total trade volume of Hong Kong is approaching \$5,000 billion. For the 10 major exhibitions organized by the HKTDC, six of them are among the top three in their respective fields in the world. Mega international trading exhibitions can enhance the overall image of Hong Kong. The ITU Telecom World at the end of last year and the Asian Aerospace International Expo and Congress in September this year have earned favourable acclaims for Hong Kong internationally.

Being the representative for the Federation of Hong Kong Industries (FHKI) in the Legislative Council, I have to emphasize that the convention and exhibition industry is very important to industries. Quite a large proportion of our annual total trade volume is attributed to the business made by small and medium enterprises (SMEs) through participation in exhibitions. The FHKI and I always stress that a growing number of mega international exhibitions being held in Hong Kong implies that the SMEs of different sectors can be benefited by the lower threshold. They will have more opportunities of participation and better situated booths to solicit business. 70 000 factories in the PRD Region are constructed by Hong Kong businesses. They desperately need a convention and exhibition platform to introduce their products and technology, as well as to explore their business opportunities and horizons. However, due to limited space, there are always a few thousand companies on the waiting list. For instance, there were over 2 000 companies on the waiting list for the Electronics Fair this year.

In the event that we cannot keep our edge in the convention and exhibition industry, our loss will not only be limited to our businesses in conventions, exhibitions and industrial production. Other industries, such as tourism, retail and catering, will also be affected. We should not forget that there are still 150 000 import and export trading companies. A series of producer services industries, such as logistics, financial and marketing industries, are benefited by the gathering of buyers and sellers in the conventions and exhibitions of Hong Kong. Once we lose our edge in the convention and exhibition industry, buyers and sellers will move away, and the economic benefits that can otherwise be brought will also be gone for good. The impact on Hong Kong will be tremendous.

Hardware is not the only aspect that we have to strengthen. As the Secretary for Commerce and Economic Development said earlier, to this effect, "Hong Kong is a small area where human resources are expensive. If we compete with others by lower prices and bigger places, we definitely will lose out." The convention and exhibition industry is a kind of service industry. Therefore, other than strengthening our hardware, we also have to beef up the supporting facilities.

In face of competition from neighbouring cities, Hong Kong can move towards marketplace development. At present, our Fashion Week is already

moving in this direction. Apart from product sourcing, we have also set up a world boutique to promote our brands and introduce the works of designers. I believe that other exhibitions can also follow this model.

Lastly, I would like to mention the newly established cross-sector steering committee. Being one of the members, I have high expectations for this committee. I hope that we can co-ordinate the convention and exhibition industry, explore business opportunities and formulate long-term development strategies, including support measures like manpower training, so as to realize what is said in the policy address, that Hong Kong will progress into a more brilliant world city.

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

Mr Andrew LEUNG moved the following motion: (Translation)

"That, as the convention and exhibition industry brings about enormous direct and indirect economic benefits to Hong Kong every year, and the Mainland, Macao and many Southeast Asian cities have built or expanded their convention and exhibition spaces in recent years and launched measures and promotional activities to attract large-scale international exhibitions; in the face of keen competition from the neighbouring regions, this Council urges the Government to ensure that Hong Kong provides competitive convention and exhibition venues and supporting facilities to maintain its position as the convention and exhibition capital of Asia."

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): Mr WONG Ting-kwong will move an amendment to this motion. The motion and the amendment will now be debated together in a joint debate.

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

MR WONG TING-KWONG (in Cantonese): Madam President, I move that Mr Andrew LEUNG's motion be amended.

Madam President, the performance of the convention and exhibition industry in Hong Kong has long since won high international acclaim. The Central Government has also affirmed the position of Hong Kong as an international exhibition centre a number of times. However, in recent years, Macao has, leveraging on its thriving entertainment industry, been striving to integrate tourism, leisure, convention and exhibition and investing actively in the development of the exhibition industry. Earlier on, when the Venetian Macao-Resort-Hotel was opened, the president of the group of companies concerned even declared that he would turn Macao into an international resort and business convention centre. A German exhibition company and the Hong Kong Jewelry Manufacturers' Association have announced respectively that they would move their exhibitions to Macao next year. The rise of the exhibition industry there means that the position of Hong Kong as the frontrunner of the convention and exhibition industry in Asia is facing serious challenges from surrounding cities.

In view of the industry's concerns, the Chief Secretary for Administration, Mr Henry TANG, said that we must consolidate, develop and hurry up and make progress. The Secretary for Commerce and Economic Development, Mr Frederick MA, said that we should not be afraid of competition but we must not be complacent with our established advantages. The Financial Secretary, John TSANG, even pooled the heavyweight representatives of the Trade Development Council and the exhibition industry together to hold a brainstorming meeting. In the policy address delivered recently, the Chief Executive also said that he would strive to enhance the attractiveness of Hong Kong as the capital of international conventions and exhibitions. A number of officials have made responses in succession and this appears to be an attempt to show that the Government attaches importance to the convention and exhibition industry in Hong Kong. However, if we go through the entire policy address, there is only recapitulation on the Phase 2 expansion of the AsiaWorld-Expo (AWE) and Phase 3 extension of the Hong Kong Convention and Exhibition Centre (HKCEC), but there are no other specific measures for the long-term development of the convention and exhibition industry, so this is disappointing.

As claimed by the industry, the greatest problem of the local exhibition industry lies in the shortage of venues, so the Democratic Alliance for the

Betterment and Progress of Hong Kong (DAB) supports the expansion projects for the HKCEC and the AWE. However, these expansion projects can only meet the pressing needs. Since there are constraints in terms of location and land cost, even if the venues of the HKCEC are further expanded and the facilities of the AWE are even better developed, ultimately, they cannot provide long-term and integrated exhibition and sales services, so I am afraid there will be difficulty in making the local exhibition industry develop with diversity through this approach.

In order to boost the development of the exhibition industry in Hong Kong and consolidate Hong Kong's position as an international exhibition centre, it is a must to depart from the existing scope of business, enhance the functions of the exhibition industry in Hong Kong and eliminate the existing constraints imposed by the shortage of venues. The DAB holds that the scope for the development of the exhibition industry in Hong Kong can be broadened most effectively by using the underutilized resources in society such as the land at the border area and vacated factory buildings to establish a long-term two-way exhibition and sales platform connecting China and overseas countries and positioning ourselves as the international showcase and the showcase for the Mainland. This will make Hong Kong frog-leap from being "the exhibition capital of Asia" to an "all-year-round capital of international exhibitions and sales".

By creating an image of the "Las Vegas of the East", Macao has recorded double-digit rates of growth in its GDP for three years in a row. It is thus evident how important the development of a brand name is to the city and successful positioning can drive economic development. Hong Kong has always enjoyed the reputation of being "the exhibition capital of Asia", therefore, we should capitalize on our existing advantages to establish a brand name for our city and create an image of Hong Kong being an "all-year-round capital of international exhibitions and sales", so that when people think about exhibitions and sales, they will think of Hong Kong. This should be the long-term strategy for coping with the competition from neighbouring regions.

In fact, the concept of "all-year-round" exhibitions and sales is nothing novel. By virtue of a development strategy of turning the entire city into an exhibition and sales city and organizing long-term exhibition and sales activities, Yiwu in Zhejiang, China, which is considered a middle-tier city in the province, has become the largest market for small articles in the whole country and it enjoys the reputation of being "the number one city for small articles". It has

joined the rank of the 100 most important counties and cities in the country and last year alone, the amount of transaction generated through the organization of exhibition and sales stood at over RMB 10 billion yuan.

If we draw on the experience of Yiwu, Hong Kong must adopt the concept of being "all-year-round", so as to create a distinct image for the exhibition and sales industry in Hong Kong. Of course, in the first place, convention and exhibition is a strength of Hong Kong. In organizing "all-year-round" exhibition and sales activities, of course, the intention of Hong Kong people is not to become another Yiwu but to draw on the experience of Yiwu and to rise above Yiwu, so as to forge a long-term two-way exhibition and sales platform for China and overseas countries and to use the special characteristic of Hong Kong being a meeting point of the East and the West in assuming the role of an international showcase and a showcase for the Mainland.

Since the roles of being an international showcase and a showcase for the Mainland are two roles that look alike in nature but differ in function, in order to perform these two functions at the same time, according to our analysis, it is necessary to proceed by dividing the task into two parts. Therefore, the task of fashioning Hong Kong into an "all-year-round capital of international exhibitions and sales" will consist of two parts including a universal exhibition and sales city and an exhibition and sales city for mainland products.

Regarding the choice of the site for the exhibition and sales city, in view of the fact that the prices of land in Hong Kong have always been exorbitant and that the rentals of the exhibition venues of the HKCEC in Wan Chai and of the AWE are also very expensive due to their location at the heart of the city, high costs are seriously undermining the competitiveness of the local exhibition industry and the scope of its development. Insofar as existing developed land is concerned, there is little hope that any breakthrough in the problem of high costs can be made. The only solution is to chart another course, so the border area and vacated factory buildings are suitable choices.

Not only can the border area provide large pieces of land, most importantly, the land has yet to be developed and land prices are far lower than those in existing business centres, so it is hoped that the cost of rent for the exhibition industry can be reduced to an acceptable level. As regards the choice of vacated factory buildings, this is mainly because up to the end of 2006, the vacancy rate of factory buildings was 7.3%. If calculated on the basis of their

market value per square foot, it is estimated that the waste of resources incurred by the number of factory buildings left vacant amounts to \$7.5 billion. If factory buildings are well utilized to develop the local exhibition industry, the effect of reducing the waste of social resources can be achieved.

Therefore, the "all-year-round capital of international exhibitions and sales" proposed by the DAB will make use of the border area to establish a universal exhibition city to provide an exhibition and sales channel to globally well-know brands for them to establish a foothold in the mainland market. Meanwhile, vacated factory buildings will also be put to good use by establishing exhibition and sales cities for national products, so as to provide a platform for mainland brands to launch themselves onto the international market, thus creating the atmosphere of the whole town being an exhibition and sales city.

According to our concept, the universal exhibition and sales city to be built in the border area will be positioned as an international showcase that organizes all-year-round and long-term exhibition and sales activities. The site chosen is situated between Chau Tau and the river loop and stretches from one side of the Lok Ma Chau Spur Line northeast-wards to Ping Hang, covering about 80 hectares of the border area. The exhibition and sales city will have a core development divided into six thematic exhibition zones. Land will also be reserved for other developments, including business support services such as hotels and financial and logistic services. A station in the Hong Kong section of the Guangdong-Shenzhen-Hong Kong Express Rail Link will be built at Chau Tau and a monorail traversing the exhibition and sales city and linking the Chau Tau station will also be built.

On security, we propose that we co-operate with the Shenzhen authorities and adopt the novel governance approach of "minding people but not goods" whereas the Shenzhen side will only "mind the goods but not people". Moreover, in order to establish a sterling business reputation of selling no fakes and to inspire confidence, the exhibition and sales city will strictly require participating companies to guarantee that all products exhibited in this venue are authentic products. As regards the use of vacated factory buildings to establish exhibition and sales cities for national products, they will be positioned as showcases for the Mainland offering all-year-round and long-term exhibition activities.

Madam President, the peaceful rise of the Mainland has brought both challenges and opportunities to Hong Kong. Apart from stepping up

co-operation with the Mainland, it is also necessary for Hong Kong to keep going from strength to strength, activate new thinking, chart new courses, introduce Yiwu's concept of "all-year-round" activities, assume a positioning of being an international showcase and a showcase for the Mainland and develop Hong Kong into an "all-year-round capital of international exhibitions and sales". This is a whole new level in addition to the development of new industries and it will create new areas of growth for the Hong Kong economy. In proposing this creative and bold concept, we hope that the Government and various sectors can be spurred into caring about the exhibition industry in Hong Kong.

With these remarks, Madam President, I support the original motion and move the amendment which supplements it.

Mr WONG Ting-kwong moved the following amendment: (Translation)

"To add ", which is a new point of growth in the economy of Hong Kong in addition to the four pillar industries," after "convention and exhibition industry"; to add "optimize the use of border areas and vacated factory buildings to" after "urges the Government to"; to add ", thus turning Hong Kong into an all-year-round capital of international exhibitions and sales, so as" after "supporting facilities"; to add "leading" after "to maintain its"; to delete "as" after "position" and substitute with "in"; and to delete "capital of" before "Asia" and substitute with "industry in"."

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

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): Madam President, first of all, I thank Mr Andrew LEUNG for moving this very timely motion today. The Chief Executive has just announced in the policy address that the Government will step up co-operation with the industry and strive to develop the convention and exhibition industry and relevant tourism.

The convention and exhibition industry has made a great deal of contribution to the Hong Kong economy. Apart from developing rapidly itself,

it also led to an increase in job opportunities in various trades and industries and in the demand for high value-added services, so it is an important segment in the overall economic development of Hong Kong.

Convention and exhibition activities also play an important role in consolidating Hong Kong's status as an international business hub and in building international client and business networks. International business and trade conferences and exhibitions held in Hong Kong offer an important channel for Hong Kong companies to procure and promote products and carry out transactions, as well as communicating and liaising with members of their sectors and customers. Such functions are particularly important to small and medium enterprises (SMEs), which account for as high as 98% of the companies in Hong Kong. This is because, generally speaking, it is more difficult for them to establish such channels on their own or go overseas to promote their products and services.

Hong Kong possesses strong advantages in the convention and exhibition industry. Hong Kong's strategic location in the region offers ready access to the vast markets of the Mainland, Southeast Asia, Japan and Korea, and so on. Hosting international events in Hong Kong will offer organizers easy reach to the entire region's buyers and exhibitors, as well as the world's largest manufacturing base in the Pearl River Delta. Moreover, Hong Kong also possesses first-class convention and exhibition facilities, an efficient transport network, proximity to and a wealth of experience in doing business in the Mainland, convenient business environment and superb professional and hospitality services. A number of major international events have also been successfully organized in Hong Kong this year, for example, the Asian Financial Forum held last month and the Asian Aerospace International Expo and Congress, and we have continued to showcase Hong Kong's strengths in hosting mega international conferences and exhibitions to the world.

In fact, the convention and exhibition market in Asia has been growing in recent years. Meanwhile, various surveys indicate that mainland and international exhibitor companies still like the quality venues and facilities offered by Hong Kong. The recent survey results of the Global Association of the Exhibition Industry show that the trade and exhibition market in Asia recorded an increase of almost 23% in 2006 based on the area of exhibition venues rented out. According to a survey of the Hong Kong Exhibition and

Convention Industry Association, the exhibition area let out in Hong Kong in 2006 saw a significant increase of 50% compared with 2005 and it was the highest figure since 1997. In the same year, the number of exhibitor companies increased by close to 62 000. The driving force came from mainland Chinese exhibitors, which surged by 139%. Exhibitor companies from the Asia-Pacific Region also increased by more than 50%. In addition, according to a survey conducted by the Hong Kong Tourism Board, the number of overseas visitors attending international conferences and exhibitions in Hong Kong numbered about 780 000 last year, representing an increase of 23% over the previous year.

Recently, convention, exhibition and hotel facilities have come on stream in neighbouring regions such as Macao and other mainland cities. The industry and members of the public are very concerned about whether we can retain our advantages in the convention and exhibition industry and the tourism industry. These concerns are justified. I think that we should look at this issue from two angles. First, we can take an active and positive attitude and examine how to co-operate with these neighbouring regions, thus giving impetus to the development of the whole market and creating a win-win situation for all. At the same time, it is necessary for us to make concerted efforts with the industry and revamp our development strategy with new thinking, so as to sharpen Hong Kong's edges in the convention and exhibition industry. In this connection, as indicated by the Chief Executive in his policy address, the Financial Secretary and I will lead a cross-sector steering committee to comprehensively review and formulate relevant development strategies for the convention and exhibition industry and related tourism, so as to enhance our attractiveness as a capital of international conventions, exhibitions and tourism.

The steering committee held its first meeting last Friday (12 October). All parties agreed that we should continuously examine our advantages and shortcomings, explore and identify feasible options as quickly as possible, formulate strategies and commence work in the following four areas:

- (1) marketing efforts;
- (2) Hong Kong's brand image;
- (3) the nurturing of talents; and
- (4) convention, exhibition and hotel facilities.

On marketing efforts, first, the Government will join hands with the industry in vigorously promoting convention and exhibition tourism as well as co-ordinating the work of the Hong Kong Tourism Board, the Hong Kong Trade Development Council (TDC), the Economic and Trade Offices of the HKSAR and the Invest Hong Kong as far as possible to enhance synergy. At the same time, when hosting large-scale conventions and exhibitions, we will study the launch of more relevant activities and tourism, cultural and entertainment programmes. We will also satisfy the various demands of exhibitor companies and visitors through "cross-selling", so that they can have a memorable and special experience.

On another front, in conjunction with the convention, exhibition and related tourism industry, the Government will actively seek to host more international mega events in Hong Kong. We have already asked various Policy Bureaux to actively take forward the work in this area. The Central Government has already stated its willingness to assist and support Hong Kong in applying to host the relevant events. Through the joint effort of all parties, we have identified several international conferences that can suitably be hosted by Hong Kong in the next few years and are following this up together with the relevant departments and the Central Authorities. At present, the international events which will be hosted this year and the next include the MIPIM ASIA International Property Market, the World Ophthalmology Congress and the Orient and the Southeast Asian Lions Forum. In the coming years, we are also seeking to host other international conventions and exhibitions such as the Consumers International World Congress.

On enhancing the image of the Hong Kong brand, the Government is also studying the strategies to promote the Brand Hong Kong locally and overseas. The Government will actively co-ordinate the existing efforts made by various organizations, so that the image and characteristic of Hong Kong as a capital of conventions, exhibitions and tourism will be more distinct.

In order to enable the convention, exhibition and tourism industry in Hong Kong to develop vibrantly, the nurture and retention of talents are very important. I understand that recently, the problem of wastage of employees has occurred in a number of service industries, particularly at the management level and of late, this situation has also spread to front-line employees. In order to support the rapid development of the relevant industries and address the problem of talent drain, we will consult the industry and co-operate with training

institutions in updating the curriculum of the relevant courses, so as to cater to the changing needs of the industry in respect of training. Members may recall that the Chief Executive also announced in the policy address that the arrangement for non-local students to remain and find employment in Hong Kong upon graduation would be relaxed and the Quality Migrant Admission Scheme would also be revised to relax the restrictions. In addition, active promotional measures will be taken to attract more talents from various parts of the world to come to Hong Kong to make contribution.

On the infrastructure for conventions and exhibitions, the Government has all along paid attention to market demand and made strategic investments. For example, the new AsiaWorld-Expo (AWE) was commissioned last year to provide a large-scale and state of the art venue in Hong Kong. The atrium link extension project between HKCEC Phase I and Phase II will be completed in early 2009. By then, an additional 19 400 sq m of exhibition space will be provided and this will boost the HKCEC's total exhibition space by 42%. This is equivalent to 1 000 more exhibition booths and it is expected that thousands of SMEs on waiting lists to participate in exhibitions will be benefitted. By then, it is hoped that several highly successful exhibitions currently held in Hong Kong, such as the ones for gifts, electronic goods, toys, jewellery and lighting will also be well positioned to become the world's largest for their industries.

Certainly, I know that it is impossible for these new facilities to cope with the fast-growing demand for convention and exhibition facilities. However, I can tell Members that the Government has all along been actively considering the expansion of new convention and exhibition venues. For example, we are discussing with the AWE for an early commencement of the AWE Phase 2 expansion project which will increase its total exhibition space from 66 000 sq m to 100 000 sq m. In parallel, we are actively pursuing with the TDC the feasibility of developing HKCEC Phase III in Wan Chai.

On hotel development, we hope to provide more market incentives to encourage hotel developments. The Government would actively consider including in the Application Lists suitable land designated for hotel use. In planning newly-developed sites, we will actively consider prescribing hotels as a designated land use to facilitate hotel developments. We also hope to expedite the process for vetting and approving hotel developments and related lease modification applications. We will also study the provision of multi-purpose resort facilities.

On tourism projects and other supporting facilities, there are many locations well worth visiting in Hong Kong and they are all very attractive. They range from splendid and vibrant shopping areas, wining and dining areas, entertainment hotspots, modern buildings to festive activities imbued with a rustic and traditional flavour, temples and scenic areas. In the next five years, we will press ahead at full steam the development of a number of facilities costing a total of more than \$10 billion, including the redevelopment of the Ocean Park and the construction of a new cruise terminal. We will also make continued efforts to develop and improve the tourism facilities in Hong Kong, support the organization of major events and provide more quality facilities, services and entertainment to exhibitor companies and tourists, so as to make Hong Kong remain a must-see tourist destination.

Lastly, I wish to respond to Mr WONG Ting-kwong's suggestion that the Government should make optimal use of the border area and vacated factory buildings to ensure that Hong Kong possesses competitive convention and exhibition venues and supporting facilities. The Chief Executive pointed out in the policy address that the Government will establish a high-level working group with the Shenzhen Municipal Government to jointly explore the feasibility of developing the Lok Ma Chau Loop on the basis of mutual benefit.

The cross-sector steering committee led by the Financial Secretary and me will also formulate policies for the long-term development of the convention and exhibition industry.

Concerning factory buildings, as far as I understand it, at present, there are 10 factory estates under the Housing Authority (HA). Excluding those old factory buildings which are soon to be demolished and thus will not be put up for lease, the HA provides more than 8 200 units, with a total internal floor area of over 200 000 sq m. As of 31 August 2007, the utilization rate of the factory buildings of the HA reached 97%. According to the Rating and Valuation Department, as at the end of 2006, the total internal floor area of the private flatted factories was over 17 million sq m, and the utilization rate stood at 93%.

Owners of industrial buildings can apply to the Town Planning Board (TPB) to change the industrial use of existing buildings entirely to commercial use. The Lands Department has also introduced a simplified procedure for the grant of temporary waivers to facilitate application by owners of industrial buildings to change their buildings to other uses. The Administration and the

TPB will continue to monitor the situation, review the demand for industrial sites and take corresponding measures when appropriate.

Madam President, our convention and exhibition industry is developing vibrantly. It is also pivotal to Hong Kong's role as an international business and sourcing platform. Hence, we will strive to develop Hong Kong into a capital of international convention, exhibition and tourism and work closely with the industry to take forward the work in this regard for continued contribution to the Hong Kong economy. Thank you, Madam President.

PROF PATRICK LAU (in Cantonese): President, I agree with the Government's stated intention, announced in the Chief Executive's policy address delivered recently, to seek to host more mega international events and to actively work with various sectors in this regard. Just now, the Secretary also confirmed that he would promote convention and exhibition tourism and that a steering committee had been established to examine various issues. The industry welcomes the announcement in the policy address that Phase II expansion of the Hong Kong Convention and Exhibition Centre (HKCEC) in Wan Chai will be completed in 2009 and that the Government is exploring the early commencement of the Phase 2 expansion of the Asia World-Expo (AWE), which will be connected to the airport, as well as the construction of additional convention and exhibition facilities.

However, I learned from news reports, and Mr Andrew LEUNG also mentioned just now that in the HK Electronics Fair (Autumn Edition) and electronicAsia 2007 held at the HKCEC in Wan Chai, more than 2 000 companies could not participate in the exhibition due to the shortage of space at the venue. The Hong Kong Exhibition and Convention Organizers' and Suppliers' Association and a number of participating companies were dissatisfied with the small size of their stalls and with having to set up their stalls in conference rooms or in corridors.

Just now, the Secretary mentioned many problems relating to the development of venues, however, the Chairman of the TDC stated frankly that even after the completion of the extension to the HKCEC in Wan Chai, the problem of a serious shortage of venues could still not be solved and that in the future, there would still be close to 10 exhibitions in which participating companies would face the prospect of being turned away. Since we cannot even handle the business opportunities that present themselves to us, how can we possibly seek to host more international exhibitions in Hong Kong?

In view of this, President, I agree with the proposal in the original motion which calls on the Government to ensure that Hong Kong provides competitive convention and exhibition venues and supporting facilities. We should launch more projects to expand and build such venues as soon as possible. In order to compete with the exhibition venues in Macao and in nearby cities in the Pearl River Delta — although the Secretary calls it co-operation — these projects must meet high standards, be original and attain international standards. Moreover, their design must comply with the principles of being sustainable and environmentally-friendly.

However, venues of outstanding architectural design must be complemented by well-conceived urban planning. Nearly all overseas businessmen who have visited Hong Kong have sung praises of our speedy and convenient transport network which is rarely found in other places of the world. However, we must remember that after the construction of additional convention and exhibition venues, there will certainly be tremendous pressure on the traffic in the area concerned.

Recently, the Financial Secretary said that the Government would consider identifying new sites at the existing convention and exhibition venues and in the districts concerned to build exhibition facilities in the urban area. Although this may be a correct approach because the economy of scale is very important in doing business, if the Government does not do a good job in community development and improving the complementary facilities in a district, it would be impossible for the participants and customers to access the venues in comfort, for example, via walkways with pleasant surroundings.

As regards making optimal use of the border area to develop the convention and exhibition industry, I believe this can be a long-term consideration because we must first of all do a good job in overall planning, for example, in dealing with such matters as environmental protection, conservation and transport. One point raised by Mr WONG and also mentioned by the Secretary is the use of vacated factory buildings to provide exhibition facilities. However, I think that the Government should encourage local design talents to revitalize these vacated factory buildings. In this way, jobs can be created, resources can be well utilized, the environment of various districts can be improved and local economic activities can be stimulated. I have another suggestion that can solve the existing problem and I hope the Secretary can give me audience. In fact, a more important task now is to satisfy the short-term demand for convention and exhibition venues. In view of this, I propose that

we should consider making use of temporary sites more often, as in the case of the Hong Kong Brands & Products Expo, which has been held for many years. For example, areas such as West Kowloon and Kai Tak have not yet been developed and the sites are all vacant. On actual implementation, temporary facilities such as tents and inflatable canopies that can be set up quickly can be used to provide the facilities.

President, the final report of the "Hong Kong 2030: Vision and Strategy" points out rightly that apart from promoting trade, convention and exhibition activities also serve to promote tourism. The spending power of businessmen attending conventions and exhibitions here is higher than that of tourists in general. Officers of multi-national companies do not care about splurging on exquisite pleasures. The tourism infrastructure is complementary to the development of the convention and exhibition industry and the Secretary has already pointed this out. We should consider how we can build more quality hotels, do a good job in beautifying the environment and retain local characteristics. All these measures can naturally promote convention and exhibition tourism. Our foremost consideration should be how to provide quality service. Macao is now facing the major problem of having only high-end hotels but insufficient talents who provide professional services. It is necessary for us to step up the training of talents as soon as possible in order to promote convention and exhibition tourism.

President, in view of the increasingly keen competition in the convention and exhibition industry in the region, I hope the Government can carry out proper town planning as soon as possible, speed up the projects of building convention and exhibition venues and make good use of undeveloped land as temporary sites for exhibitions, so as to maintain Hong Kong's position in the convention and exhibition industry. Thank you, President.

DR KWOK KA-KI (in Cantonese): Madam President, recently, people in Hong Kong are talking about the Venetian Macao-Resort-Hotel. On top of that, the opening of its Convention and Exhibition Center attracted not only tourists, but also several principal officials in Hong Kong. They all wanted to visit the place to acquire experience in expanding our convention and exhibition industry. After that, the Chief Executive also mentioned in his policy address that we should enhance the appeal of Hong Kong as a convention and exhibition capital. However, we are facing tremendous pressure that I believe the Government must address.

As Mr Andrew LEUNG and Mr WONG Ting-kwong said, I agree that our facilities in convention and exhibition are insufficient in terms of floor space and stalls, making a number of potential exhibitors disappointed. We have to catch up in this respect. However, if we only come up with piecemeal solutions without solving the problem at root, it would be like prescribing remedies at random and the problem might not be solved. Why am I saying this? Because I notice that both the Government and Mr LEUNG mentioned several times the Phase III development of the Hong Kong Convention and Exhibition Centre (HKCEC). I have strong reservations about this. As a matter of fact, anyone who has been to or passes by the HKCEC would know, whenever there is a large-scale exhibition, a long queue of vehicles would line up two rounds outside the venue starting as far as Wan Chai. No private car can enter the area, not to mention goods vehicles. If the existing traffic problem cannot be resolved, with more people and vehicles drawn to the venue, I do not see how it can attract foreign exhibitors. When they go to Wan Chai, what they would see is the traffic congestion and a large number of goods vehicles waiting.

At present, some goods vehicles waiting to go into the HKCEC are not queuing up in Wan Chai. As you may be aware, the police would tell the goods vehicles to queue up in Tseung Kwan O. In other words, the traffic queue for the HKCEC starts as far as Tseung Kwan O. When the work on the atrium is completed in 2009, vehicular movement or visitor flow would increase by 40%. It means that the traffic problem we are facing at the moment will become more serious then. Some people may say that as we are talking about reclamation in Central and Wan Chai, would the problem be solved with the development of the Central-Wan Chai Bypass?

Let us take a look at the figures provided by the Transport Department. In a period of five years from 1989 to 2004, the traffic flow in the neighbourhood of Gloucester Road near Central went up by 38%. In the neighbourhood of Harcourt Road near Red Cross Headquarters, there was an increase of 68%. In the neighbourhood of Connaught Road Central near City Hall, the increase was 58%. It is anticipated that by 2016, even with the completion of the Central-Wan Chai Bypass, the traffic flow in the neighbourhood of Gloucester Road near Central will rise by 34%, while there will be an increase of 33% in the neighbourhood of Harcourt Road near Red Cross Headquarters and 32% in the neighbourhood of Connaught Road Central near City Hall. By 2016, even if the Central-Wan Chai Bypass is completed, the road utilization rate of Wan Chai would be 1.22 to 1.30. What is the meaning of 1.22 and 1.30? It means that

the level of congestion in the areas would be 22% to 30% more serious than what we have at present. The estimation has not taken into account the completion of the atrium, not to mention the Phase III development of the HKCEC.

As the Secretary mentioned just now, the appeal of Hong Kong does not lie on our hardware. There are exhibition centres of larger scale in the Mainland or other places, yet they may not be attractive to exhibitors. If we ask tourists why they come to Hong Kong, they would give you an answer easily. It is because they enjoy the scenery of Hong Kong, therefore we should particularly preserve the scenery at the Victoria Harbour. However, if we put the cart before the horse and adopt an option haphazardly to expand our convention and exhibition venue by increasing the size of the HKCEC with the Phase III development project, it would be tantamount to damaging our only asset.

We believe that any people, especially those people we want to attract are quality exhibitors who wish to take part in high quality exhibitions, would focus on supporting services instead of a huge size exhibition venue. If they come to the place and find it heavily polluted with traffic queues stretching for miles and they could not access the place either by taxi or by car, how would they feel about Hong Kong? Please do not forget, the purpose of holding large-scale exhibitions is to attract hundreds and thousands of visitors and exhibitors. However, when they arrive here, they can only see the traffic congestion, or an aggravated situation. When the Government comes up with proposal to solve the problem, they may have to resort to building more roads by reclamation. If these measures are not putting the cart before the horse, then what are they?

If we want to find places in Hong Kong for developing exhibition facilities, we do have some alternatives. However, I do not know if the planning officials concerned do have sufficient communication with the bureau secretary in charge of commercial policy. We do have some suitable places, such as some newly developed areas in Eastern Kowloon or near the border. These places have indeed very great potential for development. If we look at the story of Macao again, alongside with its exhibition industry, it also bears in mind the development of leisure facilities. It would be meaningless to build an exhibition venue without providing supporting facilities in the neighbourhood. We should take a holistic view of the provision of transport, environmental consideration and other entertainment facilities. Otherwise, the place cannot be vitalized. Why can we not consider developing the venue in Eastern Kowloon?

As a cruise terminal would be built there, with the best professional talents, a new road network and new mass transit system, would it not be a better place for developing the facility? Why can we not take a more innovative approach and reexamine the planning of our territory?

I feel that the Government or people in the industry should not stick to some old proposals. Hong Kong is by no means a very small place if we can make use of it in an appropriate manner. However, when we have identified the suitable site, we must really vitalize the place. If we can inject into these new districts, such as Eastern Kowloon and other newly developed areas, some economic vibrancies, would it not make Hong Kong more vibrant and create more opportunities for development and employment? Why should we always stick to old thinking by doing something undesirable in an inappropriate location which is already very crammed? Even with the erection of additional business facilities, no one can really be benefited. I so submit. Thank you, Madam President.

MR VINCENT FANG (in Cantonese): Madam President, for the general public, their impression of the convention and exhibition industry in Hong Kong might be confined to the three major events taking place during the summer holidays each year, that is, the Book Fair, the Game Fair and the Food Expo. People in general may not realize the importance of the convention and exhibition industry to our economy. Just now, many colleagues referred to the survey conducted by the Hong Kong Exhibition & Convention Industry Association which pointed out that economic benefits brought in by Hong Kong's exhibition industry amounted to \$26.4 billion in 2006, representing an increase of more than 30% over the previous year.

More importantly, these proceeds came from a wide range of sectors and strata, from the sectors of aviation, local transport, telecommunications to retail, not to mention the food and beverage sector.

This summer, members of Legislative Council Panels on Commerce and Industry and Economic Development went to the Middle East, Europe and the United States to take a look at their convention and exhibition facilities. Frankfurt, which is called the World Capital of Exhibition, was one of the places visited. As a matter of fact, a number of cities in Germany, such as Cologne, Hannover, Dusseldorf, and so on, have made the exhibition industry a key

economic development point. Germany has been attaching a lot of importance to promoting the development of the exhibition industry for the purpose of boosting the weakened economy after the Second World War. And the result has proved to be successful.

We can thus see that the exhibition industry is an essential driving force for any economy. In the layout of global economy, there should be an exhibition centre in every economic plate all over the world. In Europe, the capital of exhibition is of course Frankfurt, and in the United States, it should be Las Vegas. What about Asia then? It appears that it should be Hong Kong as it is called the Asian Capital of Exhibition. However, as our neighbouring cities are proactively expanding their convention and exhibition facilities, the question of whether we can maintain this position hinges on the prospect of our development.

As we have only two exhibition venues providing a total floor area of 100 000 sq m, in the absence of substantive support from the Government, it would not be easy for us to develop into the Asian Capital of Exhibition. The scale of our exhibitions on toys, jewellery, leather goods and fashion is by far the biggest in Asia, or even among the top three in the world. Why would we be so successful? It is because we have the unique geographic position of being right in the centre of Asia, serving as the transport hub in the region. We are also close to the Mainland which is the largest factory and market in the world. Last but not least, we have a tax-free port, excellent infrastructure and supporting facilities in terms of both hardware and software.

The utilization rate of the HKCEC in Wan Chai has reached capacity. Although the exhibition area will increase by 40% with the completion of expansion works in 2009, I am afraid that it can barely meet the need of exhibitors on the waiting list.

The Asia World-Expo (AWE) at the airport is not performing well enough as it lacks supporting facilities. What can we do now? We can not wait until the capacity of the AWE is fully taken up before we consider our next move. If we only take stopgap measures that are not forward-looking, we would impede the development of Hong Kong.

Let us look at our neighbouring cities like Shenzhen and Guangzhou, they have built exhibition venues before fixing their attention on developing the

convention and exhibition industry. As for Macao, the new competitor, the newly completed Venetian Macao has a display area of 100 000 sq m. This venue alone has outdone that of the HKCEC which will bring its total size to some 60 000 sq m with the completion of the expansion project. The investor, Sands Group, has indicated that it would bring their exhibitions and clients from Las Vegas to Macao. As such, Macao is able to say that in two or three years' time, they can catch up with what Hong Kong has achieved in more than two decades.

We might have full confidence in our convention and exhibition infrastructure, but if we continue to sit on our laurel without realizing the intensifying threats, our gorgeous achievements will be rendered into the second fiddle.

For this reason, I, the Liberal Party and people in the wholesale and retail industry all hope that the Government can expeditiously improve our convention and exhibition facilities and other supporting facilities. Time is another factor, if we continue to stay where we are now, the position of Hong Kong as the Asian Capital of Exhibition will be handed over to a neighbouring city.

Given the many constraints, it would be indeed difficult for Hong Kong to maintain its leading position. Nevertheless, I hope the Government will overcome the difficulty. Madam President, if we lose out on this edge, we will not be able to catch up again. Also, it will deal a severe blow to many sectors in the territory. With these remarks, I support the motion. Thank you, Madam President.

MR ALBERT HO (in Cantonese): Madam President, it is said that the venue for the election of the Chief Executive held in March this year had to be relocated to the Asia-World Expo (AWE) because even the Government could not book any venue in the HKCEC in Wan Chai because no time slot was available. It can thus be seen how inadequate the supply of exhibition venues are, particularly with regard to the HKCEC. Of course, it is possible that such an arrangement was made on that day not solely because no time slot was available in the HKCEC. Some people suspect that there were also other considerations, however, that no time slot was available at the HKCEC was obviously a fairly good excuse.

Last week, the Chairman of the TDC, Mr Jack SO, pointed out that due to the shortage of exhibition venues, half of the participants, that is, more than 2 000 participants, of a large-scale exhibition held this year had been turned away. The shortage of venues has become a bottleneck in the development of the convention and exhibition industry. A good job has been done in various aspects in Hong Kong, however, if the shortage of venues hinders the development of this industry, this will also indirectly slow down the development of other related industries.

To take the book fair as an example, the attendance this year was as high as 760 000 people. There were book companies hailing from the Mainland, Taiwan and overseas and also tour groups that came purposely to Hong Kong to attend the book fair. Other exhibitions and world-class seminars targeting members of various industries have also attracted large numbers of overseas buyers and participants to Hong Kong. Some sectors related to the convention and exhibition industry, including the tourism industry, the retail trade, the hospitality industry and other support industries, also hire a large number of grass-roots workers and this is conducive to improving the employment situation.

However, if exhibition venues are inadequate, there is the possibility that the potential room for development in Hong Kong will be surrendered to other people. It was reported in the press that often, even though some participants had made applications a year in advance, they may not necessarily be allocated any stall and the size of the stalls allocated to them may not be large enough or the location may not be ideal, yet the rates charged were exorbitant. In the past, as the convention and exhibition industry in neighbouring regions was not well-developed, so Hong Kong virtually monopolized the convention and exhibition industry in East Asia. Even though the rates were high, demand still outstripped supply. However, this is no longer the case now and the exhibition area available in a large-scale hotel in Macao, which is just separated from Hong Kong by a stretch of water, is even larger than that in the HKCEC, whereas the floor area of the exhibition hall at Pazhou in Guangzhou is larger than all of the exhibition venues in Hong Kong combined. Although Hong Kong still has an edge in terms of complementary facilities, if large numbers of participants are turned away year after year, there is no guarantee that they will not set up shop in Guangzhou to vie with Hong Kong.

Madam President, Mr WONG Ting-kwong's amendment proposes the construction of additional exhibition venues in the border area. The

Democratic Party believes that this is worthy of consideration, however, it is necessary for all other areas to tie in with this, including the planning for the whole border area after it has been opened up. Although there are merits in developing the convention and exhibition industry in the border area, including the convenience to people who want to travel between Hong Kong and China and the provision of more job opportunities in New Territories North, we cannot overlook the fact that the border area is close to Mai Po, Long Valley and the Wetland Park. Many members of the public may not necessarily support the implementation of large-scale development projects there or the development of the exhibition industry on a large scale there. Moreover, after the commissioning of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, it will only take 48 minutes to travel from Guangzhou to West Kowloon. Establishing a convention and exhibition area in the border area may not be the most convenient to buyers coming from the Mainland or to participants of exhibitions.

As regards converting vacated factory buildings into exhibition venues, the Democratic Party has some doubts about this proposal. According to the information provided by the Commerce and Economic Development Bureau to the Panel on Commerce and Industry of the Legislative Council, the vacancy rate of the factory buildings managed by the Housing Authority was only 3% and that for private factory buildings was only 7%. The Democratic Party is doubtful of whether there is really a high concentration of a large number of units in factory buildings to make it possible to convert them into exhibition venues. Secondly, the design and facilities of factory buildings as well as the nearby facilities may not meet the requirements of the exhibition industry. What the Democratic Party is even more worried about is that if this proposal is taken on board, a large number of factory buildings will be converted into exhibition venues. This may drive up the rent of factory buildings and force the already small number of struggling local manufacturing industries to move out or they will be forced out of business. The Democratic Party is not entirely sure of the feasibility of this proposal, still less does it want to make it impossible for other trades to survive (particularly trades that mainly hire workers with low academic qualifications or low skill) as a result of the promotion of a particular trade. This will lead to the deterioration of the unemployment situation among grass-roots workers.

Although the recently published policy address does mention the provision of additional convention and exhibition facilities, there is only mention of the expansion of the AWE but no mention of Phase III of the HKCEC. This is

probably because land has already been reserved in the vicinity of the AWE, however, it is obvious that the facilities of the AWE and those of the HKCEC cannot completely replace one another.

It is said that the venues of the HKCEC has reached capacity. Although the atrium is now being expanded, the exhibition area provided by this section will reach capacity on the very day it is commissioned. This underlines the urgency of the project for Phase III. The Democratic Party is of the view that the Government should not evade the issue of building Phase III of the HKCEC. If the HKCEC has to be expanded, it is necessary for the Government to grant land, and Phase III has to be located near the existing HKCEC in order for it to serve its purpose. So long as no reclamation is required and transport needs are catered to at the planning stage, the project will still be feasible (*the buzzer sounded*)

I so submit.

MS MIRIAM LAU (in Cantonese): Madam President, although the shortage of exhibition venues has become a matter of concern to the Government and people in the industry, matching transport facilities must not be taken lightly because transport convenience is a major consideration for exhibitors as well as overseas visitors.

It is reported that the Hong Kong Jewellery and Watch Fair, which has been held only in Hong Kong over the past 25 years, will be hosted in Hong Kong as well as in Macao next year. However, some jewellery exhibitors have indicated that, despite their plan to participate in the exhibition to be held in Macao, the adequacy of matching transport facilities in Macao will remain their long-term consideration.

Therefore, in addition to actively expanding exhibition facilities, it is also imperative for the Government to enhance matching transport facilities to promote the local development of the convention and exhibition industry. At present, extremely heavy road traffic will be built up in the vicinity of Wan Chai North whenever large-scale exhibitions are held in the HKCEC in Wan Chai. Even the pedestrian footbridges in the area will be flooded with long queues of people. It is anticipated that the pedestrian and vehicular flows in Wan Chai North will become even more congested upon the completion of the expansion project of the atrium of the HKCEC in 2009.

In the medium term, the pedestrian footbridge system in Wan Chai North should be expanded to ease the pedestrian flow. Given its proximity to the waterfront, the HKCEC should capitalize on its geographical advantage by making better use of sea access to divert the pedestrian flow. In the long run, the construction of the Central-Wan Chai Bypass and the Shatin to Central Link should commence expeditiously to resolve once and for all the traffic congestion problem confronting the HKCEC.

As a large number of additional exhibition venues cannot be provided in Hong Kong overnight, it has now become a matter of great urgency to upgrade existing facilities by all possible means.

Although the AsiaWorld-Expo (AWE), unlike the HKCEC in Wan Chai, is not faced with the problem of traffic congestion, it is confronted with the problems of remoteness and inadequate matching transport facilities, which should be further improved. Actually, the most powerful strength of the AWE lies in its connection with the Hong Kong International Airport, one of the world's busiest airports. With a weekly schedule of more than 5 000 flights between 150 destinations, the Hong Kong International Airport offers great convenience to exhibitors and overseas visitors. The earlier hosting of the biannual major event of the aviation industry, the Asian Aerospace International Expo (the Asian Aerospace) in the AWE does demonstrate that Hong Kong is most qualified to become Asia's exhibition centre.

Unfortunately, marine traffic, another advantage possessed by the AWE, has not been fully optimized. I am referring to SkyPier, just minutes away from the AWE. The Pier has yet been put into full use at the moment because it is merely used for transit purposes to ferry travellers from the Pearl River Delta (PRD) to the Hong Kong International Airport for connecting flights. If the destination of travellers from the PRD is the AWE, they will have to take a longer route by entering the territory through other border crossing points on land or travelling by sea to the Hong Kong-Macau Ferry Terminal or the China Ferry Terminal and then take a ride to Lantau and before they will finally reach the AWE.

The Government can indeed capitalize on SkyPier by providing additional customs, immigration and quarantine services there to facilitate the travellers. In doing so, Hong Kong can not only better perform its role as a two-way springboard, but also offer assistance to more mainland enterprises planning to

venture into the international market and foreign enterprises aspiring to entering the mainland market, particularly the PRD, to do business in Hong Kong as an international trade platform. Furthermore, the AWE can then better capitalize on its advantage, thereby consolidating Hong Kong's position as Asia's exhibition capital. In fact, allowing travellers to access enter and leave Hong Kong via SkyPier will help promote other facilities on Lantau and greatly benefit, for instance, Disneyland, Ngong Ping 360, and so on. I earnestly hope that the Government can expeditiously consider the proposal for implementation.

Madam President, I so submit.

MR TIMOTHY FOK (in Cantonese): Madam President, the convention and exhibition industry of Hong Kong, renowned as a convention and exhibition capital, was instantly thrown into disarray by the shockwaves produced by the opening of the convention and exhibition centre at The Venetian in Macao, with words of threats, crises, life-saving measures, and so on, being heard here and there.

The convention and exhibition industry, considered as a window to businesses and industries, has all along been seen as an effective means to promote economic and trade exchanges and co-operation, optimize industrial structure, enhance the efficiency of distribution and deployment of resources, propel such local industries as tourism, hotels, retail and catering, and create job opportunities. In recent years, our peripheral cities and regions, including Macao, Shenzhen, Guangzhou, Dongguan, and even Singapore and Thailand, driven by rapid economic development, have all constructed large-scale exhibition centres and, given the support of preferential policies, strive to become a regional exhibition hub, thereby attacking Hong Kong from two sides.

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

Earlier on, Mr Peter WOO, former Chairman of the TDC, illustrated the predicament of Hong Kong's convention and exhibition industry with statistics. He pointed out that, if we looked at our peripheral cities, we would find that 900 000 sq m of new exhibition facilities had been commissioned over the past three years, and more new venues were expected to complete in a couple of

years. In Hong Kong, the total area of the HKCEC will add up to a mere 65 000 sq m upon its extension and reach 130 000 sq m even if the AWE is included. However, the first phase of Pazhou Complex in Guangzhou alone has already reached 390 000 sq m, and the gross floor area of the Shenzhen Convention & Exhibition Center is up to 250 000 sq m. Even the newly completed convention and exhibition centre at The Venetian, measuring 100 000 sq m, provides a sharp contrast.

Deputy President, shortage of land has always been cited as an excuse for the stagnant development of convention and exhibition venues in Hong Kong. Frankly speaking, this is just an excuse. The size of land in Macao is even smaller than that in Hong Kong, and yet Macao has managed to build a convention and exhibition centre that has proved to be a shock to Hong Kong. Hence, we can see that the crux of the problem has nothing to do with land, but with the Government's determination, resolve and abilities to grasp the development of the market. What has happened has happened. We are pleased to see the Chief Executive's declaration in the policy address that he will strive to strengthen Hong Kong's attractiveness as an international convention, exhibition and tourism capital and set up a steering committee, to be led by the Financial Secretary and the Secretary for Commerce and Economic Development, to conduct a comprehensive review and formulate strategies.

How should the convention and exhibition industry revitalize itself and develop new strengths to cope with competition and challenges in the future? After all, despite the conventional advantages enjoyed by our convention and exhibition industry in terms of a sound legal system, popularization of English, transport convenience and a well-developed information system, coupled with Hong Kong's leverage on the staunch support of the Mainland, the territory has gradually lost its former superior status as its rivals quicken their pace to catch up with it. To maintain the competitive edge of our convention and exhibition industry, we must not keep the *status quo* of competing with our peripheral cities in terms of more land and larger venues. Instead, new elements must be injected into the industry to achieve the fundamental objective of revitalizing it.

Let us take a look at our neighbour, Macao, which has transformed from reliance on gambling to gaming tourism. It has also combined its hotel and entertainment facilities with the introduction of international sports events to complement the promotion of its convention and exhibition industry, thus causing a sudden shock to Hong Kong.

Deputy President, according to the Government's conventional thinking, culture, arts and sports are nothing but leisure activities. However, a modernist painting may be sold at an auction at a sky-high price. NBA, the English Premier League, F1 auto racing, and so on, are big businesses involving tens of billions and even hundreds of billions of dollars. Not only are there enormous business opportunities behind them, the internal cohesion brought by culture and sports, as well as the outward-going image packaging, can even upgrade the status of an entire city. Indeed, every international city will keep bidding for the right to host international sports events not for superficial economic gains, but for the intangible gain of raising its own image. Hong Kong has fortunately been chosen as an Olympic city next year and will also host the East Asian Games in 2009. These are definitely excellent opportunities for the territory. Provided that we can grasp the opportunities properly and make suitable arrangements and take complementary measures, the overall competition between Hong Kong and its peripheral cities and the competition between Hong Kong's convention and exhibition industry and the outside world will no longer be confined to comparison of sizes of land. Instead, the spirit of the city will also be engaged in the wrestling.

I so submit.

MRS SELINA CHOW (in Cantonese): In general, the public at large might not be too keen on participating in discussions on the development of the convention and exhibition industry, probably because they do not find it having a close bearing on their lives. As in the case of the development of the tourism industry, which has not only brought benefit to the industry itself but also boosted the retail, catering and passenger transport industries, the exhibition industry alone has directly created an additional 58 000 job vacancies. Furthermore, it has made an impact on a considerable number of peripheral industries and supporting facilities, involving hundreds of thousands of employees. In terms of the "multiplier" and "radiation" effects thus produced, the exhibition industry definitely matches up to the tourism industry. Besides the most primary sectors such as retail, catering, hotels and passenger transport, a large number of other trades and industries benefited by the exhibition industry can also be found everywhere. Indeed, examples can be cited at any time. They are, for instance, interior and booth design, decoration, sound and video, decorative lighting, logistics, communications, security, and so on. The scope

of business involved is very extensive, for these sectors themselves are supported by some industries of their own. On the whole, the "multiplier effect" thus achieved is remarkable.

As a world city and a global trade centre, Hong Kong has been a melting point, playing the central role as a distribution hub. For the local convention and exhibition industry to fare even better, Hong Kong must move forward in this direction. After years of effort, considerable success has been achieved by the industry. Let me cite some figures to illustrate my point. Last year alone, a total of 110 large-scale exhibitions were held in Hong Kong, with the number of exhibitors rising by 50% to 62 000, and attracting more than 600 000 attendees from overseas. If we calculate by the categories of visitors, we will find that the numbers of visitors from the Asia-Pacific Region, mainland visitors and visitors from Europe, the United States and other regions have increased remarkably by 43%, 24% and 20% respectively when compared to the year 2005. Without taking into account the total value of the orders placed by buyers with local exhibitors, the direct economic gains brought to Hong Kong have already reached \$26.4 billion.

Why are exhibitors and buyers from around the world so pleased to attend exhibitions held in Hong Kong? First of all, it is because of our possession of sophisticated hardware, excellent venues and facilities, as well as a sound legal system and low tax rates. But I think that Hong Kong's greatest advantage lies in its possession of world-class software in the form of a comprehensive package of most excellent and effective supporting services. In other words, not only do we have outstanding performance in hosting exhibitions, the standards of other key supporting services, such as air traffic, transport, communications, hotels, and even tourist destinations are among the highest in the world. When all these excellent factors are added up, Hong Kong offers confidence assurance in staging exhibitions. Therefore, exhibitors and buyers from around the world are all very pleased to come to Hong Kong because, besides conducting business, they may enjoy a quality stay as well.

During the recent discussions on the threats posed by Macao, many people expressed the fear that the convention and exhibition business of Hong Kong would be snatched by Macao with its Las Vegas style of *modus operandi*. I believe without competition, there will be no progress. Neither do we hope to

see all of our rivals standing still, while Hong Kong continues to rely solely on our assets. Furthermore, Las Vegas is truly attractive with its offer of everything ranging from conventions and exhibitions, gambling, entertainment, leisure and holidaymaking. No wonder it is hailed as the number one convention and exhibition city in the United States. However, can Macao achieve the same effect by adopting the same *modus operandi*? It must be borne in mind that one of the factors contributing to Las Vegas' success is the domestic demand of the United States and the whole of North America. On the contrary, Macao is just a small place with considerable domestic demand. It can survive by relying on external business only. The same goes for Hong Kong. After all, Hong Kong is more advantageous than Macao in attracting overseas customers, given our edges in air traffic, logistics, communications and infrastructure facilities. I believe if Macao can strengthen co-operation and complement each other's strength with Hong Kong, the exhibition industries of the two places can definitely be further developed with double results.

Lastly, while paying attention to the pace of our rivals, we must also further consolidate our intrinsic advantages, for we will fall behind if we do not make progress. As stated by President HU Jintao 17 days ago, there will be no way out if progress stops and retrogresses. Therefore, we must make great effort in our development and seek continuous improvement in hardware as well as the entire supporting package of software. I hope we can all march forward in this direction. Thank you, Deputy President.

MR CHIM PUI-CHUNG (in Cantonese): Deputy President, I speak in support of the original motion and the amendment.

It is evident from the Secretary's earlier analysis of a wide range of matters that the Government as a whole has already had a good grasp of the external circumstances at the moment. It is understood that the 102nd Canton Fair was inaugurated on 15 October, the day before yesterday. In other words, the Fair has been held continuedly over the past 51 years, attracting participants from all over the world to China annually. It is believed that efforts will continue to be made in the future for the Fair to lead world trends under China's policy of reform and opening. In the meantime, Shanghai and Shenzhen, both are alike in the sense that they have their own stock market, will compete with Hong Kong in organizing conventions and exhibitions.

Earlier on, Honourable colleagues have spoken on Macao's actual circumstances. Of course, the Mainland will absolutely support the staging of a number of international conventions, including global conferences relevant to the United Nations, in Hong Kong. This is one of the advantages possessed by Hong Kong. However, I personally think that Singapore will become the biggest challenge to Hong Kong in a few years' time upon the completion of its casino and when it possesses comprehensive supporting facilities for developing its national business..... though it is not called a casino by the country. According to our understanding, however, if the country can capitalize on the gaming industry, or gambling industry, in driving other trades and industries, it actually possesses a very powerful advantage.

Earlier, the Secretary has also analysed Hong Kong's existing strengths, including its possession of some very outstanding airlines. However, it must be borne in mind that the world's largest aircraft, A380, is not based in Hong Kong, but in Singapore. Though it does not mean or imply anything, it does illustrate that Hong Kong's Cathay Pacific Airways will still be challenged should it fail to work hard. A number of surveys conducted by us have revealed that Hong Kong is being challenged by other international airlines.

Hence, it must be understood that Hong Kong's strengths are by no means permanent. Actually, the Government is still slow and unresponsive in implementing many of its policies. Despite our Chief Executive's emphasis in the Question and Answer Session in the last Session that Hong Kong's exhibition business is not to be challenged by other regions — I am convinced that he was referring to Macao in his mind and according to his mentality. However, he must not forget that healthy competition and powerful challenges cannot be achieved purely by word of mouth. Therefore, if he is to meet such challenges or underline the representativeness of his words, he must count on the special team of the SAR to bravely meet the challenges with an attitude of providing for the future.

According to my personal opinion, first, the SAR Government must strengthen its own organizational power. As pointed out by me just now, the Government must have foresight, be ready to meet any challenges, and not shirk its responsibility. We have found that many policies implemented in Hong Kong are virtually lagging behind because of the need to consult a number of government departments, and the period of consultation will invariably take five

or six years. For instance, even though the proposal of constructing a cruise terminal was mooted some eight or 10 years ago, its construction site is still unknown, though the world has already changed completely. Therefore, the most important words for the Government to bear in mind are "having foresight".

Second, the Government must also complement the policies of other regions and countries. Despite the campaigns launched in many regions, a number of countries, particularly the ASEAN countries with the exception of Singapore, are still lagging far behind Hong Kong in several aspects, and their supporting facilities are still far from adequate. Hong Kong may forge ties these countries, including India for its highly advanced technology, and co-operate with them in engaging in global competition.

We must be aware that the exhibition industry is a kind of smokeless industry. We must take note of, first, the attractiveness of the contents of exhibitions to buyers and exhibitors and second, the availability of supporting facilities in the vicinity of the territory. As the participants of the events are not young people aged below 18 but better-off people, suitable programmes must be designed for them. Besides participating in exhibitions and conventions, they must have somewhere to go for entertainment, and hence relevant supporting facilities must be provided.

Furthermore, as pointed out earlier, Hong Kong still faces a problem of venues. Even upon the completion of Phase III of the HKCEC, venues will still remain inadequate. Therefore, I personally think that, as also proposed by the DAB earlier in the meeting, the border area can be considered as a longer-term option. Although some arrangements have been made in East Kowloon, that is, the old Kai Tak Airport site, a piece of land should be allocated on the site as a priority task for the construction of a third exhibition centre. This will not only give due regard to the development of local businesses and industries, thus giving small and medium enterprises as well as businesses and industries room of development, but also assist them in reaching out to the world.

Therefore, Deputy President, exhibition as Hong Kong's key issue requires the Government's lobbying and the people's complementary efforts.

Thank you.

MR JEFFREY LAM (in Cantonese): Deputy President, it has all along been my vigorous endeavour to promote Hong Kong's convention and exhibition industry. In this regard, the Chief Executive has finally offered us a right direction by putting forward in the policy address a proposal to set up a cross-sector steering committee to fully review and formulate relevant development strategies.

It is now imperative for us to come up with a development blueprint and the determination to put it into implementation because of the increasing keen competition confronting Hong Kong at the moment. Early this year, the Chief Executive emphasized during a Question and Answer Session that he would vigorously promote the development of Hong Kong's convention and exhibition industry and prevent others from snatching Hong Kong's "rice bowl".

Actually, this "rice bowl" of Hong Kong has been under the watchful eyes of many. This is because every hosting of exhibitions in Hong Kong will not only benefit the convention industry as well as businesses and industries, but also bring enormous benefits to other peripheral industries, such as hotels, catering, retail, and so on, in the form of substantial economic gains. For instance, business travel alone has already brought Hong Kong \$26.4 billion per annum.

If the Government is to retain this "golden rice bowl", it must look squarely at Hong Kong's current situation. It is right to say that, thanks to the efforts made over the past two decades, Hong Kong's convention and exhibition industry has established its leading status in the region because of the territory's possession of world-class exhibition venues as well as such favourable factors as Hong Kong's location, transport, supporting facilities and tax regime, which are all conducive to the staging of exhibitions. At present, the standards of many large-scale exhibitions held in Hong Kong are among the highest in the world.

But the problem is that a number of exhibitions have already reached capacity, with supply falling short of demand. Given the large number of exhibitions to be held in Hong Kong, many companies are waiting in lines. In particular, more than 2 000 companies are already on the waiting list for the gifts fair held in April annually. Despite the expected completion of the expansion of the atrium of the HKCEC in 2009 to offer these waiting manufacturers some assistance, only an additional 20 000 sq m will be provided. It is anticipated that more than 1 000 companies will still remain on the waiting list, and the number of participants on the list will keep rising annually. It is evident that the

demand will still not be met even with the provision of an additional 20 000 sq m.

According to the latest venue demand assessment made by the TDC, 10 large-scale exhibitions are being held at the HKCEC at the moment. Though the demand can absolutely rise to 100 000 sq m in a couple of years, there is a lack of suitable venues. The Phase III expansion of the HKCEC is therefore a matter of great urgency, given the "cluster" effect created by the HKCEC a long time ago owing to its central location and transport convenience. Insofar as the industry and Hong Kong's economy are concerned, the Phase III expansion is absolutely the best option at the moment. It is hoped that the Government can confirm the option expeditiously because Hong Kong cannot afford to wait anymore. As regards the proposal of developing an exhibition hall at the new Airport, both the industry and I are supportive of it. However, it is inadvisable to slow down the pace of the expansion of the HKCEC because of the expansion of the exhibition hall at the Airport for Hong Kong's venues are facing competition that cannot be taken lightly, given that the territory will definitely be threatened by the rapid expansion of exhibition facilities in its neighbouring cities. For Hong Kong's convention and exhibition industry to succeed, venues are indispensable.

I am really puzzled by the earlier remark made by Dr Kwok Ka-ki that the Phase III option is just so-so and have no idea what he was talking about. Being the brainchild of some highly experienced experts and the industry, the option will offer enormous assistance to our convention and exhibition industry. Dr Kwok Ka-ki has also stated that he was told by the tourists interviewed by him that the scenery in Hong Kong is beautiful. But the point is if he had consulted tourists only, the tourists would definitely mention the beautiful scenery in Hong Kong. How could they know about the needs of Hong Kong's tourism industry? Regarding the long queues of lorries mentioned by him, I can tell him that it was a problem of a bygone era. It is no longer found when exhibitions are now hosted at the HKCEC. The arrangement of queuing at Tseung Kwan O is not only agreed by people of various sectors, but also considered very effective. Furthermore, the transport measures have been greatly improved too.

In August, I joined the Panel on Commerce and Industry and the Panel on Economic Services of the Legislative Council on a visit to some of the exhibition venues and facilities in many parts of Europe and the United States. From the in-depth exchanges and discussions conducted between the industry, government

officials and Members, we have benefited enormously, for such valuable experience cannot be gained solely from gathering data. I have come to realize that sometimes we can benefit only from personal involvement.

I have been told by a number of Hong Kong exhibitors that they are eager to exhibit their products in Hong Kong because they can often receive more orders in Hong Kong than elsewhere. However, because of their failure to apply for venues, they have been forced to participate in exhibitions held elsewhere, but the places assigned to them each time have not been entirely satisfactory. Their words remind me of Magic Show, the world's largest clothing exhibition, staged in the gambling city of Las Vegas. Showcasing more than 5 000 top fashion labels around the world, the exhibition used to be hosted in Los Angeles. However, due to the failure of such supporting facilities as venues and hotels in Los Angeles to cope with the business expansion and development of Magic Show, the Show was eventually moved to Las Vegas in 1989. When I mentioned this to the Los Angeles government and many people in the industry afterwards, they were deeply grieved by the snatching of their exhibition label by Las Vegas, feeling like salt had been rubbed into their wounds.

Having heard the words of the manufacturers, I really worry that Hong Kong will follow in the footsteps of Los Angeles. Does Hong Kong wish to experience such pain? If not, the Government must demonstrate its determination and take practical actions to expeditiously announce a suitable venue for the expansion of the HKCEC and embark upon a new journey for a golden decade for Hong Kong's economy.

Deputy President, I so submit.

MR ABRAHAM SHEK: Deputy President, I speak in support of Andrew LEUNG's motion on "Development of the convention and exhibition industry". His speech touched on the economic benefits to Hong Kong, and I need not repeat here. I support him totally. However, his speech should have been delivered some five years ago instead of now, especially after being awakened by the Venetian development in Macao. Well, it is better late than never. We should start right now — not by words, but by action. To go for this type of development when others in the neighbourhood have started, we must understand why we have failed, and why we are here today talking. Only through

appreciation of our own failures and weaknesses can we succeed in making up for the loss of time.

Our first failure is not competition from our neighbours. Our first failure is ourselves, for Hong Kong has a negative frame of mind and a negative development attitude following the financial crisis and SARS since 1997. We stood still economically. Our officials dare not take any initiative, nor do they dare make any mistake, so they do nothing. This is not good for Hong Kong. Mr TSANG is, as he said in his recent policy speech, going to make this change. He referred to the new Hong Kong. Then, during the last 10 years, we did not have medium to long-term economic plans as Macao had after 1999, when it developed the gaming and convention industry. Our Administration talked of Cyberport, medicine port, cultural city. They were great ambitions but where are these projects now — with the exception of the Cyberport, the success of which was not a cyberport but a residential development? No more empty talks, we must take action.

The second point is that the government system is a total bureaucracy which discourages private sector initiatives. There are over a hundred successful applicants for hotel conversion, but how many hotels have been converted? Not more than a handful. Without hotels, how can we develop a convention industry? Why is this so? This is the reason: government greed in charging exorbitant premium on hotel development and associated types of development. It charges a five-star hotel premium for a hotel development in Kwun Tong. This is a joke. Who would do it?

So, the Government must make sure that it is aware of the problems so as to encourage the private sector. This is the biggest force for developing any industry. Government land policy does not encourage or motivate developers to develop the convention and hotel industry, as I said earlier. The Government must lead, the market must implement, Mr MA. I am glad to hear you just said that the Government is going to put hotel development sites onto the auction list. This is a great step forward, and I hope this could actually pick up. This could also be applied to other resorts, and the convention and conference industry.

Fourthly, the planning and development procedures which we now have in Hong Kong are totally outdated, and even much more behind in time than our neighbouring cities, like Shenzhen or Macao. They build fast. So, regarding the present government policies and procedures, if you want to develop any industry, you must first change the mindset and government bureaucracy as a

start, or else, it is very difficult to do anything. I do hope that if there are any changes, as the Chief Executive has promised in his policy speech, that would be a very good start, just as he said he would cut down the pre-construction procedure by 10%, and so on. Only by developing the convention and conference industry, and the hotel industry, then we can actually resolve the employment opportunities for the unskilled workers in their forties and fifties, for we no longer have major manufacturing industries.

Before I conclude, I would suggest that instead of waiting to discuss, plan and consult the 6 million Hong Kong citizens on what we want, how we want to build it, and when we want to build it, and eventually we do not build it, we should act now, this is time for action. I suggest working on the wild thought that we should develop the West Kowloon Cultural District in West Kowloon into a convention, conference and cultural city. We can start immediately.

Finally, Deputy President, I also hope that we can make good use of the Cyberport's empty offices, by putting them temporarily in good use for convention and other uses. Thank you.

MISS CHOY SO-YUK (in Cantonese): Deputy President, first of all, I wish to say that, before becoming a legislator, I was a shareholder of a company engaged in the business of organizing conventions and exhibitions. I was the first generation of exhibition organizers in Hong Kong, having organized exhibitions in the Mainland as well as more than 10 cities in different parts of the world. With regard to the need for developing the exhibition industry in Hong Kong, I have advocated it much earlier than today. Actually, the first thing I did after the establishment of the Provisional Legislative Council in 1997 was to submit a very detailed proposal to Mr Stephen IP, the Secretary at that time. In the proposal, I highlighted the fact that exhibitions could bring enormous economic benefits to each and every place hosting them. At that time, I made two suggestions: First, at the airport, that is, at what we call the river loop area now, at a place in the New Territories near Shenzhen, a site that would facilitate the construction of a venue with a net area of about 400 000 sq m should be earmarked. At that time, I suggested that we should first construct a venue of 150 000 sq m. But why should it be 150 000 sq m? It was because at that time Singapore already had an exhibition venue of 100 000 sq m. So I suggested erecting a venue of 150 000 sq m, which could then be expanded gradually to 400 000 sq m. That was the situation in 1997.

My second suggestion then was to make use of the Kai Tai Terminal Building as a permanent exhibition and sales centre. At that time, I had commissioned a Hong Kong company to undertake the design project of the centre, which was estimated to be accommodating 6 000 exhibition and sales stalls. And then another venue can be identified, or even inside the exhibition city, a long-term exhibition and sales centre can be built at the same time. I had even approached Mr Jack SO to tell him that I hoped the route of the Mass Transit Railway could be extended to that area. And he had answered in the affirmative at that time.

(THE PRESIDENT resumed the Chair)

Now, let us take a look at the suggestions made by our colleagues on today's motion. In particular, I wish to thank the DAB's Mr WONG Ting-kwong, who had compiled a very detailed proposal. Certainly, I very much agree with such suggestions. But I do not agree with what the Chief Executive has said recently to the effect that organizers of exhibitions do not make money themselves, but other proceeds brought about by them are very substantial. It is not so in reality. Of course, other proceeds brought about by exhibitions can be so enormous that they are beyond our imagination. However, even exhibition organizers can also make a lot of money. Let me cite a very plain example. A French company had acted as the agency for an exhibition in Germany. The French company was just the agency, but the exhibition pamphlet, that is, the catalogue, sold by it in France alone generated a commission of 4 million francs a year, and this figure still has not taken other revenue into account.

There has been an exhibition in Hong Kong, and (if my memory is not faulty with figures) after it had been staged twice, a 30% stake of this exhibition was sold for a consideration of \$300 million. In other words, an exhibition has gained a face value of \$1 billion after being held twice. Therefore, it is not necessarily true that exhibition organizers do not make money themselves. In fact, this is a very lucrative business. Many exhibitions in Germany have substantial support from the Government. In local railway stations, the German signs of "die Messe Stadt", which means "the exhibition town", can always be seen. They take pride in it. Actually Hong Kong possesses the best conditions

for doing this. From 1997 to the present, 10 years have passed and we are now coming back to the discussion of this motion subject again. Of course, I still welcome this discussion, but I personally feel enormously saddened about it.

The DAB asked me to discuss an idea conceived by it, that is, to establish a global exhibition and sales city in the border area. Therefore, I would definitely spend some time discussing this. Regarding this exhibition and sales city, it coincides exactly with my earlier proposal of setting up some 6 000 stalls in Kai Tak Terminal Building. We propose to establish an all-year-round long-term exhibition and sales venue. Compared to the scale of the market for small articles in Yiwu, this exhibition and sales city shall put on sale all kinds of quality goods of different classes and categories from different parts of the world. We are referring to those relatively high-quality products and such goods should be imported from different parts of the world because Hong Kong actually does possess the geographical and other conditions for holding very large-scale exhibitions. This is attributable to our languages, transport connections, hotel facilities and in addition, proximity to mainland China. So you can imagine that, if people of the entire country wish to purchase certain commodities or goods, they can simply do so by coming here.

We also have some very detailed proposals for different districts, but due to the time constraint, I am not going into the details now. However, in fact Mr WONG Ting-kwong has already released a very thick proposal, which has already been submitted to the Government. A special point I wish to mention is, we hope that two types of immigration procedures can be introduced at the border areas, namely, "control on passengers but not goods", and "control on goods but not passengers". In other words, it means on the mainland side, the control is on goods; that is, goods must be checked before they are allowed to be brought into the country, whereas passengers can enter and leave the country freely. As for the Hong Kong side, the control is on passengers but not goods, meaning that goods can be brought into and out of Hong Kong freely, but passengers have to undergo inspections of their identification documents. If this is adopted, it can provide maximum convenience to exhibition visitors, buyers and exhibitors in using such venues in the border area.

Therefore, if we develop this river loop area into a large-scale international exhibition and sales city (*the buzzer sounded*).....

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): If no other Member wishes to speak, I now call upon Mr Andrew LEUNG to speak on Mr WONG Ting-kwong's amendment. He may speak up to five minutes.

MR ANDREW LEUNG (in Cantonese): Madam President, first of all, I wish to thank Mr WONG Ting-kwong for moving an amendment to my motion. Regarding Mr WONG's suggestion of making use of the idle border area and vacated factory buildings in the urban areas as convention and exhibition venues, I think it is quite creative, and to a certain extent, can fill the shortage gap of small-scale and permanent exhibitions and sales venues. Insofar as small and medium enterprises (SMEs) in Hong Kong are concerned, this can enhance their chances of taking part in exhibitions and sales events. With regard to the amendment's proposal which advocates the use of land in the border area, I think, since the development of the relevant site still has not been brought up for discussion in the Government, and there are still many unknown factors in supporting facilities such as transport connections and interchanges and hotel facilities, and so on, together with the remote location of the area, it may not be possible for us to develop convention and exhibition facilities there by exploiting the brand name advantage of such facilities in the urban areas. However, I think we may consider making use of the geographical advantages of the border area as well as the cross-boundary transport networks in New Territories North to establish long-term exhibition and sales centres targeting at mainlanders as its clientele.

However, as regards large-scale exhibitions in Hong Kong, the current situation can be compared to that of a faraway river which can offer little help to extinguish a fire taking place nearby. For those vacated factory buildings in the urban areas, since they are smaller in size, and the supporting facilities are relatively not so good, it seems they are more suitable for use by creative industries or as small-scale exhibitions and sales venues mainly for local SMEs, because convention and exhibition venues are usually very extensive in floor space on a flat surface.

Therefore, although I think the amendment may not completely have a very close relationship with my original motion which advocates the enhancement of our competitiveness in holding large-scale conventions and exhibitions, I still welcome any suggestions which are conducive to the development of the convention and exhibition industry in Hong Kong.

Madam President, I so submit.

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): Madam President, I thank Members for their valuable views on this motion today. Just like Members, the Government is very concerned about the development of the convention and exhibition industry. It is undeniable that in the past few years, with the development of the economy on the Mainland and that of the PRD, new convention and exhibition facilities have been built in succession in neighbouring areas. Last Friday, I visited an exhibition venue in Macao personally and saw a venue with an area of over 100 000 sq m in a hotel. On Monday, I also attended the China Hi-Tech Fair in Shenzhen and the municipal leadership of Shenzhen told me that that venue had an area of more than 200 000 sq m. In addition, it was reported that the Pazhou Exhibition Centre in Guangzhou would provide exhibition venues with an area in excess of 300 000 sq m by mid-2008. The Chief Secretary for Administration has also paid a visit there, so it can be seen that we are very concerned about the development of convention and exhibition venues.

However, what I wish to point out and what Members and I have talked about is that Hong Kong possesses a lot of very good software. At present, the sum of our hardware may not match that of some places, however, in terms of software, our complementary facilities, including such things as the airport, telecommunications, quality service, experience, the legal system, the tax regime, and so on, which we have pointed out just now, are all far superior. In view of this, I believe we should not rely on quantity alone, but should excel in quality. However, I also agree very much with Mr CHIM Pui-chung's comment just now that the advantages of Hong Kong are not eternal. If we do not go from strength to strength and seek to make progress, we really cannot make our advantages eternal because our competitors are really strong and as their economies develop, they are also vying for a share of the pie. Therefore, regarding hardware, the Government can inform Members that we will continue to identify sites suitable for the construction of convention and exhibition

facilities. In addition, we are now examining at full steam the feasible proposals on the expansion of the existing HKCEC and the AWE and solving the relevant technical problems such as those relating to transport, planning and the environment. However, taking this step does not mean that we will be able to build a venue with an area of hundreds of thousands of square metres tomorrow. This is a longer-term measure. In the short term, we must continue to strive to make progress in terms of software and in the middle and long terms, we have to make efforts in our hardware.

Just now, a number of Members including Prof Patrick LAU also proposed that vacant land could be used as temporary exhibition sites. This is a good proposal and we will study it.

Mr Abraham SHEK also mentioned the problems relating to hotels. I believe Mr SHEK can also see that the Government has noticed this problem and immediately made proposals to designate land for hotel development and provide incentives to property developers to build hotels because the convention and exhibition industry has to be complemented by hotels.

I am also grateful to the DAB for publishing a study report concerning an all-year-round capital of international exhibitions and sales. Mr WONG gave me the report yesterday and I also had a quick look at it. Mr WONG proposed that exhibition and sales cities be developed in the border area and in vacated factory buildings. He also mentioned in particular a very interesting city called Yiwu. I have not been to that city and I also want very much to go there, however, I have already asked the Permanent Secretary of my Bureau to go there first in November to study its experience. I hope that next time, I can also have a look at this renowned city personally when I have the time.

In fact, in 2003 and 2004, the Government carried out an analysis and consultation on the establishment of a trade expo in the border area. The conclusion of the analysis at that time was that, unless there were special characteristics in the nature or scale of the expo, there would be difficulties in attracting buyers. At that time, the majority of the people consulted were not keen on the relevant proposals. Of course, times have changed and our surrounding areas are developing very rapidly. I think we should also study anew with the relevant bureaux and departments the proposal put forward by the DAB, that is, the use of land in the border area and to study streamlining the procedure for vetting applications for changing the use of factory buildings.

Mr Abraham SHEK also asked whether it would be possible to make use of the Cyberport. I can tell Mr SHEK that at present, the occupancy rate of the Cyberport, at 80% to 90%, is fairly high. Today, I have also looked at the relevant figures and there is not much room left. Many years ago, Members had the impression that a lot of vacant space was available in the Cyberport, however, this is no longer the case and the place has almost reached full capacity.

Concerning the border area, the Planning Department has launched a study on planning for the land in the Frontier Closed Area that will be released and it has also commissioned expert consultants to carry out detailed planning on land use as well as conducting relevant technical assessments, including a strategic environmental impact assessment. We attach great importance to the development of the border area. The aim of this planning study is to formulate a planning outline and provide guidelines on the conservation and development of the land that will be made available after the opening up of the Frontier Closed Area. When drawing up proposals on land use, we will consider the views of various sectors, including the proposal to develop the convention and exhibition industry in the border area.

I thank Members again for expressing a lot of useful views to us. I will relay these views to the Steering Committee headed by the Financial Secretary and me and I will also conduct studies with other bureaux and departments, so as to identify a feasible option as soon as possible and follow up the proposals of various Members.

Thank you, Madam President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the amendment, moved by Mr WONG Ting-kwong to Mr Andrew LEUNG's motion, be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

Mr Albert HO rose to claim a division.

PRESIDENT (in Cantonese): Mr Albert HO has claimed a division. The division bell will ring for three minutes, after which the division will begin.

(The division bell rang for three minutes)

PRESIDENT (in Cantonese): Since a quorum is not present in the Chamber, I will ask the Clerk to start ringing the bell to notify Members to return to the Chamber. The summoning bell will ring for 15 minutes, however, if a quorum is still not present within 15 minutes, I will have to adjourn the meeting.

NEXT MEETING

(The summoning bell had rung for 15 minutes but a quorum was still not present)

PRESIDENT (in Cantonese): The summoning bell has rung for 15 minutes but a quorum is still not present. Therefore, I have no alternative but to adjourn the meeting.

Council will resume at 11 am on 24 October. The unfinished business on the Agenda today will continue to be dealt with at the start of the meeting on that day.

Adjourned accordingly at two minutes to Eight o'clock.

Appendix I

WRITTEN ANSWER

Written answer by the Secretary for Development to Mr LAU Kong-wah's supplementary question to Question 1

The following are separate statistics on traffic accidents involving skips for Members' reference.

Information on Traffic Accidents Involving Skips

Over the past three years, there are only a total of three traffic accidents involving skips. Detailed information is as follows:

<i>Date/Time</i>	<i>Location</i>	<i>Number of Casualties/Degree of Injury</i>	<i>Description</i>
4/6/2006 00:01	Java Road, Hong Kong	1 Serious	A moving taxi rammed into a parked taxi on the road side causing a chained collision involving a skip, a light goods vehicle and a private car also parked on the road side.
8/4/2007 01:22	Queen's Road Central, Hong Kong	1 Slight	A moving taxi rammed into a skip placed on the road side.
5/10/2007 19:12	Lai Chi Kok Road, Kowloon	2 Slight	A moving taxi rammed into a skip placed on the road side.