

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 22 March 2006

The Council met at Eleven o'clock

MEMBERS PRESENT:

THE PRESIDENT

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

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

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

THE HONOURABLE LEE CHEUK-YAN

DR THE HONOURABLE DAVID LI KWOK-PO, 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, J.P.

THE HONOURABLE BERNARD CHAN, J.P.

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

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

THE HONOURABLE SIN CHUNG-KAI, J.P.

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

THE HONOURABLE WONG YUNG-KAN, 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

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 CHOY SO-YUK, J.P.

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

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

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

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

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

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE FREDERICK FUNG KIN-KEE, 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.

DR THE HONOURABLE JOSEPH LEE KOK-LONG

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

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

THE HONOURABLE MA LIK, G.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

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

THE HONOURABLE ALBERT JINGHAN CHENG

THE HONOURABLE KWONG CHI-KIN

THE HONOURABLE TAM HEUNG-MAN

MEMBERS ABSENT:

THE HONOURABLE ALBERT HO CHUN-YAN

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

THE HONOURABLE LEUNG YIU-CHUNG

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

THE HONOURABLE ANDREW CHENG KAR-FOO

PUBLIC OFFICERS ATTENDING:

THE HONOURABLE RAFAEL HUI SI-YAN, G.B.S., J.P.

THE CHIEF SECRETARY FOR ADMINISTRATION

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

THE FINANCIAL SECRETARY

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

THE SECRETARY FOR JUSTICE

PROF THE HONOURABLE ARTHUR LI KWOK-CHEUNG, G.B.S., J.P.

SECRETARY FOR EDUCATION AND MANPOWER

DR THE HONOURABLE PATRICK HO CHI-PING, J.P.

SECRETARY FOR HOME AFFAIRS

THE HONOURABLE STEPHEN IP SHU-KWAN, G.B.S., J.P.

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR

DR THE HONOURABLE SARAH LIAO SAU-TUNG, J.P.

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

THE HONOURABLE FREDERICK MA SI-HANG, J.P.
SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY

PROF LAU SIU-KAI, J.P.
HEAD, CENTRAL POLICY UNIT

CLERKS IN ATTENDANCE:

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

MRS JUSTINA LAM CHENG BO-LING, ASSISTANT SECRETARY
GENERAL

MR RAY CHAN YUM-MOU, ASSISTANT SECRETARY GENERAL

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>
Import and Export (General) (Amendment) Regulation 2006	49/2006
Import and Export (Fees) (Amendment) Regulation 2006	50/2006
Professional Accountants (Amendment) Bylaw 2006.....	51/2006
Road Traffic (Registration and Licensing of Vehicles) (Amendment) Regulation 2006	52/2006
Public Health and Municipal Services (Setting Aside Places for Use as Public Pleasure Grounds) Order 2006	56/2006
Public Health and Municipal Services Ordinance (Amendment of Fourth Schedule) Order 2006	57/2006

Other Papers

- No. 75 — Report of changes to the approved Estimates of Expenditure approved during the third quarter of 2005-06 (Public Finance Ordinance : Section 8)
- No. 76 — Hong Kong Council for Academic Accreditation Annual Report 2004-2005

WRITTEN ANSWERS TO QUESTIONS**"Six-year" and "Six-board" Rules**

1. **MR MARTIN LEE** (in Chinese): *President, according to government stipulations, a non-official member of an advisory or statutory body should neither, in general, serve more than six years in any one capacity, nor as a member on more than six boards or committees at the same time. In this connection, will the Government inform this Council:*

- (a) *of the respective numbers of years that the incumbent appointed members of various District Councils (DCs) and Area Committees (ACs) have served in their present office and, among them, the names of those who have been appointed for more than six years or who are serving on more than six boards or committees, the reasons leading to such situation; and;*
- (b) *whether the authorities have set a timetable for improving the situation, in order that the appointments of the relevant DC and AC members comply with the "six-year" and "six-board" rules?*

SECRETARY FOR HOME AFFAIRS (in Chinese): President,

- (a) Out of a total of 102 appointed DC members, 59 (57.8%) served the first term from 2000 to 2003, and have been reappointed for a second term in 2004. They have served on the respective DCs for just over six years. There are seven appointed DC members (6.9%) who serve on more than six boards or committees (including public sector advisory and statutory bodies and district-based committees).

The current term of AC members is about to expire at the end of March 2006. In the proposed appointments to ACs for the new term from 1 April 2006 to 31 March 2008, 434 are DC members (who will be ex-officio members) and 1 553 are district personalities. Among the 1 553 district personalities we propose to appoint to ACs,

67 (4.3%) will have served in the same posts for six years or more. Ten (0.6%) AC members will have served on more than six boards or committees (including public sector advisory and statutory bodies and district-based committees). As the appointment exercise has not yet been completed, their names cannot be released for the time being.

The main reason for continuing to appoint a number of individuals who do not comply with the "six-year" rule or the "six-board" rule is that some serving members have particular skills or experience essential to the effective and efficient functioning of the board or committee. In the case of ACs, some of these proposed reappointees are key office bearers of major local organizations or leading figures in particular fields. There are difficulties in identifying suitable replacements in some cases.

Moreover, as the work of ACs focuses on specific local issues and is activity-oriented, they are quite different in nature from advisory and statutory bodies which are set up to advise on the development of government policies. We are concerned that the application of the "six-year" and "six-board" rules to these district-based committees would hamper our community building efforts. With the above caveat, we will continue to observe the "six-year" and "six-board" rules as far as possible.

At Annex A is a breakdown of the years of service of appointed DC members and individuals we intend to appoint to ACs respectively. At Annex B is a list of DC members who have been appointed for more than six years or who are serving on more than six boards or committees.

- (b) As explained in part (a) above, the work of the district-based committees is quite different in nature from advisory and statutory bodies, and that the application of the "six-year" and "six-board" rules to these district-based committees would hamper our community building efforts. Notwithstanding, we will continue to observe the "six-year" and "six-board" rules as far as possible.

Annex A

Years of Service
Appointed DC Members

<i>DCs</i>		
	<i>No. of Appointed Members</i>	<i>%</i>
Years of Service	102	
2	43	42.2%
6	59	57.8%

Years of Service
Proposed AC Appointees

<i>ACs</i>		
	<i>No. of Members</i>	<i>%</i>
Total Number of Members	1 987	
Years of Service (DC member)	434	21.8%
0	74	17.1%
1 to 5	164	37.8%
6	45	10.4%
7 to 10	29	6.7%
11 to 20	122	28.1%
Years of Service (District Personalities)	1 553	78.2%
0	834	53.7%
1 to 5	652	42.0%
6	35	2.3%
7 to 10	28	1.8%
11 to 12	4	0.3%

Annex B

Appointed DC Members
Who Have Served in DCs for More Than Six Years

<i>District</i>	<i>Name</i>
<i>Hong Kong and Kowloon</i>	
Central and Western	Mr LAM Kin-lai
Central and Western	Mr WU Chor-nam

<i>District</i>	<i>Name</i>
Central and Western	Mr YOUNG Siu-chuen, Albert
Eastern	Honourable CHEUNG Yu-yan, Tommy
Eastern	Ms TING Yuk-chee, Christina
Eastern	Mr TSANG Heung-kwan
Eastern	Dr WONG Kam-din
Eastern	Mr WU King-cheong, Henry
Kowloon City	Mr LEUNG Ying-piu
Kwun Tong	Mr CHAN Chung-bun
Kwun Tong	Ms KO Po-ling
Kwun Tong	Mr LAI Shu-ho, Patrick
Kwun Tong	Mr SUN Kai-lit, Cliff
Kwun Tong	Mr WU Kwok-cheung
Sham Shui Po	Dr CHAN Tung
Sham Shui Po	Dr CHAN Yan-chong
Sham Shui Po	Mr KWOK Chun-wah
Sham Shui Po	Mr LI Hon-hung
Southern	Mr KO Kam-cheung
Southern	Prof ZEE Sze-yong
Wan Chai	Ms TSUI Wai-ling, Carlye
Wong Tai Sin	Ms LEE Ming-pui, Mavis
Wong Tai Sin	Dr LI Sze-bay, Albert
Wong Tai Sin	Mr NG Yiu-man
Yau Tsim Mong	Mr SHING Yuen-hing
Subtotal:	25
<i>New Territories</i>	
Islands	Mr LAM Kit-sing
Islands	Rev. SIK Chi-wai
Islands	Mr WAN Tung-lam, Tony
Kwai Tsing	Ms CHAN Ka-mun, Carmen
Kwai Tsing	Mr POON Fat-lam
Kwai Tsing	Mr SO Hoi-pan, Edinson
North	Mr YIP Yiu-shing, Chris
Sai Kung	Mr CHAN Kwai-sang
Sai Kung	Mr HIEW Chin
Sai Kung	Dr LAM Ching-choi
Sai Kung	Mr LAU Hing-kee
Sha Tin	Dr CHUI Hong-sheung

<i>District</i>	<i>Name</i>
Sha Tin	Prof KAN Wing-kay
Sha Tin	Mrs LING LAU Yuet-fun, Laura
Sha Tin	Dr LO Wai-kwok
Sha Tin	Dr TSO Wung-wai
Tuen Mun	Ms IP Shun-hing
Tuen Mun	Mr LAU Ip-keung, Kenneth
Tuen Mun	Ms LEE Ying, Robena
Tuen Mun	Mr PONG Chong, Edward
Tuen Mun	Mr YING Yu-hing
Tai Po	Mr CHU King-yuen
Tai Po	Ms HO On-nei
Tai Po	Mr LI Yiu-ban
Tai Po	Mr WAN Hok-lim
Tsuen Wan	Mr CHAU Chun-wing, William
Tsuen Wan	Mr CHAU How-chen
Tsuen Wan	Mr KWONG Loi-hing, Kevin
Tsuen Wan	Ms LEE Kit-ming
Yuen Long	Ms FUNG Choi-yuk
Yuen Long	Mr LAM Kwok-cheong
Yuen Long	Mr SUNG Wai-ching
Yuen Long	Dr TANG Siu-tong
Yuen Long	Mr TANG Wai-ming
	Subtotal: 34
	Total: 59

**Appointed DC Members
Who Serve in More Than Six Boards or Committees**

<i>District</i>	<i>Name</i>
Central and Western	Mr LAM Kin-lai
Eastern	Ms PANG Melissa Kaye
Kwun Tong	Mr CHAN Chung-bun
Wan Chai	Mr YAU How-boa, Stephen
Kwai Tsing	Mr YUNG Wing-ki, Samuel
Kwai Tsing	Ms CHAN Ka-mun, Carmen
North	Mr CHAN Yiu-wah
	Total: 7

Fishermen Villages

2. **MR WONG YUNG-KAN** (in Chinese): *President, the Government has granted a number of lands in the New Territories as the sites for fishermen to build houses and live as a community (fishermen villages). In this connection, will the Government inform this Council:*

- (a) *of the existing number of fishermen villages and the location of each village, the reasons for building the village, the year of its completion and its present population;*
- (b) *of the number of buildings in each of the fishermen villages, the average size of such buildings, and the ownership of the lands on which such villages are located;*
- (c) *of the maintenance projects undertaken by the Government in various fishermen villages in the past five years, and the total expenditure incurred in this regard; and*
- (d) *whether rehousing assistance will be offered to villagers in fishermen villages whose houses are in a dilapidated state or have collapsed?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS
(in the absence of Secretary for Health, Welfare and Food) (in Chinese):
President,

- (a) and (b)

Details about existing fishermen villages on our records are set out in Annex.

- (c) Under the Rural Public Works (RPW) Programme, the Home Affairs Department (HAD) has conducted seven improvement projects relating to four fishermen villages between 2001 to 2005, namely Tsing Yi Fishermen's New Village, Ma Wan Fishermen's Village, Tap Mun Fishermen's New Village and Luen Yick Fishermen Village. The expenditure involved was about \$2 million. The RPW relating to the concerned fishermen villages

included mainly improvements of the accesses (for example, footpath, handrails, paving) to these villages. Furthermore, the Government has regularly maintained the ancillary common facilities within the various fishermen villages when necessary. However, we do not keep separate records in detail about the maintenance works carried out in relation to fishermen villages.

- (d) It has been the long-standing policy of the Government not to let anyone homeless because of natural disaster or acts of the Government. The Housing Department would arrange temporary shelter for people who become homeless because of clearance, natural disasters and emergencies. For parties who are eligible for rehousing, they could be arranged to move into public housing. For families who do not meet the eligibility criteria, they may be considered for rehousing in Interim Housing units to solve their short-term housing need. The above arrangement is also applicable to residents who become homeless as a result of dilapidation of their fishermen villages or buildings.

Annex

Existing Fishermen Villages

<i>Name of Fishermen Village (Name of Management Body)</i>	<i>Location</i>	<i>Reason for establishment</i>	<i>Year of Completion</i>	<i>Estimated Population*</i>	<i>No. of buildings (unit)</i>	<i>Average size of buildings (Area per unit/sq ft)</i>	<i>Land ownership Government Land Licence (GLL)/Short Term Tenancy (STT)</i>
North District							
1. Ap Chau Fishermen's Village (The Ap Chau Fishermen's Better Living Co-operative Society, Limited)	Ap Chau	To improve living conditions	1960	About 70	48	About 200 sq ft	By GLL for the Co-operative Society's use
Yuen Long							
1. Chung Hau Tsuen (The Yuen Long Shan Pui Chung Hau Village Better Living Co-operative Society, Limited)	Shan Pui, Yuen Long	Established by the donation of Lutheran World Federation/ Department of World Service, Hong Kong Office	1967	Unknown	103	About 220 sq ft	GLLs issued to individual licence holders

<i>Name of Fishermen Village (Name of Management Body)</i>	<i>Location</i>	<i>Reason for establishment</i>	<i>Year of Completion</i>	<i>Estimated Population*</i>	<i>No. of buildings (unit)</i>	<i>Average size of buildings (Area per unit/sq ft)</i>	<i>Land ownership Government Land Licence (GLL)/Short Term Tenancy (STT)</i>
Tai Po							
1. Tap Mun Fishermen's New Village (The Tap Mun Fishermen's Better Living Co-operative Society, Limited)	Tap Mun Island	To improve living conditions	1964	Around 40	Around 80	About 200 to 300 sq ft	By GLL for the Co-operative Society's use
2. C.A.R.E. New Village (The Tai Po Fishermen's Better Living Co-operative Society, Limited)	Wong Yi Au, Tai Po Road (Yuen Chau Tsai)	To re-house fishermen's families who lost their boats during a typhoon	Mid '60s to '70s	Around 800	Around 110	About 200 to 400 sq ft	By GLL for the Co-operative Society's use (The GLL was terminated in May 2005 for being affected by a works project. A GLL will be re-issued upon completion of the project.)
3. Sam Mun Tsai Fishermen's New Village (Partly managed by the Tai Po Sam Mun Tsai Fishermen's Better Living Co-operative Society, Limited)	Sam Mun Tsai, Tai Po	To re-house villagers affected by the construction project of Plover Cove Reservoir	1965	Around 1 000	163 (36 of which are managed by the Co-operative Society)	The area of the 36 units managed by the Co-operative Society is about 200 sq ft. There is no record on the size of the other units.	- Partly covered by a GLL for the Co-operative Society's use. Due to works project, the licence has been cancelled and is now pending for re-issue. - Partly covered by STTs or GLLs for individual holder's use. - Partly covered by private land.
4. Luen Yick Fishermen Village (Hong Kong Kowloon Worker's Mutual Benevolent Co-operative Limited)	Sam Mun Tsai, Tai Po	Not on record	1975	Around 300	123	Not on record	By GLL for the association's use (The GLL was terminated in August 2000 for being affected by a works project. A GLL will be re-issued upon completion of the project.)

<i>Name of Fishermen Village (Name of Management Body)</i>	<i>Location</i>	<i>Reason for establishment</i>	<i>Year of Completion</i>	<i>Estimated Population*</i>	<i>No. of buildings (unit)</i>	<i>Average size of buildings (Area per unit/sq ft)</i>	<i>Land ownership Government Land Licence (GLL)/Short Term Tenancy (STT)</i>
Tsuen Wan							
1. Ma Wan Fishermen's Village (Ma Wan Fishermen's Better Living Co-operative Society, Limited)	Ma Wan	To improve living conditions	1965	About 90	30	About 200 sq ft	By GLL for the Co-operative Society's use
Sha Tin							
1. Ah Kung Kok Fishermen Village	A Kung Kok, Sha Tin	To re-house villagers affected by the reclamation works for building Sha Tin Race Course and Ma On Shan new town	1984	500	130	500 sq ft	Land granted on individual basis at a concessionary premium
Kwai Tsing							
1. Tsing Yi Fishermen's New Village (The Tsuen Wan Fishermen's Better Living Co-operative Society, Limited)	Tsing Yi	Established by the donation of The Co-operative for American Relief Everywhere	Around 1960s	300	53	About 400 sq ft	By STT for the Co-operative Society's use
2. St. Paul's Village (The Tsing Yi St. Paul Village Better Living Co-operative Society, Limited)	Tsing Yi	Transferred from Caritas to the villagers for the formation of their own co-operative society to take charge of the management	1973	250	45	About 300 sq ft	By GLL for the Co-operative Society's use
Sai Kung							
1. Kwun Mun Fishermen Village	Tui Min Hoi, Sai Kung	To re-house villagers affected by the construction of the High Island Reservoir	1978	200	60	500 sq ft	Private lot held in multiple ownership
2. Man Yee Fishermen Village	Tui Min Hoi, Sai Kung	To re-house villagers affected by the construction of the High Island Reservoir	1984	Less than 1000	192	488 sq ft	Private lot held in multiple ownership
3. Shui Bin Tsuen (The Hang Hau Fishermen's Credit Co-operative Society, Limited)	Hang Hau, Sai Kung	To improve living conditions	1970s	200	65	About 200 sq ft	By GLL for the Co-operative Society's use

<i>Name of Fishermen Village (Name of Management Body)</i>	<i>Location</i>	<i>Reason for establishment</i>	<i>Year of Completion</i>	<i>Estimated Population*</i>	<i>No. of buildings (unit)</i>	<i>Average size of buildings (Area per unit/sq ft)</i>	<i>Land ownership Government Land Licence (GLL)/Short Term Tenancy (STT)</i>
4. Tui Min Hoi Fishermen's Village (The Sai Kung District Fishermen's Better Living Co-operative Society, Limited)	Tui Min Hoi, Sai Kung	To improve living conditions	1963	Less than 100	20	About 200 to 400 sq ft	By GLL for the Co-operative Society's use
5. St. Peter Village (The Sai Kung St. Peter's Ming Shun Village Better Living Co-operative Society, Limited)	Tui Min Hoi, Sai Kung	Transferred from Caritas to the villagers for the formation of their own co-operative society to take charge of the management	1964	About 100	67	About 100 to 300 sq ft	By GLL for the Co-operative Society's use
6. Ming Shun Village (The Sai Kung St. Peter's Ming Shun Village Better Living Co-operative Society, Limited)	Tui Min Hoi, Sai Kung	Transferred from Caritas to the villagers for the formation of their own co-operative society to take charge of the management	1976	Less than 400	62	About 300 sq ft	By GLL for the Co-operative Society's use
7. Tai Ping Village (The Sai Kung Tai Ping Village Better Living Co-operative Society, Limited)	Po Lo Che, Sai Kung	Transferred from Caritas to the villagers for the formation of their own co-operative society to take charge of the management	Early 1970s	About 800	124	About 300 to 400 sq ft	By GLL for the Co-operative Society's use

* The government has not surveyed on the population in fishermen villages.

Insufficient Civil Flight Paths and Airspace in PRD Region

3. **MR JAMES TIEN** (in Chinese): *President, people in the aviation industry have pointed out that civil flight paths and airspace are insufficient in the Pearl River Delta (PRD) Region. In this connection, will the Government inform this Council:*

- (a) *whether it has conducted any studies on this problem; if so, of the results;*
- (b) *of the implications of this problem on Hong Kong's position as an aviation hub in the Asia Pacific Region, the aviation industry and travellers, and so on; and*
- (c) *of the measures that have been taken and the plans to be undertaken to address this problem since its emergence?*

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Chinese): President,

- (a) Since the opening of the Hong Kong International Airport in 1998, the Civil Aviation Department (CAD) has been studying ways to improve the air routes and flight procedures for aircraft operating to and from Hong Kong, with a view to optimizing the use of the airspace and enhancing the efficiency of aircraft operation. In view of the increasing air traffic in the PRD Region, the PRD Air Traffic Management Implementation Working Group (the tripartite working group) was set up by the civil aviation authorities of the Mainland, Macao and Hong Kong in 2004 to study the issue of airspace management in the PRD. The study indicates that the lack of sufficient air routes and airspace for civil aviation within the PRD is the major cause of the airspace problem. It has been aggravated by the difficulty in optimizing air traffic control co-ordination as a result of the high concentration of airports within the PRD Region and the involvement of three different aviation authorities in the management of the airspace.
- (b) To Hong Kong, the lack of sufficient air routes and airspace within the PRD Region for civil aviation is causing delays to flights between Hong Kong and the Mainland. This has increased the operating cost of the aviation industry and caused inconvenience to passengers. In the long term, this would affect our ability in further expanding Hong Kong's aviation network into the Mainland which is crucial to maintaining our aviation hub status.

- (c) To resolve the airspace problem, the tripartite working group is in the process of formulating an overall plan for the future airspace management in the PRD at the working level. The study aims to make optimal and effective arrangements for air routes and flight procedures to improve the efficiency of air traffic management in the PRD Region. The Government is also seeking the support of concerned departments in the Central Government to help resolve the PRD airspace problem.

In parallel, the CAD will conduct a comprehensive review on Hong Kong's air traffic control facilities and identify improvement measures such as upgrading or replacement of the existing air traffic control system; implementation of satellite-based Communications, Navigation, Surveillance and Air Traffic Management System; introduction of more information technology application systems, and so on, with a view to meeting the requirements of the future airspace management system.

Vacant School Premises

4. **MR TAM YIU-CHUNG** (in Chinese): *President, will the Government inform this Council:*

- (a) *of the current number of vacant school premises in each administrative district, their addresses, the names of the schools last occupying such premises, the intended future use of such premises as well as the implementation timetable in this regard; and*
- (b) *whether it plans to convert some of the vacant school premises for use as community centres; if so, of the details of such plans; if not, the reasons for that?*

SECRETARY FOR EDUCATION AND MANPOWER (in Chinese): President, since the implementation of revised arrangements for the consolidation of primary schools in the 2003-04 school year, 13 primary schools without Primary One have already ceased operation (from 2003-04 school year to 2005-06 school year inclusive). A list showing the name, address and proposed use of these 13 relevant premises is set out at Annex.

Among the 13 premises vacated up to the 2005-06 school year, the ex-premises of LST Lau Sai Yan Primary School will be used as an onscreen marking centre of the Hong Kong Examinations and Assessment Authority with effect from April 2006, tentatively.

The rest are small premises located in remote areas and found unsuitable to be used further for educational purposes. Some of these premises have been returned or are in the process of being returned to the Government. For those managed by the Lands Department, we understand that the Department has received applications for using some of the premises for the running of community facilities and is processing these applications in consultation with the relevant bureaux and departments. Since the applications are initiated by members of the public, the Administration is not in a position to disclose details at this stage.

Annex

List of Schools which have ceased Operation under Consolidation Policy and vacated from 2003-04 to 2005-06 school years

<i>No.</i>	<i>District</i>	<i>Name of Premises</i>	<i>Address</i>	<i>Proposed Use</i>
1.	Islands	Lo So Shing School	Lo So Shing Village, Lamma Island	No proposed educational use
2.	Kwai Tsing	LST Lau Sai Yan Primary School	Estate School No. 1, Lai King Estate, Kwai Chung, New Territories	Will be used as an onscreen marking centre of Hong Kong Examinations and Assessment Authority
3.	North	Lung Kai Public School	Ma Cho Lung Village, Sheung Shui, New Territories	No proposed educational use
4.	North	Lo Wu Public School	Lo Wu Village, Ta Ku Ling, New Territories	No proposed educational use

<i>No.</i>	<i>District</i>	<i>Name of Premises</i>	<i>Address</i>	<i>Proposed Use</i>
5.	North	SSSWH Fert & Rice Dealers Assn. Public School	Ng Uk Village, Sheung Shui, New Territories	No proposed educational use
6.	Sai Kung	Leung Shuen Bay School	Leung Shuen Bay, Sai Kung, New Territories	No proposed educational use
7.	Tuen Mun	Tai Lam Chung Public School	16 Miles Castle Peak Road, New Territories	No proposed educational use
8.	Tai Po	Lam Tsuen Public School	P.O. Box 13, Tai Po, New Territories, Lam Tsuen, Tai Po, New Territories	No proposed educational use
9.	Tai Po	Tai Hang Public School	Chung Sum Wai, Char Hang, Tai Po, New Territories	No proposed educational use
10.	Tai Po	Yuk Yin School	Kau Lung Hang Village, Tai Po, New Territories	No proposed educational use
11.	Yuen Long	Ng Wo Public Primary School	Tai Wai Village, Shap Pat Heung, Yuen Long, New Territories	No proposed educational use
12.	Yuen Long	Chi Ching School	Fraser Village, Tai Tong Road, Yuen Long, New Territories	No proposed educational use
13.	Yuen Long	Ha Tsuen Heung Pak Nai Public School	Ha Tsuen Heung, Pak Nai, Yuen Long, New Territories	No proposed educational use

Traffic Signs

5. **MS MIRIAM LAU** (in Chinese): *President, regarding traffic signs, will the Government inform this Council:*

- (a) *of the number of complaints received by the authorities in the past three years about unclear or improperly positioned traffic signs, together with a breakdown of such complaints by subject matter;*
- (b) *of the measures to ensure that traffic signs are clear and properly positioned; and*
- (c) *whether there is an established mechanism for reviewing the design and positioning of traffic signs; if so, of the details of the mechanism; if not, the reasons for that?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Chinese): President, the number of complaints about traffic signs in the past three years is as follows:

<i>Year</i>	<i>Unclear traffic signs</i>	<i>Improperly positioned traffic signs</i>	<i>Total</i>
2003	617	327	944
2004	551	302	853
2005	534	260	794

All traffic signs installed on roads are required to comply with the Transport Department's "Transport Design and Planning Manual" which sets out the standards and guidelines on traffic signs, such as the size, content (including text and symbols) and positioning (including distance between the signs and motorists, and distance between the signs, the pavement and the kerb). Moreover, the Transport Department, the police and the Highways Department will only propose traffic signs at individual locations after they have fully considered the site conditions, and have consulted the locals through the Home Affairs Department.

The Transport Department will review the "Transport Planning and Design Manual" regularly to ensure that the standards specified therein can meet the needs of the community and the latest international standards. We will also review the existing traffic signs from time to time, including conducting regular inspections to ensure that they are not damaged and can perform their intended function. We will also listen to the views of the public and make appropriate adjustments to the signs if necessary.

Assisting Hong Kong People in Doing Business on the Mainland

6. **MR WONG TING-KWONG** (in Chinese): *Madam President, it has been reported that in order to encourage Hong Kong businessmen to invest in Guangzhou, the Government of the Hong Kong Special Administrative Region (SAR), the Guangzhou Municipal Government and the trade associations concerned reached a co-operation agreement and formed the Guangzhou-Hong Kong CEPA Market Entry Facilitation Group (the Facilitation Group) in late November last year, with a view to assisting Hong Kong businessmen in resolving the difficulties they encounter in obtaining approval for starting businesses or in applying for setting up individually owned stores. In this connection, will the Government inform this Council:*

- (a) *of the number and nature of complaint and distress cases received by the Facilitation Group since the commencement of its operation and, among such cases, the number of those already resolved and their nature;*
- (b) *whether the authorities will study these complaint and distress cases, so as to explore ways to perfect the zero tariff preferential arrangement under CEPA; and*
- (c) *of the main role of the Hong Kong Economic and Trade Office in Guangdong in the Facilitation Group, and the time for the Administration to examine jointly with the mainland authorities the establishment of similar facilitation groups in other provinces and municipalities?*

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Chinese): *President, to facilitate Hong Kong service suppliers to fully capitalize on the advantages offered under the Mainland/Hong Kong Closer Economic Partnership Arrangement (CEPA) when developing their business in the services market in Guangzhou, the Facilitation Group was set up in the end of 2005 by the two sides. The Facilitation Group, comprising representatives from Hong Kong and mainland authorities, the Hong Kong Trade Development Council (TDC) and various trade associations, aims to provide assistance to Hong Kong businessmen who have encountered difficulties in accessing the services market in Guangzhou under the framework of CEPA, such as obtaining approval for*

starting businesses and applying for setting up individually owned stores. The Facilitation Group offers assistance through referral of cases, regular meetings and networking the designated liaison officers of both sides.

The immediate priority of the Facilitation Group upon establishment is to promote its services among the Hong Kong business community, and to pick up appropriate cases for follow-up. In this connection, the Trade and Industry Department (TID), the Hong Kong Economic and Trade Office in Guangdong of the SAR Government (GDETO) and the TDC have organized promotional and publicity activities including talks, seminars, and so on, to enhance the understanding of the industries on the work of the Facilitation Group, as well as to solicit their views.

My reply to the question raised by the Honourable WONG Ting-kwong is as follows:

(a) and (b)

Since its establishment just three months ago, the Facilitation Group has received about 23 enquiries concerning mainly setting up enterprises in Guangzhou from the wholesale, retail, trading, logistics and management advisory services sectors. The TID has also taken the initiative to approach enterprises issued with Certificates of Hong Kong Service Supplier with a view to introducing to them the work of the Facilitation Group, and referring cases it comes across to the Facilitation Group as appropriate.

Apart from providing direct assistance to Hong Kong businessmen, the Facilitation Group also serves as a platform for exchanging information on the implementation of CEPA in Guangzhou and Hong Kong. It disseminates updated information on implementation details through related websites and collects information about cases relating to mainland policies and their implementation problems faced by Hong Kong businessmen (such as coverage of liberalization and entry threshold). The SAR Government will reflect the issues concerned to the Central Government as well as relevant authorities in Guangzhou and Hong Kong through the liaison mechanism under CEPA so as to ensure effective implementation of CEPA.

The main objective of the Facilitation Group is to assist Hong Kong service suppliers in matters relating to services market access in Guangzhou such as obtaining approval for starting businesses or setting up individually owned stores. Its work does not involve trade in goods nor does it cover the zero-tariff preferential arrangement.

- (c) The Facilitation Group operates under the Bureau of Foreign Trade and Economic Co-operation of the Guangzhou Municipality and the TDC of Hong Kong, with the TID and the GDETO serving as members. The SAR Government will join hands with the TDC to promote the work of the Group and encourage the business sector to refer relevant cases to it.

The SAR Government, the TDC and the Guangzhou authorities will regularly review the effectiveness of the Facilitation Group as well as the demand of the Hong Kong businessmen for the services provided before exploring the feasibility of providing similar services to other mainland provinces and cities.

Assisting Teachers in Dealing with Work-related Pressure

7. **DR YEUNG SUM** (in Chinese): *President, regarding the support provided to teachers or principals for coping with work-related pressure, will the Government inform this Council:*

- (a) *of the number of calls for help received since the official launch of the Teachers' Helpline (the Helpline) established for the above purpose, and the nature of help sought and, among them, the number of cases requiring follow-up action by the authorities, as well as the details of such cases;*
- (b) *whether it will publish on a regular basis the number of cases in which help was sought through the Helpline; if it will, of the details; if not, the reasons for that;*
- (c) *of the way forward for the Helpline; and*

- (d) *whether it will consider setting up a teacher health centre to enhance the pre-service and in-service psychological health training for teachers?*

SECRETARY FOR EDUCATION AND MANPOWER (in Chinese):
President,

- (a) The Helpline of the Education and Manpower Bureau (the Bureau) has come into operation since 16 January 2006 to help teachers cope with work-related pressure. As at 12 March 2006 (that is, eight weeks after the launch of the service), a total of 460 calls have been received.

The nature of calls received included requests for emotional counselling, expression of opinions, enquiries, complaints, and so on. A caller might request more than one type of services. During the abovementioned period, Helpline service was provided 598 times in total, of which 46% was for expression of views, 27% required emotional counselling, and 16% and 11% were enquiries and complaints respectively.

Regarding the issues of concerns raised by the callers, 58% was related to school administration and personnel, 28% on education policy, and 10% and 4% on teachers' terms of employment and personal problems respectively.

As for cases requiring follow-up action, face-to-face counselling and other professional counselling services have been provided to seven callers. There are also 51 cases of enquiries or complaints relating to individual school administration matters that the Bureau needed to follow up. Details of the cases cannot be disclosed due to data confidentiality.

- (b) The number of cases received by the Helpline is for the Bureau's internal reference and is also forwarded to the Committee on Teachers' Work regularly for reference. In the past few weeks, the Bureau has also released statistical information to the media upon their requests.

- (c) The Bureau will closely keep in view the usage of the Helpline service to decide on its long-term arrangement.
- (d) Established in 1989, the Hong Kong Teachers' Centre (HKTC) aims, *inter alia*, to provide support for teachers, including enhancing teachers' health knowledge and awareness. The HKTC has been conducting various seminars, workshops and cultural activities to help teachers relieve their work pressure. In addition, Induction Courses for New Teachers are organized annually to help new teachers adapt to the teaching environment.

The HKTC will step up its efforts in promoting teachers' physical and mental health and provide more courses and activities on relieving work pressure for teachers. Furthermore, the HKTC will collaborate with other professional organizations and tap their expertise and experience to jointly promote mental health education and help teachers handle stress positively.

Developing Cruise Industry

8. **MR RONNY TONG** (in Chinese): *President, according to the findings of a research, people vacationing on mega cruise ships are on a rise and cruise travelling has become a world trend. It is expected that the number of cruise travellers will increase up to 100% in the next 15 years. Also, cities may lose over half of their market share in cruise industry in the next 10 years if their ports and terminals cannot accommodate mega cruise ships. In this connection, will the Government inform this Council:*

- (a) *of the number and trend of visitors visiting Hong Kong by cruise ships over the past three years, and the authorities' measures to increase the number of such visitors;*
- (b) *of the current utilization rate of the cruise terminal in Hong Kong, when the terminal is expected to reach its maximum uptake, and whether there are any corresponding measures to cope with such situation; and*

- (c) *whether it has conducted an overall and comprehensive assessment on the supporting hardware in Hong Kong for developing cruise industry, in order to maintain or even raise Hong Kong's competitiveness in this regard?*

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Chinese): President,

- (a) According to the information provided by the Hong Kong Tourism Board (HKTB), the total cruise passenger throughput and the trend in the past three years are as follows:

	<i>2003</i>	<i>2004</i>	<i>2005</i>
Total cruise passenger throughput	260 614 (-9.8%)	314 482 (+ 20.7%)	324 783 (+ 3.3%)
(The above figures do not include Hong Kong residents)			

At present, the Ocean Terminal is the only cruise terminal in Hong Kong. Whenever there are cruise ships arriving in Hong Kong which cannot berth at the Ocean Terminal or have conflicting schedules with the Ocean Terminal, we will assist them in making alternative berthing arrangements. To increase the number of cruise visitors to Hong Kong, the HKTB is co-organizing joint promotion with cruise liners and their designated travel agents on fly-cruise visits to Hong Kong. The HKTB conducts presentations, seminars and mega events, and so on, to update the cruise travel agents on Hong Kong's new tourism facilities and activities from time to time. It also invites senior executives of major cruise liners to Hong Kong for familiarization visits.

The HKTB also attends major international tourism trade shows, including the annual "Seatrade Cruise Shipping Convention" in Florida of the United States. This convention is a leading event of the world cruise industry gathering global buyers and suppliers of the cruise industry. In 2006, the HKTB will join forces with other destinations for the third consecutive year to market the Asian region to international cruise liners. To enhance cruise visitors' experience upon their arrival, the HKTB arranges special

meet-and-greet service. For example, welcoming activities were arranged for the passengers of "Nautica" in January 2006.

(b) and (c)

According to the "Study on Cruise Terminal Facilities Development in Hong Kong 2004" (the Study) commissioned by the Tourism Commission, a cruise terminal is normally not berthed with cruise ships every day. It often has weekly, monthly and seasonal peaks. Therefore, the general standard for measuring whether a cruise terminal has reached its maximum capacity is 75% of the annual maximum capacity of the cruise terminal.

Currently, the Ocean Terminal is operated by a private company. According to the information provided by that company, the annual average berth utilization rate of the Ocean Terminal has increased from 71% in 2003 to 76% in 2005.

During recent peak seasons, cruise ships have had to make use of alternative berthing arrangements due to conflicting schedules at the Ocean Terminal. According to the requests for assistance received by the Government and the HKTb from the cruise liners or their designated travel agents, there have been at least 10 occasions since 1999 when cruise ships needed to make alternative berthing arrangements, such as berthing mid-stream and barging in the Hong Kong harbour. Besides, since the structural capacity of the Ocean Terminal can only accommodate cruise ships up to a maximum of 50 000 displacement tons, it cannot support the berthing of some mega cruise ships. Due to this reason, arrangements were made four times in 2005 for such mega cruise ships to berth at the Kwai Chung Container Terminal. We know that similar arrangement has to be made for another four mega cruise ships in the near future.

In view of the international trend to build mega cruise ships, it is clear that without a new cruise terminal, cruise liners will have to continue to rely on the above berthing facilities at the container terminal or berthing mid-stream in the Hong Kong harbour, if they still wish to include Hong Kong in their itineraries, or they may skip Hong Kong altogether. According to the Study, international

cruise liners are considering stepping up their operations in Asia, which is considered to be a major cruise market. It is estimated that the demand for berthing facilities is expected to grow. The Study also points out that Hong Kong will require an additional berth as soon as possible to satisfy the market need, and one to two more berths beyond 2015 to sustain its development as a regional cruise hub.

In view of the above, the Government will expedite the development of new cruise terminal facilities. On the one hand, we will accelerate the timetable of Kai Tak Planning Review as far as possible. On the other, we invited interested parties to submit Expressions of Interest (EOI) at the end of last year, in order to ascertain whether there are suitable and feasible locations other than Kai Tak for development of new cruise terminal facilities before 2011. We received six suggestions. The Government's inter-departmental working group is carefully examining the six suggestions, based on the criteria set out in the EOI's Invitation Document. The Government will inform the Legislative Council and the public of the result of the EOI exercise and the progress of the development of new cruise terminal facilities after completion of the EOI evaluation. If any of the suggestions can meet the requirements of the Government, we will follow the normal procedures and put the site out for competitive bidding after public consultation. If no suggestion can meet our requirements, the Government will proceed at full speed with the development of the new cruise terminal at Kai Tak.

Family Crisis Support Centre Hotline

9. **DR FERNANDO CHEUNG** (in Chinese): *President, it has been reported that during midnight, the Family Crisis Support Centre (FCSC) Hotline, which is fully funded by the Social Welfare Department (SWD), is so busy that as high as 76% of the incoming calls have to be transferred to the voice mailbox. In this connection, will the Government inform this Council:*

- (a) *of the respective numbers of voice mail received, calls answered immediately and calls transferred to voice mail but no messages were left at the FCSC Hotline in each of the last three years;*

- (b) *whether it has immediately improved the situation in which calls to the above Hotline were unanswered; if it has, of the details; if not, the reasons for that; and*
- (c) *how it can ensure that callers to the Hotline who face the problems of family violence or child abuse will receive immediate response and support?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS
(in the absence of Secretary for Health, Welfare and Food) (in Chinese):
President,

- (a) The SWD has since 2001 commissioned the Caritas-Hong Kong to operate the first FCSC in Hong Kong to provide a range of services to individuals and families in distress, including a 24-hour FCSC Hotline to provide emotional support to those in need. The FCSC Hotline started to collect statistics about the voice mails since June 2004 and information requested is as follows:

	<i>Year</i>	
	<i>2004 (June to December)</i>	<i>2005</i>
Number of incoming calls immediately answered by social workers	5 310	13 437
Incoming calls with messages left	9 354	14 930
Incoming calls with no message left	3 947	5 510

In 2005, the FCSC Hotline handled over 8 500 help-seeking calls between 12 midnight to 8 am, of which about 82% were immediately answered by social workers whereas the remaining 18% were answered as soon as possible.

- (b) The SWD has since 2002 granted an additional annual subvention of \$1 million to the FCSC to strengthen its Hotline manpower at night-time. The FCSC has also adjusted its manpower to man the Hotline during night sessions, having regard to its operation experience and the number of calls received in the past. For

example, the FCSC usually has three to four designated social workers to man the Hotline from 12 midnight to 2 am and two to three social workers from 2 am to 6 am. In addition, there is another on-duty social worker who will also handle incoming calls where necessary. If the lines are busy, callers may leave their messages in the voice mailbox. The FCSC has a designated staff to listen to the messages left in the voice mailbox once every 20 minutes.

In 2005, the FCSC handled a total of over 8 500 help-seeking calls made between 12 midnight and 8 am, or an average of 2.9 calls per hour. The existing manpower should be able to meet the service needs.

- (c) In cases where individuals call the FCSC Hotline for problems such as family violence or child abuse, the social workers of the FCSC will make an assessment and refer them promptly to the Family and Child Protective Services Unit of the SWD or the Integrated Family Service Centre for follow-up having regard to individual circumstances. During non-office hours, social workers of the FCSC Hotline will contact the SWD's after office hours outreaching teams for child abuse and battered spouse cases through mobile phone or pager, in order to seek support services from the social workers on duty. In addition, the FCSC has set up a "referral line" to facilitate the provision of immediate referral and support services by the police and relevant service units to individuals or families (including those faced with problems such as family violence or child abuse) in need of a place for time-out.

Incidents of Passengers Falling onto Railway Track

10. **MS AUDREY EU** (in Chinese): *President, regarding incidents of passengers falling onto the railway track, will the Government inform this Council:*

- (a) *of the number of such incidents each year since 1997, with a breakdown by the following details:*

- (i) *whether the incident happened during peak hours;*
 - (ii) *the name of the station and the platform number involved;*
 - (iii) *the number of cars of the train involved;*
 - (iv) *duration of interruption of train service;*
 - (v) *the age group (in bands of five years) and gender of the passenger concerned;*
 - (vi) *cause of the incident (trespassing onto the track, accident, attempted suicide or suicide); and*
 - (vii) *casualties of the passengers concerned (unhurt, injured or killed);*
- (b) *with regard to stations along the MTR lines, East Rail and West Rail where platform screen doors (PSDs)/gates have been retrofitted, of the respective completion dates of such works;*
- (c) *whether it knows if the two railway corporations have*
 - (i) *put in place plans to prevent passengers from falling onto the railway track; if they have, of the specific details of the plans; if not, the reasons for that; and*
 - (ii) *provided psychological counselling to staff who witnessed such incidents; if they have; of the details; and*
- (d) *whether it has assessed if the two railway corporations have provided adequate training to their staff on preventing passengers from falling onto the railway track, for example, whether such training include identifying passengers who intend to commit suicide by jumping onto the railway track?*

- (a) Information regarding incidents involving passengers falling onto the railway track since 1997 is at Annex.
- (b) PSDs were first introduced in Hong Kong by the MTR Corporation Limited (MTRCL) as a new feature of the Airport Railway, which commenced service in 1998. With the satisfactory performance of PSDs on the Airport Railway, the MTRCL then decided to adopt PSDs as a standard feature for new railway projects, including the Tseung Kwan O Line commissioned in 2002. Automatic Platform Gates (APGs) were also installed at stations of the Disneyland Resort Line which was commissioned in 2005. For the existing 30 underground stations¹, the MTRCL has started a phased PSD retrofitting programme from mid-2001. The MTRCL will complete the retrofitting project by the first half of 2006.

For the Kowloon-Canton Railway Corporation (KCRC), PSDs have been installed at stations adopting an enclosed design, that is, all stations of the West Rail and the East Tsim Sha Tsui Station of East Rail which commenced operation in 2003 and 2004 respectively.

- (c) (i) Both railway corporations consider passenger safety their primary responsibility. They have adopted the following safety devices and arrangements in its daily operation to ensure the safety of passengers awaiting trains at platforms:
- (1) public announcements are made to advise passengers on approaching trains and remind them not to stand beyond the yellow line (at platforms without PSDs);
 - (2) CCTV cameras are installed at every station platform to facilitate effective platform monitoring and management;
 - (3) station staff and additional platform assistants are deployed to maintain order and provide assistance to passengers at platforms especially during peak hours;

¹ The 30 underground stations are Tsim Sha Tsui, Jordan, Yau Ma Tei, Mong Kok, Prince Edward, Sham Shui Po, Cheung Sha Wan, Lai Chi Kok, Mei Foo, Lai King, Tai Wo Hau, Shek Kip Mei, Kowloon Tong, Lok Fu, Wong Tai Sin, Diamond Hill, Choi Hung, Lam Tin, Sheung Wan, Central, Admiralty, Wan Chai, Causeway Bay, Tin Hau, Fortress Hill, North Point, Quarry Bay, Tai Koo, Sai Wan Ho and Shau Kei Wan.

- (4) passenger help lines and emergency train stop buttons are installed at each platform (except that of Light Rail) for emergency use; and
- (5) passenger safety education/publicity activities are conducted regularly.

For the KCRC East Rail stations, the following measures have also been put in place to strengthen platform safety:

- (1) flashing lights, of which the colour will be changed regularly, are installed at the edge of curved platforms to alert passengers to the gap between platform and train;
 - (2) additional platform assistants are deployed at stations with high mainland visitor traffic such as Lo Wu, Sheung Shui, Kowloon Tong and Hung Hom stations during evening and nighttime; and
 - (3) safety promotional materials are distributed to visitors arriving Hong Kong at Lo Wu Station.
- (ii) As regards psychological counselling to staff, the MTRCL have made arrangements with a non-government organization to operate a round-the-clock dedicated hotline to provide counselling for its staff and their family members. Depending on the situation, the MTRCL will also arrange professional counsellors to provide individual counselling sessions for the staff concerned.

For the KCRC, train operators involved in such incidents will be arranged to attend counselling sessions conducted by experts. Counselling will also be provided to other front-line staff handling the incidents as necessary.

- (d) For the MTRCL, regular refresher training programmes are provided to station staff, including station assistants and train operators, to remind them to stay alert and vigilant at all times when

performing platform duties. These include observing the behaviour, in particular any strange or unusual symptoms, of passengers awaiting trains at platforms without PSDs, such as those deliberately stand beyond the yellow line, looked depressed, strolling along edges of the platform.

The KCRC also provides station staff with training and refresher courses on crisis handling and first aid. Moreover, the KCRC is working with the University of Hong Kong to develop a suicide prevention training programme for all front-line staff with a view to developing their skills in suicide prevention and intervention. The training programme is expected to commence in May this year.

Annex

Information on incidents involving passengers falling onto the railway track

East Rail

<i>1997</i>					
<i>Total number of incidents (Number of incidents during peak hours)</i>	<i>Station/Platform involved</i>	<i>Service delay in total</i>	<i>Age group of passengers involved</i>	<i>Cause of incidents</i>	<i>Casualties</i>
18 (5)	Accident/Suicide Fanling Station Nos. 1 and 2 Platforms, Tai Wo Station No. 1 Platform, Tai Wai Station No. 1 Platform, Kowloon Tong Station No. 1 Platform, Mong Kok Station No. 2 Platform, Fo Tan Station No. 2 Platform	163 min	Aged 11-15: 2 (1 male 1 female)	Trespassing: 2	No injury: 2
			Aged 16-20: 2 (1 male 1 female)	Trespassing: 1 Accident: 1	No injury: 1 Minor: 1
			Aged 26-30: 1 (1 male)	Accident: 1	No injury: 1
			Aged 31-35: 3 (1 male 2 female)	Suicide: 2 Accident: 1	Fatal: 2 Serious: 1
			Aged 41-45: 1 (1 male)	Accident: 1	Serious: 1
			Aged 46-50: 1 (1 male)	Trespassing: 1	No injury: 1
			Aged 61-65: 1 (1 male)	Trespassing: 1	No injury: 1
			Aged 66-70: 1 (1 male)	Trespassing: 1	No injury: 1

<i>1997</i>					
<i>Total number of incidents (Number of incidents during peak hours)</i>	<i>Station/Platform involved</i>	<i>Service delay in total</i>	<i>Age group of passengers involved</i>	<i>Cause of incidents</i>	<i>Casualties</i>
	Trespassing		Aged 71-75: 5 (5 male)	Suicide: 1 Trespassing: 4	Fatal: 1 No injury: 4
	Fanling Station, Hung Hom Station, Kowloon Tong Station, Mong Kok Station, Fo Tan Station, Lo Wu Station, Tai Wai Station		Aged 76-80: 1 (1 male)	Trespassing: 1	Serious: 1

Remarks:

- "Peak hours" refer to 0800 to 0930 and 1715 to 1845 hours.
- Both Corporations do not have record of "the number of train cars involved" for incidents involving passengers falling onto the railway track.
- There is no record of incidents involving passengers falling onto railway track for West Rail since its commissioning in 2003.
- For the KCRC, "accidents" refer to unexpected events happened to passengers, for example, accidentally falling on tracks.

<i>1998</i>					
<i>Total number of incidents (Number of incidents during peak hours)</i>	<i>Station/Platform involved</i>	<i>Service delay in total</i>	<i>Age group of passengers involved</i>	<i>Cause of incidents</i>	<i>Casualties</i>
20 (3)	Accident/Suicide Fo Tan Station No. 4 Platform, Kowloon Tong Station No. 2 Platform, Fanling Station No. 1 Platform, Hung	148 min	Aged 16-20: 1 (1 female)	Trespassing: 1	No injury: 1
			Aged 21-25: 1 (1 male)	Trespassing: 1	No injury: 1
			Aged 26-30: 2 (2 male)	Accident: 1 Suicide: 1	Fatal: 2
			Aged 31-35: 2 (2 male)	Suicide: 1 Accident: 1	Fatal: 1 No injury: 1

<i>1998</i>					
<i>Total number of incidents (Number of incidents during peak hours)</i>	<i>Station/Platform involved</i>	<i>Service delay in total</i>	<i>Age group of passengers involved</i>	<i>Cause of incidents</i>	<i>Casualties</i>
	Hom Station No. 4 Platform, Tai Wo Station No. 1 Platform, University Station No. 1 Platform, Sha Tin Station No. 3 Platform Trespassing Lo Wu Station, Sha Tin Station, Tai Po Market Station, Sheung Shui Station, University Station, Tai Wai Station, Hung Hom Station		Aged 36-40: 2	Suicide: 1 Accident: 1	Fatal: 2
			Aged 41-45: 1 (1 female)	Trespassing: 1	No injury: 1
			Aged 46-50: 3 (3 male)	Trespassing: 1 Suicide: 1 Accident: 1	No injury: 1 Fatal: 2
			Aged 51-55: 2 (1 male 1 female)	Trespassing: 2	No injury: 2
			Aged 56-60: 1 (1 female)	Trespassing: 1	No injury: 1
			Aged 66-70: 2 (2 male)	Trespassing: 2	No injury: 2
			Aged 71-75: 2 (2 male)	Accident: 1 Suicide: 1	No injury: 2
			Age unknown: 1	Trespassing: 1	No injury: 1

<i>1999</i>					
<i>Total number of incidents (Number of incidents during peak hours)</i>	<i>Station/Platform involved</i>	<i>Service delay in total</i>	<i>Age group of passengers involved</i>	<i>Cause of incidents</i>	<i>Casualties</i>
22 (4)	Accident/Suicide Hung Hom Station No. 2 Platform, Sheung Shui Station No. 2 Platform, Tai Wo Station No. 2 Platform, Tai Wai Station No. 1 Platform, Tai Po Market Station Nos. 1 and 4 Platform,	77 min	Aged 16-20: 2 (1 male 1 female)	Accident: 1 Trespassing: 1	Minor: 1 No injury: 1
			Aged 21-25: 1 (1 male)	Trespassing: 1	No injury: 1
			Aged 26-30: 2 (2 female)	Suicide: 2	Fatal: 1 No injury: 1
			Aged 31-35: 2 (2 male)	Accident: 2	No injury: 2
			Aged 36-40: 2 (2 male)	Accident: 2	No injury: 2
			Aged 41-45: 1 (1 male)	Suicide: 1	Serious: 1

1999					
<i>Total number of incidents (Number of incidents during peak hours)</i>	<i>Station/Platform involved</i>	<i>Service delay in total</i>	<i>Age group of passengers involved</i>	<i>Cause of incidents</i>	<i>Casualties</i>
	Fo Tan Station No. 1 Platform Trespassing Tai Po Market Station, Fanling Station, Mong Kok Station, Tai Wo Station, Kowloon Tong Station, Sha Tin Station, Tai Wai Station		Aged 46-50: 1 (1 male)	Suicide: 1	Fatal: 1
			Aged 56-60: 1 (1 female)	Suicide: 1	Minor: 1
			Aged 61-65: 2 (1 male 1 female)	Suicide: 1 Trespassing: 1	Serious: 1 No injury: 1
			Aged 66-70: 1 (1 male)	Trespassing: 1	No injury: 1
			Aged 71-75: 1 (1 male)	Accident: 1	No injury: 1
			Aged 76-80: 2 (1 male 1 female)	Trespassing: 2	No injury: 2
			Aged 81-85: 3 (3 male)	Trespassing: 2 Accident: 1	No injury: 2 Minor: 1
			Age unknown: 1	Trespassing: 1	No injury: 1

2000					
<i>Total number of incidents (Number of incidents during peak hours)</i>	<i>Station/Platform involved</i>	<i>Service delay in total</i>	<i>Age group of passengers involved</i>	<i>Cause of incidents</i>	<i>Casualties</i>
21 (3)	Accident/Suicide Sheung Shui Station No. 2 Platform, Tai Po Market Station No. 1 Platform, Sha Tin Station Nos. 1 and 2 Platform, Kowloon Tong Station No. 1 Platform, Mong Kok Station No. 2 Platform	51 min	Aged 16-20: 2 (2 female)	Accident: 1 Trespassing: 1	Serious: 1 No injury: 1
			Aged 21-25: 1 (1 female)	Accident: 1	Minor: 1
			Aged 26-30: 2 (1 male 1 female)	Accident: 1 Trespassing: 1	Minor: 1 No injury: 1
			Aged 31-35: 1 (1 male)	Trespassing: 1	No injury: 1
			Aged 36-40: 5 (3 male 2 female)	Suicide: 1 Accident: 2 Trespassing: 2	Serious: 1 Minor: 2 No injury: 2
			Aged 41-45: 2 (2 male)	Trespassing: 2	No injury: 3

<i>2000</i>					
<i>Total number of incidents (Number of incidents during peak hours)</i>	<i>Station/Platform involved</i>	<i>Service delay in total</i>	<i>Age group of passengers involved</i>	<i>Cause of incidents</i>	<i>Casualties</i>
	Trespassing		Aged 46-50: 1 (1 male)	Suicide: 1	Fatal: 1
	University Station, Sha Tin Station, Tai Wai Station, Kowloon Tong Station, Tai Po Market Station, Lo Wu Station		Aged 51-55: 2 (2 male)	Trespassing: 2	No injury: 2
			Aged 56-60: 2 (1 male 1 female)	Trespassing: 2	No injury: 2
			Aged 61-65: 2 (1 male)	Trespassing: 1	No injury: 1
			Aged 76-80: 1 (1 male)	Accident: 1	Minor: 1

<i>2001</i>					
<i>Total number of incidents (Number of incidents during peak hours)</i>	<i>Station/Platform involved</i>	<i>Service delay in total</i>	<i>Age group of passengers involved</i>	<i>Cause of incidents</i>	<i>Casualties</i>
27 (8)	Accident/Suicide Tai Po Market Station No. 2 Platform, Mong Kok Station No. 2 Platform, Kowloon Tong Station No. 2 Platform, Lo Wu Station No. 2 Platform, Fanling Station No. 1 Platform, Tai Wai Station No. 2 Platform, Sha Tin Station Nos. 2 and 3 Platform	51 min	Aged 16-20: 2 (2 female)	Trespassing: 1 Accident: 1	No injury: 1 Serious: 1
			Aged 21-25: 3 (1 male 2 female)	Accident: 1 Trespassing: 2	Minor: 1 No injury: 2
			Aged 26-30: 3 (2 male 1 female)	Trespassing: 3	No injury: 3
			Aged 31-35: 2 (2 male)	Accident: 1 Trespassing: 1	Minor: 1 No injury: 1
			Aged 36-40: 7 (4 male 3 female)	Suicide: 3 Trespassing: 4	Fatal: 2 No injury: 5
			Aged 41-45: 1 (1 male)	Trespassing: 1	No injury: 1
			Aged 46-50: 2 (1 male 1 female)	Suicide: 1 Trespassing: 1	Fatal: 1 No injury: 1
			Aged 51-55: 3 (3 male)	Suicide: 3	Fatal: 2 Serious: 1
			Aged 56-60: 1 (1 female)	Trespassing: 1	No injury: 1

<i>2001</i>					
<i>Total number of incidents (Number of incidents during peak hours)</i>	<i>Station/Platform involved</i>	<i>Service delay in total</i>	<i>Age group of passengers involved</i>	<i>Cause of incidents</i>	<i>Casualties</i>
	Trespassing		Aged 61-65: 2 (1 male 1 female)	Trespassing: 1 Accident: 1	No injury: 1 Minor: 1
	Lo Wu Station, Sheung Shui Station, Kowloon Tong Station, Mong Kok Station, Hung Hom Station, Fo Tan Station, Tai Wai Station, Tai Po Market Station, Fanling Station		Aged 66-70: 1 (1 male)	Trespassing: 1	No injury: 1
			Aged 71-75: 3 (2 male 1 female)	Trespassing: 3	No injury: 3

<i>2002</i>					
<i>Total number of incidents (Number of incidents during peak hours)</i>	<i>Station/Platform involved</i>	<i>Service delay in total</i>	<i>Age group of passengers involved</i>	<i>Cause of incidents</i>	<i>Casualties</i>
26 (5)	Accident/Suicide	71 min	Aged 6-10: 1 (1 male)	Trespassing: 1	No injury: 1
	Lo Wu Station No. 2 Platform, Fo Tan Station No. 2 Platform, Fanling Station No. 2 Platform		Aged 11-15: 1 (1 female)	Accident: 1	Minor: 1
			Aged 16-20: 1 (1 female)	Trespassing: 1	No injury: 1
			Aged 21-25: 5 (3 male 2 female)	Trespassing: 5	No injury: 5
	Trespassing		Aged 26-30: 6 (5 male 1 female)	Accident: 1 Trespassing: 5	No injury: 6
	Tai Po Market Station, Lo Wu Station, Kowloon Tong Station, Mong Kok Station, Fo Tan		Aged 31-35: 4 (3 male 1 female)	Accident: 1 Trespassing: 3	Serious: 1 No injury: 3
			Aged 36-40: 2 (2 male)	Trespassing: 2	No injury: 2
			Aged 41-45: 3 (2 male 1 female)	Trespassing: 3	No injury: 3

<i>2002</i>					
<i>Total number of incidents (Number of incidents during peak hours)</i>	<i>Station/Platform involved</i>	<i>Service delay in total</i>	<i>Age group of passengers involved</i>	<i>Cause of incidents</i>	<i>Casualties</i>
	Station, Tai Wai Station, Sha Tin Station, Sheung Shui Station, University Station, Tai Wo Station		Aged 46-50: 1 (1 male)	Trespassing: 1	No injury: 1
			Aged 51-55: 2 (1 male 1 female)	Trespassing: 2	No injury: 2
			Aged 71-75: 2 (2 male)	Trespassing: 2	No injury: 2
			Age unknown: 1 (1 male)	Trespassing: 1	No injury: 1

<i>2003</i>					
<i>Total number of incidents (Number of incidents during peak hours)</i>	<i>Station/Platform involved</i>	<i>Service delay in total</i>	<i>Age group of passengers involved</i>	<i>Cause of incidents</i>	<i>Casualties</i>
22 (5)	Accident/Suicide Sheung Shui Station Nos. 1 and 2 Platform, Mong Kok Station No. 2 Platform, Lo Wu Station No. 3 Platform, Fanling Station No. 2 Platform, Hung Hom Station No. 2 Platform, Sha Tin Station No. 2 Platform, Tai Po Market Station No. 2 Platform, Sheung Shui Station No. 2 Platform	69.5 min	Aged 11-15: 2 (2 male)	Trespassing: 2	No injury: 2
			Aged 16-20: 4 (4 male)	Trespassing: 4	No injury: 4
			Aged 21-25: 1 (1 female)	Accident: 1	Minor: 1
			Aged 26-30: 4 (2 male 2 female)	Suicide: 2 Trespassing: 2	No injury: 3 Minor: 1
			Aged 31-35: 2 (2 male)	Trespassing: 2	No injury: 2
			Aged 36-40: 2 (2 male)	Trespassing: 2	No injury: 2
			Aged 41-45: 1 (1 male)	Trespassing: 1	No injury: 1
			Aged 46-50: 2 (1 male 1 female)	Trespassing: 2	No injury: 2
			Aged 51-55: 3 (3 male)	Accident: 3	Minor: 2 No injury: 1
			Aged 56-60: 2 (2 male)	Suicide: 1 Accident: 1	Fatal: 1 No injury: 1

<i>2003</i>					
<i>Total number of incidents (Number of incidents during peak hours)</i>	<i>Station/Platform involved</i>	<i>Service delay in total</i>	<i>Age group of passengers involved</i>	<i>Cause of incidents</i>	<i>Casualties</i>
	Trespassing		Aged 66-70: 2 (1 male 1 female)	Trespassing: 2	No injury: 2
	Kowloon Tong Station, Tai Po Market Station, Tai Wai Station, Sheung Shui Station, Hung Hom Station, Mong Kok Station, University Station, Fo Tan Station		Aged 71-75: 1 (1 female)	Trespassing: 1	No injury: 1
			Aged 81-85: 1 (1 male)	Accident: 1	Fatal: 1
			Aged 86-90: 1 (1 male)	Trespassing: 1	No injury: 1

<i>2004</i>					
<i>Total number of incidents (Number of incidents during peak hours)</i>	<i>Station/Platform involved</i>	<i>Service delay in total</i>	<i>Age group of passengers involved</i>	<i>Cause of incidents</i>	<i>Casualties</i>
28 (11)	Accident/Suicide	99.5 min	Aged 16-20: 3 (3 male)	Accident: 1 Trespassing: 2	Serious: 1 No injury: 2
	Kowloon Tong Station No. 2 Platform, Tai Wai Station No. 2 Platform, Fo Tan Station No. 2 Platform, Hung Hom Station No. 3 Platform, Mong Kok Station Nos. 2 and 3 Platform, Sheung Shui Station Nos. 1 and 2 Platform, Fanling Station No. 2 Platform		Aged 21-25: 4 (2 male 2 female)	Accident: 1 Trespassing: 3	No injury: 4
			Aged 26-30: 1 (1 male)	Trespassing: 1	No injury: 1
			Aged 31-35: 1 (1 male)	Accident: 1	Serious: 1
			Aged 36-40: 1 (1 female)	Accident: 1	Serious: 1
			Aged 41-45: 5 (5 male)	Accident: 1 Trespassing: 4	No injury: 5
			Aged 51-55: 5 (5 male)	Suicide: 2 Trespassing: 3	Serious: 1 Minor: 1 No injury: 3
			Aged 56-60: 3 (3 male)	Suicide: 2 Trespassing: 1	Fatal: 2 No injury: 1
			Aged 61-65: 1 (1 male)	Suicide: 1	No injury: 1

<i>2004</i>					
<i>Total number of incidents (Number of incidents during peak hours)</i>	<i>Station/Platform involved</i>	<i>Service delay in total</i>	<i>Age group of passengers involved</i>	<i>Cause of incidents</i>	<i>Casualties</i>
	Trespassing Mong Kok Station, Hung Hom Station, Sha Tin Station, Sheung Shui Station, Lo Wu Station, Kowloon Tong Station, Fanling Station, Tai Wai Station		Aged 66-70: 1 (1 male)	Trespassing: 1	No injury: 1
			Aged 71-75: 1 (1 male)	Trespassing: 1	Serious: 1
			Aged 76-80: 2 (2 male)	Trespassing: 2	No injury: 2

<i>2005</i>					
<i>Total number of incidents (Number of incidents during peak hours)</i>	<i>Station/Platform involved</i>	<i>Service delay in total</i>	<i>Age group of passengers involved</i>	<i>Cause of incidents</i>	<i>Casualties</i>
32 (7)	Accident/Suicide University Station No. 1 Platform, Lo Wu Station No. 3 Platform, Sheung Shui Station No. 1 Platform, Sha Tin Station No. 3 Platform, Kowloon Tong Station No. 1 Platform, Tai Po Market Station No. 1 Platform, Mong Kok Station No. 2 Platform, Fanling Station No. 2 Platform	152 min	Aged 0-5: 2 (2 male)	Trespassing: 2	No injury: 2
			Aged 11-15: 2 (1 male 1 female)	Trespassing: 2	No injury: 2
			Aged 16-20: 1 (1 male)	Trespassing: 1	No injury: 1
			Aged 21-25: 1 (1 male)	Accident: 1	Minor: 1
			Aged 26-30: 6 (6 male)	Accident: 1 Trespassing: 5	No injury: 6
			Aged 31-35: 5 (4 male 1 female)	Suicide: 1 Accident: 1 Trespassing: 3	Fatal: 1 Serious: 1 No injury: 3
			Aged 36-40: 2 (2 male)	Trespassing: 2	No injury: 2
			Aged 41-45: 2 (1 male 1 female)	Suicide: 2	Fatal: 2
			Aged 46-50: 3 (3 male)	Trespassing: 3	Serious: 1 No injury: 2

<i>2005</i>					
<i>Total number of incidents (Number of incidents during peak hours)</i>	<i>Station/Platform involved</i>	<i>Service delay in total</i>	<i>Age group of passengers involved</i>	<i>Cause of incidents</i>	<i>Casualties</i>
	Trespassing		Aged 51-55: 3 (3 male)	Trespassing: 3	Serious: 1 No injury: 2
	Sheung Shui Station, Tai Po Market Station, Fo Tan Station, Hung Hom Station, Sha Tin Station, University Station, Fanling Station, Tai Wai Station, Kowloon Tong Station, Tai Wo Station, Lo Wu Station		Aged 56-60: 2 (2 male)	Accident: 1 Trespassing: 1	Serious: 1 No injury: 1
			Aged 61-65: 1 (1 male)	Suicide: 1	Serious: 1
			Aged 66-70: 3 (2 male 1 female)	Trespassing: 3	No injury: 3
			Aged 76-80: 1 (1 male)	Suicide: 1	Fatal: 1
			Aged 81-85: 1 (1 female)	Accident: 1	Serious: 1

<i>2006 (Up to February)</i>					
<i>Total number of incidents (Number of incidents during peak hours)</i>	<i>Station/Platform involved</i>	<i>Service delay in total</i>	<i>Age group of passengers involved</i>	<i>Cause of incidents</i>	<i>Casualties</i>
5 (0)	Accident/Suicide	41 min	Aged 6-10: 1 (1 male)	Trespassing: 1	No injury: 1
	University Station No. 1 Platform, Fanling Station No. 2 Platform		Aged 21-25: 1 (1 male)	Accident: 1	Serious: 1
			Aged 36-40: 1 (1 male)	Trespassing: 1	No injury: 1
			Aged 41-45: 1 (1 female)	Accident: 1	Fatal: 2
	Trespassing		Aged 46-50: 1 (1 male)	Trespassing: 1	No injury: 1
	Sheung Shui Station, Kowloon Tong Station, Tai Wo Station		Aged 76-80: 1 (1 male)	Suicide: 1	Fatal: 1

Light Rail

<i>1997</i>					
<i>Total number of incidents (Number of incidents during peak hours)</i>	<i>Stop/Platform involved</i>	<i>Service delay in total</i>	<i>Age group of passengers involved</i>	<i>Cause of incidents</i>	<i>Casualties</i>
6 (1)	Accident Tai Hing South Stop No. 2 Platform, San Fat Stop No. 2 Platform, Affluence Stop No. 1 Platform, Shek Pai Stop No. 1 Platform, Leung King Stop No. 2 Platform, Tai Tong Road Stop No. 2 Platform	8 min	Aged 11-15: 1 (1 female)	Accident: 1	Minor: 1
			Aged 26-30: 1 (1 female)	Accident: 1	Minor: 1
			Aged 31-35: 1 (1 male)	Accident: 1	Serious: 1
			Aged 41-45: 1 (1 male)	Accident: 1	No injury: 1
			Aged 56-60: 1 (1 male)	Accident: 1	Minor: 1
			Aged 76-80: 1 (1 male)	Accident: 1	Minor: 1

<i>1998</i>					
<i>Total number of incidents (Number of incidents during peak hours)</i>	<i>Stop/Platform involved</i>	<i>Service delay in total</i>	<i>Age group of passengers involved</i>	<i>Cause of incidents</i>	<i>Casualties</i>
6 (0)	Accident/Suicide Tuen Mun Hospital Stop No. 1 Platform, Tai Tong Road Stop No. 2 Platform, Siu Hong Stop No. 2 Platform, Leung King Stop No. 2 Platform, Town Centre Stop No. 1 Platform	9 min	Aged 6-10: 1 (1 male)	Accident: 1	No injury: 1
			Aged 31-35: 3 (3 male)	Suicide: 1 Accident: 2	Serious: 1 No injury: 2
			Aged 41-45: 1 (1 female)	Accident: 1	Minor: 1
			Aged 66-70: 1 (1 male)	Accident: 1	Minor: 1

<i>1999</i>					
<i>Total number of incidents (Number of incidents during peak hours)</i>	<i>Stop/Platform involved</i>	<i>Service delay in total</i>	<i>Age group of passengers involved</i>	<i>Cause of incidents</i>	<i>Casualties</i>
8 (3)	Accident Tsing Shan Tsuen Stop No. 1 Platform, Tsing Chung Stop No. 1 Platform, Tin King Stop No. 1 Platform, Hong Lok Road Stop No. 1 Platform, Goodview Garden Stop No. 2 Platform, Town Centre Stop No. 3 Platform, Ferry Pier Terminus No. 5 Platform, Fung Nin Road Stop No. 2 Platform	9 min	Aged 6-10: 1 (1 female)	Accident: 1	Serious: 1
			Aged 11-15: 2 (1 male 1 female)	Accident: 2	No injury: 2
			Aged 16-20: 1 (1 female)	Accident: 1	No injury: 1
			Aged 21-25: 1 (1 male)	Accident: 1	No injury: 1
			Aged 26-30: 1 (1 male)	Accident: 1	No injury: 1
			Aged 31-35: 1 (1 female)	Accident: 1	Minor: 1
			Aged 46-50: 1 (1 male)	Accident: 1	Minor: 1

<i>2000</i>					
<i>Total number of incidents (Number of incidents during peak hours)</i>	<i>Stop/Platform involved</i>	<i>Service delay in total</i>	<i>Age group of passengers involved</i>	<i>Cause of incidents</i>	<i>Casualties</i>
4 (2)	Accident Tai Tong Road Stop No. 2 Platform, Tong Fong Stop No. 2 Platform, Shui Pin Wai Stop No. 2 Platform, San Fat Stop No. 1 Platform	3 min	Aged 31-35: 1 (1 male)	Accident: 1	No injury: 1
			Aged 41-45: 1 (1 male)	Accident: 1	No injury: 1
			Aged 56-60: 1 (1 male)	Accident: 1	Serious: 1
			Aged 66-70: 1 (1 female)	Accident: 1	No injury: 1

<i>2001</i>					
<i>Total number of incidents (Number of incidents during peak hours)</i>	<i>Stop/Platform involved</i>	<i>Service delay in total</i>	<i>Age group of passengers involved</i>	<i>Cause of incidents</i>	<i>Casualties</i>
3 (1)	Accident Shui Pin Wai Stop No. 2 Platform, Fung Nin Road Stop No. 2 Platform, Shan King North Stop No. 1 Platform	0 min	Aged 61-65: 1 (1 male)	Accident: 1	Serious: 1
			Aged 66-70: 1 (1 male)	Accident: 1	Serious: 1
			Aged 71-75: 1 (1 male)	Accident: 1	Serious: 1

<i>2002</i>					
<i>Total number of incidents (Number of incidents during peak hours)</i>	<i>Stop/Platform involved</i>	<i>Service delay in total</i>	<i>Age group of passengers involved</i>	<i>Cause of incidents</i>	<i>Casualties</i>
No record of incidents involving passengers falling onto rail traks					

<i>2003</i>					
<i>Total number of incidents (Number of incidents during peak hours)</i>	<i>Stop/Platform involved</i>	<i>Service delay in total</i>	<i>Age group of passengers involved</i>	<i>Cause of incidents</i>	<i>Casualties</i>
2 (1)	Accident Hoh Fuk Tong Stop No. 1 Platform, Hong Lok Road Stop No. 1 Platform	0 min	Aged 36-40: 1 (1 male)	Accident: 1	Serious: 1
			Aged 71-75: 1 (1 male)	Accident: 1	Serious: 1

<i>2004</i>					
<i>Total number of incidents (Number of incidents during peak hours)</i>	<i>Stop/Platform involved</i>	<i>Service delay in total</i>	<i>Age group of passengers involved</i>	<i>Cause of incidents</i>	<i>Casualties</i>
4 (1)	Accident Shui Pin Wai Stop No. 1 Platform, Hang Mei Tsuen Stop No. 1 Platform, Siu Hong Stop No. 2 Platform, Tai Tong Road Stop No. 2 Platform	17 min	Aged 26-30: 2 (2 male)	Accident: 2	Serious: 1 No injury: 1
			Aged 36-40: 1 (1 male)	Accident: 1	No injury: 1
			Aged 51-55: 1 (1 male)	Accident: 1	Serious: 1

<i>2005</i>					
<i>Total number of incidents (Number of incidents during peak hours)</i>	<i>Stop/Platform involved</i>	<i>Service delay in total</i>	<i>Age group of passengers involved</i>	<i>Cause of incidents</i>	<i>Casualties</i>
6 (0)	Accident/Suicide Town Centre Stop No. 2 Platform, LRT Depot Stop No. 2 Platform, Tin Fu Stop No. 1 Platform, San Wai Stop No. 2 Platform, Tuen Mun Swimming Pool No. 2 Platform, Shui Pin Wai Stop No. 1 Platform	4 min	Aged 0-5: 1 (1 male)	Accident: 1	Minor: 1
			Aged 6-10: 1 (1 female)	Accident: 1	No injury: 1
			Aged 11-15: 1 (1 female)	Accident: 1	No injury: 1
			Aged 26-30: 1 (1 male)	Accident: 1	Minor: 1
			Aged 36-40: 1 (1 male)	Accident: 1	Minor: 1
			Aged 81-85: 1 (1 male)	Suicide: 1	No injury: 1

<i>2006 (Up to February)</i>					
<i>Total number of incidents (Number of incidents during peak hours)</i>	<i>Stop/Platform involved</i>	<i>Service delay in total</i>	<i>Age group of passengers involved</i>	<i>Cause of incidents</i>	<i>Casualties</i>
2 (1)	Accident	16 min	Aged 31-35: 1 (1 female)	Accident: 1	Minor: 1
	Kin Sang Stop No. 2 Platform, Tai Tong Road Stop No. 2 Platform		Aged 66-70: 1 (1 male)	Accident: 1	Serious: 1

Ma On Shan Rail (Commissioned in end 2004)

<i>2005</i>					
<i>Total number of incidents (Number of incidents during peak hours)</i>	<i>Station/Platform involved</i>	<i>Service delay in total</i>	<i>Age group of passengers involved</i>	<i>Cause of incidents</i>	<i>Casualties</i>
1 (1)	Trespassing Wu Kai Sha Station	3.5 min	Aged 26-30: 1 (1 male)	Trespassing: 1	No injury: 1

MTR

<i>1997</i>					
<i>No. of Cases (Cases Occurred during peak hours)</i>	<i>Stations/Platforms involved</i>	<i>Service delay in total</i>	<i>Age group and sex of passengers involved</i>	<i>Causes</i>	<i>Casualties</i>
83 (11)	Central/1 & 2 Admiralty/1-4 Wan Chai/1 & 2 Causeway Bay/1 & 2 Tin Hau/1 Fortress Hill/2	Not available	11-15: 7	Trespassing: 49	Death: 7
			M: 6 F: 1		
			16-20: 1	Fall on tracks: 20	Injury: 22
			M: 1 F: 0		
			21-25: 4	Suicide/attempted suicide: 14	No hurt: 54
M: 3 F: 1					

1997					
<i>No. of Cases (Cases Occurred during peak hours)</i>	<i>Stations/Platforms involved</i>	<i>Service delay in total</i>	<i>Age group and sex of passengers involved</i>	<i>Causes</i>	<i>Casualties</i>
	Quarry Bay/2		26-30: 16		
	Taikoo/1		M: 13 F: 3		
	Sai Wan Ho/2		31-35: 14		
	Shau Kei Wan/1 & 2		M: 13 F: 1		
	Hang Fa Chuen/2		36-40: 12		
	Tsim Sha Tsui/2		M: 11 F: 1		
	Jordan/1 & 2		41-45: 12		
	Yau Ma Tei/1-3		M: 9 F: 3		
	Mong Kok/1-4		46-50: 3		
	Prince Edward/1, 3 & 4		M: 3 F: 0		
	Sham Shui Po/1 & 2		51-55: 2		
	Lai Chi Kok/1		M: 2 F: 0		
	Mei Foo/2		56-60: 2		
	Kwai Fong/2		M: 1 F: 1		
	Kwai Hing/1 & 2		Above 60: 10		
	Tsuen Wan/1 & 2		M: 7 F: 3		
	Kowloon Tong/2				
	Wong Tai Sin/1				
	Choi Hung/Centre Track				
	Kowloon Bay/1 & 2				
	Ngau Tau Kok/2				
	Kwun Tong/2				

1998							
<i>No. of Cases (Cases Occurred during peak hours)</i>	<i>Stations/Platforms involved</i>	<i>Service delay in total</i>	<i>Age group and sex of passengers involved</i>	<i>Causes</i>	<i>Casualties</i>		
113 (16)	Central/2	Not available	0-5: 1	Trespassing: 64	Death: 8		
	Admiralty/2 & 3		M: 0 F: 1				
	Wan Chai/2		11-15: 5			Fall on tracks: 33	Injury: 31
	Causeway Bay/2		M: 4 F: 1				

1998					
<i>No. of Cases (Cases Occurred during peak hours)</i>	<i>Stations/Platforms involved</i>	<i>Service delay in total</i>	<i>Age group and sex of passengers involved</i>	<i>Causes</i>	<i>Casualties</i>
	Tin Hau/1		16-20: 9	Suicide/attempted suicide: 16	No hurt: 74
	Fortress Hill/2		M: 7 F: 2		
	North Point/1		21-25: 12		
	Quarry Bay/1, 2 & 4		M: 10 F: 2		
	Taikoo/2		26-30: 17		
	Sai Wan Ho/1 & 2		M: 14 F: 3		
	Shau Kei Wan/1 & 2		31-35: 10		
	Hang Fa Chuen/1 & 2		M: 8 F: 2		
	Chai Wan/1 & 2		36-40: 9		
	Tsim Sha Tsui/1 & 2		M: 6 F: 3		
	Jordan/1 & 2		41-45: 8		
	Yau Ma Tei/1 & 2		M: 7 F: 1		
	Mong Kok/2 & 4		46-50: 8		
	Prince Edward/1, 3 & 4		M: 6 F: 2		
	Sham Shui Po/2		51-55: 4		
	Cheung Sha Wan/2		M: 2 F: 2		
	Lai Chi Kok/1 & 2		56-60: 5		
	Mei Foo/1 & 2		M: 4 F: 1		
	Lai King/3		Above 60: 6		
	Kwai Fong/1		M: 4 F: 2		
	Kwai Hing/2		Unknown: 19		
	Tsuen Wan/2				
	Shek Kip Mei/1				
	Kowloon Tong/1 & 2				
	Lok Fu/1				
	Wong Tai Sin/1				
	Diamond Hill/1 & 2				
	Choi Hung/2 & Centre Track				
	Kowloon Bay/2				
	Ngau Tau Kok/1				
	Kwun Tong/1				
	Olympic/Track near station				
	Tung Chung Line Track				

1999						
<i>No. of Cases (Cases Occurred during peak hours)</i>	<i>Stations/Platforms involved</i>	<i>Service delay in total</i>	<i>Age group and sex of passengers involved</i>	<i>Causes</i>	<i>Casualties</i>	
119 (21)	Sheung Wan/2 Central/2 Admiralty/1 & 4 Causeway Bay/1 & 2 Tin Hau/1 Fortress Hill/1 North Point/2 Quarry Bay/2 & 4 Tai Koo/2 Sai Wan Ho/2 Hang Fa Chuen/1 Chai Wan/1 Tsim Sha Tsui/1 Jordan/1 & 2 Yau Ma Tei/1 & 2 Mong Kok/1 Prince Edward/1, 3 & 4 Sham Shui Po/1 Cheung Sha Wan/2 Mei Foo/2 Lai King/2 Kwai Fong/1 Kwai Hing/2 Tai Wo Hau/2 Tsuen Wan/1 & 2 Shek Kip Mei/2 Kowloon Tong/2 Lok Fu/1 & 2 Wong Tai Sin/2 Diamond Hill/2 Choi Hung/1, 2 & Centre Track Kowloon Bay/1 & 2 Ngau Tau Kok/1 & 2 Kwun Tong/1 & 2 Lam Tin/1 Kowloon/3 Olympic/Track near the station Tsing Yi/3 Tung Chung Line Track	Not available	6-10: 1	Trespassing: 61 Fall on tracks: 40 Suicide/attempted suicide: 19	Death: 10 Injury: 42 No hurt: 68	
			M: 1 F: 0			
			11-15: 7			M: 7 F: 0
			16-20: 10			M: 10 F: 0
			21-25: 9			M: 7 F: 2
			26-30: 15			M: 10 F: 5
			31-35: 4			M: 3 F: 1
			36-40: 10			M: 8 F: 2
			41-45: 12			M: 9 F: 3
			46-50: 13			M: 12 F: 1
			51-55: 5			M: 4 F: 1
			56-60: 4			M: 4 F: 0
			Above 60 : 14			M: 10 F: 4
			Unknown: 16			

2000					
<i>No. of Cases (Cases Occurred during peak hours)</i>	<i>Stations/Platforms involved</i>	<i>Service delay in total</i>	<i>Age group and sex of passengers involved</i>	<i>Causes</i>	<i>Casualties</i>
82 (15)	Sheung Wan/2	2 119 mins	11-15: 5	Trespassing: 49 Fall on tracks: 21 Suicide/attempted suicide: 12	Death: 7 Injury: 19 No hurt: 56
	Central/2		M: 5 F: 0		
	Admiralty/1, 3 & 4		16-20: 11		
	Wan Chai/1 & 2		M: 11 F: 0		
	Causeway Bay/2		21-25: 8		
	Tin Hau/2		M: 5 F: 3		
	Fortress Hill/2		26-30: 11		
	Quarry Bay/1 & 4		M: 7 F: 4		
	Tai Koo/2		31-35: 7		
	Sai Wan Ho/2		M: 6 F: 1		
	Shau Kei Wan/2		36-40: 5		
	Hang Fa Chuen/2		M: 5 F: 0		
	Tsim Sha Tsui/1 & 2		41-45: 12		
	Jordan/1 & 2		M: 9 F: 3		
	Yau Ma Tei/1		46-50: 9		
	Mong Kok/1-4		M: 8 F: 1		
	Prince Edward/1, 3 & 4		51-55: 3		
	Sham Shui Po/1 & 2		M: 3 F: 0		
	Cheung Sha Wan/2		56-60: 1		
	Lai Chi Kok/1 & 2		M: 1 F: 0		
Kwai Fong/1	Above 60: 5				
Kwai Hing/1&2	M: 3 F: 2				
Tsuen Wan/1, 2 & track near the station	Unknown: 5				
Shek Kip Mei/2					
Kowloon Tong/1 & 2					
Wong Tai Sin/2					
Choi Hung/2 & Centre track					
Kowloon Bay/1 & 2					
Ngau Tau Kok/2					
Kwun Tong/2					
Lam Tin/1					

<i>2001</i>					
<i>No. of Cases (Cases Occurred during peak hours)</i>	<i>Stations/Platforms involved</i>	<i>Service delay in total</i>	<i>Age group and sex of passengers involved</i>	<i>Causes</i>	<i>Casualties</i>
52 (7)	Admiralty/1, 3 & 4 Wan Chai/1 & 2 Causeway Bay/1 Tin Hau/1 & 2 Tai Koo/2 Shau Kei Wan/1 Hang Fa Chuen/2 Tsim Sha Tsui/1 & 2 Jordan/1 Yau Ma Tei/1 & 4 Mong Kok/3 Prince Edward/3 & 4 Sham Shui Po/2 Cheung Sha Wan/1 Mei Foo/1 & 2 Kwai Fong/2 Kwai Hing/1 & 2 Tai Wo Hau/1 Shek Kip Mei/1 & 2 Kowloon Tong/1 Lok Fu/2 Wong Tai Sin/1 Choi Hung/2 & Centre Track Ngau Tau Kok/1 Lam Tin/2	2 006 mins	6-10: 1	Trespassing: 22 Fall on tracks: 16 Suicide/attempted suicide: 14	Death: 6 Injury: 18 No hurt: 28
			M: 1 F: 0		
			11-15: 1		
			M: 1 F: 0		
			16-20: 6		
			M: 2 F: 4		
			21-25: 3		
			M: 3 F: 0		
			26-30: 3		
			M: 2 F: 1		
			31-35: 5		
			M: 5 F: 0		
			36-40: 8		
			M: 8 F: 0		
			41-45: 5		
			M: 4 F: 1		
			46-50: 4		
			M: 3 F: 1		
			51-55: 4		
M: 3 F: 1					
56-60: 2					
M: 2 F: 0					
Above 60: 6					
M: 6 F: 0					
Unknown: 4					

<i>2002</i>					
<i>No. of Cases (Cases Occurred during peak hours)</i>	<i>Stations/Platforms involved</i>	<i>Service delay in total</i>	<i>Age group and sex of passengers involved</i>	<i>Causes</i>	<i>Casualties</i>
61 (6)	Sheung Wan/2 Central/1 & 3 Admiralty/3 & 4 Wan Chai/1 & 2	2 262 mins	11-15: 1	Trespassing: 29 Fall on tracks: 24	Death: 4 Injury: 27
			M: 1 F: 0		
			16-20: 3		
			M: 3 F: 0		

2002					
<i>No. of Cases (Cases Occurred during peak hours)</i>	<i>Stations/Platforms involved</i>	<i>Service delay in total</i>	<i>Age group and sex of passengers involved</i>	<i>Causes</i>	<i>Casualties</i>
	Causeway Bay/1 & 2 Fortress Hill/1 Quarry Bay/2 & 4 Tai Koo/1 & 2 Sai Wan Ho/2 Shau Kei Wan/2 Hang Fa Chuen/1 Tsim Sha Tsui/2 Yau Ma Tei/4 Prince Edward/1, 3 & 4 Sham Shui Po/1 Cheung Sha Wan/1 & 2 Lai Chi Kok/1 & 2 Mei Foo/1 Kwai Fong/1 Kwai Hing/2 Tai Wo Hau/1 & 2 Tsuen Wan/1 & 2 Shek Kip Mei/2 Kowloon Tong/1 & 2 Lok Fu/1 & 2 Wong Tai Sin/2 Choi Hung/1 Ngau Tau Kok/1 & 2 Kwun Tong/2 Tung Chung Line tracks near Tsing Yi and Tung Chung Station		21-25: 10 M: 8 F: 2 26-30: 12 M: 11 F: 1 31-35: 9 M: 8 F: 1 36-40: 6 M: 6 F: 0 41-45: 3 M: 3 F: 0 46-50: 3 M: 2 F: 1 51-55: 2 M: 2 F: 0 56-60: 3 M: 3 F: 0 Above 60: 8 M: 8 F: 0 Unknown: 1	Suicide/attempted suicide: 8	No hurt: 30

2003					
<i>No. of Cases (Cases Occurred during peak hours)</i>	<i>Stations/Platforms involved</i>	<i>Service delay in total</i>	<i>Age group and sex of passengers involved</i>	<i>Causes</i>	<i>Casualties</i>
44 (5)	Central/2 Admiralty/4	1 726 mins	11-15: 2 M: 2 F: 0	Trespassing: 13	Death: 3

2003					
<i>No. of Cases (Cases Occurred during peak hours)</i>	<i>Stations/Platforms involved</i>	<i>Service delay in total</i>	<i>Age group and sex of passengers involved</i>	<i>Causes</i>	<i>Casualties</i>
	Causeway Bay/1 & 2 Fortress Hill/2 North Point/2 Quarry Bay/1 & 2 Sai Wan Ho/2 Shau Kei Wan/1 & 2 Cheung Sha Wan/1 Lai King/1 Kwai Fong/2 Tai Wo Hau/2 Tsuen Wan/2 Shek Kip Mei/1 & 2 Lok Fu/1 & 2 Wong Tai Sin/2 Diamond Hill/1 & 2 Choi Hung/1 Kwun Tong/1		16-20: 4 M: 4 F: 0 21-25: 8 M: 7 F: 1 26-30: 5 M: 4 F: 1 31-35: 2 M: 1 F: 1 36-40: 5 M: 4 F: 1 41-45: 2 M: 1 F: 1 46-50: 6 M: 5 F: 1 51-55: 3 M: 2 F: 1 56-60: 1 M: 0 F: 1 Above 60: 4 M: 3 F: 1 Unknown: 2	Fall on tracks: 21 Suicide/attempted suicide: 10	Injury: 22 No hurt: 19

2004					
<i>No. of Cases (Cases Occurred during peak hours)</i>	<i>Stations/Platforms involved</i>	<i>Service delay in total</i>	<i>Age group and sex of passengers involved</i>	<i>Causes</i>	<i>Casualties</i>
32 (6)	Fortress Hill/1 North Point/1 Quarry Bay/3 & 4 Tai Koo/2 Sai Wan Ho/1 & 2 Hang Fa Chuen/1 Mei Foo/1 Kwai Fong/1 & 2 Kwai Hing/1 Tsuen Wan/1 & 2	653 mins	6-10: 2 M: 1 F: 1 11-15: 1 M: 1 F: 0 16-20: 1 M: 0 F: 1 21-25: 1 M: 0 F: 1 26-30: 2 M: 2 F: 0	Trespassing: 15 Fall on tracks: 10 Suicide/attempted suicide: 7	Death: 3 Injury: 12 No hurt: 17

2004						
<i>No. of Cases (Cases Occurred during peak hours)</i>	<i>Stations/Platforms involved</i>	<i>Service delay in total</i>	<i>Age group and sex of passengers involved</i>		<i>Causes</i>	<i>Casualties</i>
	Lok Fu/1 Diamond Hill/1 Choi Hung/2 Ngau Tau Kok/1 Kwun Tong/1 & 2 Lam Tin/1 & 2		31-35: 5			
			M: 4	F: 1		
			36-40: 2			
			M: 2	F: 0		
			41-45: 2			
			M: 1	F: 1		
			46-50: 2			
			M: 2	F: 0		
			51-55: 3			
			M: 3	F: 0		
			56-60: 3			
			M: 2	F: 1		
			Above 60: 8			
			M: 5	F: 3		

2005						
<i>No. of Cases (Cases Occurred during peak hours)</i>	<i>Stations/Platforms involved</i>	<i>Service delay in total</i>	<i>Age group and sex of passengers involved</i>		<i>Causes</i>	<i>Casualties</i>
16 (2)	Tai Koo/1 Shau Kei Wan/2 Hang Fa Chuen/1 Kwai Fong/1 Kwai Hing/1 & 2 Tsuen Wan/1 & 2 Ngau Tau Kok/1 & 2 Kwun Tong/1 & 2 Lam Tin/1 Tung Chung Line Track	238 mins	11-15: 1		Trespassing: 8	Death: 1
			M: 1	F: 0		
			21-25: 1		Fall on tracks: 6	Injury: 7
			M: 1	F: 0		
			31-35: 3		Suicide/attempted suicide: 2	No hurt: 8
			M: 3	F: 0		
			41-45: 3			
			M: 3	F: 0		
			46-50: 2			
			M: 2	F: 0		
			51-55: 2			
			M: 2	F: 0		
			56-60: 2			
			M: 2	F: 0		
			Above 60: 1			
			M: 1	F: 0		
			Unknown: 1			

Hiring of Community Halls

11. **MISS TAM HEUNG-MAN** (in Chinese): *President, I have recently received complaints about the venues in the community halls (CHs) under the Home Affairs Department (HAD) being used by certain local organizations for a prolonged period or for profit-making purpose, and some CHs have even been put under the management of a single local organization. In this connection, will the Government inform this Council:*

- (a) *of the numbers of community centres (CCs)/CHs currently managed by local organizations;*
- (b) *whether the authorities have reviewed the existing procedure and rules for the hiring/borrowing of the venues in CCs/CHs with a view to preventing abuse of public resources; if they have, of the outcome of the review; if not, whether and when they will conduct such reviews; and*
- (c) *whether the authorities will require organizations hiring these venues for profit-making activities to pay higher charges; if they will, of the details; if not, the reasons for that?*

SECRETARY FOR HOME AFFAIRS (in Chinese): President,

- (a) The HAD manages a total of 47 CHs and 37 CCs. Of these CHs and CCs, the HAD has entrusted the management of 11 CHs and three CCs to non-profit-making local organizations. Under the arrangement, the entrusted organizations can make full use of CH/CC facilities. For instance, unallocated time-slots can be taken up in good time for holding community activities so as to make better use of community resources. Besides, in order to improve utilization at those CHs/CCs where the usage rates are low, the HAD would allow these organizations to have priority in using the facilities concerned under certain circumstances and in accordance with prescribed arrangements.
- (b) The rules for hiring CHs/CCs are drawn up jointly by the CH/CC Management Committees and District Offices (DOs) having regard

to local circumstances. The members of most CH/CC Management Committees include District Council members, local personalities, members of Mutual Aid Committees, representatives of local schools and government departments. Such rules can, therefore, cater for the needs of the whole district.

To make good use of CH/CC resources, CH/CC Management Committees meet on a regular basis to discuss or review the various management arrangements for CHs/CCs, including the arrangements for handling hire applications (such as the first-come-first-served practice, balloting and prescribed priorities), setting of time-slots and the upper limit of number of time-slots for hiring by each applicant, detailed arrangements for approving venue fee waivers, and matters relating to penalties for breach of hiring conditions. Based on the results of discussion, the CH/CC Management Committees and DOs concerned will amend the rules for hiring CHs/CCs to ensure that the relevant arrangements meet the expectations of local residents and organizations in terms of the use of community resources.

- (c) The general policy of the Government in respect of fees and charges is that they should be set at levels sufficient to recover the full cost of providing the goods or services. In most cases, the Government has charged fees according to this policy. The fees of hiring CH/CC facilities are also determined in accordance with the same policy. They are set at levels generally sufficient to allow the Government to recover the cost of providing the services. Unless their applications meet the criteria for fee waivers, organizations given approval to hire CH/CC facilities are required to pay the prescribed fees. The HAD will not charge individual organizations or activities higher fees.

Traffic Congestion Caused by Marathon Race

12. **MR LEE WING-TAT** (in Chinese): *President, some members of the public have complained to me that, on the day the marathon race was held on 12 February this year, the Government implemented traffic diversions in areas along the race route on that day, causing heavy traffic congestion from morning*

till noon in such areas. Furthermore, traffic congestion was particularly serious on the roads close to Harcourt Road flyover (near The Hong Kong Arts Centre), which formed part of the race route, as road maintenance works were carried out on that flyover during the race. In this connection, will the Government inform this Council whether:

- (a) public announcements were broadcast, from time to time on that day, about the traffic diversions and congestions in the areas along the race route, so as to update the public on the traffic conditions;*
- (b) various government departments co-ordinated among themselves the traffic arrangements made in the areas near the above flyover during the marathon race, and whether it has assessed the traffic impact of the road maintenance works carried out on the flyover during the race; if it has, of the assessment results; and*
- (c) arrangements will be made in the future to better co-ordinate the schedules of road maintenance works, so as to ensure that such works will not be carried out during a marathon race on the road sections that form part of the race route, thereby avoiding further traffic congestion caused by such works?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Chinese): President, since a few days before the marathon, we had been publicizing the special traffic arrangements through a press conference, newspaper advertisements, websites of the Transport Department and the police, as well as radio and television broadcasts. On the day of the race, the Transport Department kept the public informed of the latest traffic conditions, particularly news about the closure and reopening of the affected road sections, through timely radio and television broadcasts.

To ensure that the marathon would be held in an appropriate and safe environment and to minimize its impact on the traffic and the public, we set up an inter-departmental working group to co-ordinate the preparation of the race. According to the record of the Highways Department, no road maintenance works requiring road closure were carried out on the road sections and flyovers (including the Harcourt Road Flyover) along the race route during the marathon. However, some road sections could have been temporarily closed to allow access of emergency vehicles.

In future, we will continue to co-ordinate the schedules of road maintenance works, and will avoid carrying out such works during a marathon as far as possible. We will also review past experiences with a view to further improving the preparation and co-ordination among related organizations and departments, so that the impact of the race on the traffic can be minimized.

Re-entry of Construction Sites by Housing Authority

13. **DR RAYMOND HO** (in Chinese): *President, in view of the serious slippage in the contractor's works, the Hong Kong Housing Authority (HA) took re-entry action in the middle of last month regarding the construction sites of three public rental housing (PRH) projects, including Fanling Area 36 Phase 1 and Phase 2. In this connection, will the Government inform this Council whether it knows:*

- (a) given that the re-entry of the construction sites in Fanling will delay the anticipated completion dates of the relevant construction projects by 11 to 18 months, the arrangements to be made by the HA for the households affected by redevelopment programmes and waiting to be rehoused in the relevant PRH flats; and*
- (b) whether the HA will, in the light of the above delay, formulate any measures to strengthen the monitoring of its contractors' progress of work?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Chinese): President, due to the contractor's failure to deliver according to contract, the three public housing construction projects at Fanling Area 36 Phases 1 and 2 and Shek Pai Wan Estate Phase 2 have been seriously delayed. On 17 February, the HA re-entered upon these sites. As Shek Pai Wan Estate Phase 2 is the reception estate for the Wong Chuk Hang Estate redevelopment project, the slippage will affect the rehousing of tenants.

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

- (a) A total of 1 460 households in Wong Chuk Hang Estate who will be rehoused to Shek Pai Wan Estate Phase 2 are affected by the slippage. Immediately after the re-entry operation, the Housing

Department (HD) has taken the initiative to invite them to consider alternative rehousing arrangements if they do not wish to wait for Shek Pai Wan Estate Phase 2. Possible options include some 270 uncommitted flats in Shek Pai Wan Estate Phase 1 or vacant flats in other existing public housing estates. To date, about 160 households have opted for Shek Pai Wan Estate Phase 1. Flats are being allocated to them. Meanwhile, for tenants who wish to stay put, the HD will ensure good hygiene and security in Wong Chuk Hang Estate so as to maintain a satisfactory living environment until all tenants are rehoused.

- (b) Strengthening project management and site supervision is one of the major improvement measures under the Quality Housing Initiatives Reform launched by the HA in 2000. All public housing construction projects are supervised by professional architects and engineers at every stage from commencement of works to the maintenance period after completion. There are also resident site staff at the construction sites to closely monitor the day-to-day site activities, thus enabling the HD to identify promptly any problems arising during construction, as well as ensuring that the construction works are progressing on schedule and meet the quality requirements and specifications stipulated in the contracts.

The three public housing projects mentioned above had initially been progressing on course until early 2005 when signs of sluggish progress and under-performance started to emerge, which were detected by our site supervision staff immediately. The contractor was promptly asked to improve. At first the contractor made some efforts to catch up and deliver. In July 2005 the slippage in all the three sites became serious. The HD took enforcement action under the contracts by issuing warning letters to the contractor. The HD also worked closely with the contractor to find practicable solutions to the problems. When it became apparent that the contractor was unable to fulfil his contractual obligations, the HD, having regard to the public interest, re-entered upon the three construction sites pursuant to the provisions of the contracts dealing with such breaches. The HA's rigorous site monitoring system has indeed facilitated prompt identification of the site problems and allowed us to deal with these problems at the earliest possible opportunity within the contractual framework.

Postponing Implementation of Fare Discounts

14. **MR CHEUNG HOK-MING** (in Chinese): *President, I have received complaints from members of the public that while the same day return fare discounts offered under the bus fare adjustment mechanism, which allows fares to go upward and downward, have been formally implemented since 19 February this year, the bus companies concerned need a longer lead time to modify the software of their Octopus systems, so as to ensure that the same system applies consistently across different bus companies, and hence will not implement the fare discounts on jointly operated cross-harbour routes until July this year. They consider that this arrangement is unfair to the bus passengers concerned. In this connection, will the Government inform this Council:*

- (a) *of the number of jointly operated cross-harbour routes involved and the number of passengers affected;*
- (b) *of the reasons for the bus companies concerned taking about five months to complete the above software modification work;*
- (c) *whether it has assessed if it is technically feasible to advance the implementation of the fare discounts on jointly operated cross-harbour routes; if so, of the assessment results; if the results indicate that it is not feasible, the reasons for that; and*
- (d) *whether the bus companies have considered providing the same amounts of discounts through other fare reduction initiatives to the passengers of jointly operated cross-harbour routes when the modification work is under way, so as to uphold the principle of fairness?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Chinese): *President, four franchised bus companies, viz the Kowloon Motor Bus Company (1933) Limited, the Citybus Limited, the New World First Bus Services Limited and Long Win Bus Company Limited, pledged to implement a series of fare reduction initiatives including same day return reduction for medium and long distance routes upon the implementation of the new bus fare adjustment arrangement. As regards the fare reduction for medium and long distance routes, the four companies launched the initiatives on 74 solely operated routes with effect from 19 February this year.*

The relevant initiatives will also be implemented on 24 jointly operated routes where the single fare is \$10 or above and the number of passengers involved will be about 76 000 daily. However, since different bus companies are not using the same Octopus system at present, a longer lead time is necessary for system modification to ensure that a single system can be applied consistently across the jointly operated routes. Octopus system modification involves complex procedures including variance identification, new software development and compatibility works on different Octopus systems to ensure that other programmes in the system will not be affected by the modification. In addition, bus companies would need to download and test the software installed on buses in batches to avoid affecting the routine operation of bus services. This would also minimize errors that might cause inconvenience to passengers.

Since modification works involve quite a lot of procedures as mentioned above, the bus companies expect that modification of the Octopus systems will be completed in July this year and the initiatives could be launched on the jointly operated routes starting from July.

The Transport Department (TD) has discussed with the bus companies the possibility to provide same day return fare reduction to passengers using services of the same companies for both trips of the jointly operated routes. The bus companies, however, consider such arrangement would be prone to confusion on the implementation details and thus might lead to unnecessary misunderstanding among passengers. This was because under the proposal, only some but not all of the passengers travelling on the same bus route could enjoy the fare reduction and hence passengers would be confused. Moreover, the bus companies have already pledged to implement the initiatives for three years. Advancing the reduction offered for certain groups of passengers on the same route would further result in confusion from the administrative point of view and how the implementation period should be defined.

The TD estimates that about 76 000 passengers on 24 jointly operated routes would benefit from the fare reduction initiatives daily. The department understands that passengers wish to enjoy the reduction as soon as possible, and hence has urged the bus companies to complete the Octopus systems modification as soon as possible for early implementation of the fare reduction. When the bus companies agreed to provide same day return fare reduction on the jointly operated routes, they already explained that the reduction would commence on 1 July this year. The implementation date of the relevant fare reduction was

also set out in the Legislative Council Brief issued by the Environment, Transport and Works Bureau on 10 January this year and no one raised objection then. In any case, the fare reduction initiatives for medium and long distance routes will remain effective for three years. The precise date of implementation, therefore, will not cause any unfairness among passengers travelling on the jointly operated routes.

Searches of Web-hosting Companies by Law-enforcement Agencies

15. **MR SIN CHUNG-KAI** (in Chinese): *President, regarding the searches of web-hosting companies for the private information of their clients by law-enforcement agencies, will the Government inform this Council:*

- (a) *of the number of searches conducted, the number of companies searched and the number of criminal prosecution cases in which information obtained from such searches was used, in each quarter of the past three years;*
- (b) *of the types of information which are the subject of the searches;*
- (c) *whether the law-enforcement agencies provided on each occasion a copy of the search warrant to the company concerned for record;*
- (d) *whether the law-enforcement agencies will request the companies being searched not to inform the clients concerned that their private information has been searched; if they will, of the reasons for that; and*
- (e) *whether it has put in place measures to reduce the impact of such searches on the daily operation of web-hosting companies; if it has, of the details of the measures?*

SECRETARY FOR SECURITY (in Chinese): President, the situation regarding the searches of web-hosting companies during investigation of cases by the police, the Independent Commission Against Corruption, and the Customs and Excise Department is as follows:

- (a) The Administration does not keep the overall statistics of the relevant cases.
- (b) The information searched and seized depends on the circumstances of the cases. The more common items include the particulars of registered persons and operational records of accounts.
- (c) If so requested by the companies being searched, the law-enforcement agencies will provide copies of the search warrant for their record.
- (d) If the law-enforcement agencies consider it operationally necessary, they would request the companies being searched not to disclose information regarding the operations to the relevant clients so as not to prejudice the investigation.
- (e) In executing the search warrants, the law-enforcement agencies would minimize any interference of the daily operation of the companies being searched. For example, where feasible, the law-enforcement agencies would only request the company concerned to provide the information needed for the investigation, without the need to undertake a physical search inside the company. Where it is necessary to undertake a physical search operation and the company concerned is not the target of the investigation, the law-enforcement agencies would inform the persons in charge of the company in advance as far as possible, such that they could have sufficient time to make the necessary preparations.

Allied Health Services

16. **DR JOSEPH LEE** (in Chinese): *President, will the Government inform this Council:*

- (a) *whether it knows the respective monthly capacities of various allied health services in the existing hospital clusters, the number of persons awaiting such services and the average waiting time;*

- (b) *of the number of allied health personnel estimated to be required by the Hospital Authority (HA), the Department of Health (DH) and the private sector in the coming three years; and*
- (c) *of the respective numbers of graduates from courses on physiotherapy, occupational therapy, radiography and biomedical engineering in the past three years, and the expected numbers of such graduates in the coming three years; the employment situation of such graduates in the past three years, and whether there were any of them who were unable to engage in related work due to the lack of vacancies for allied health personnel in the job market?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS
(in the absence of Secretary for Health, Welfare and Food) (in Chinese):
President,

- (a) The average monthly number of attendances by Audiology Technicians (Aud), Clinical Psychologists (CP), Dietitians (Diet), Occupational Therapists (OT), Optometrists (Opt), Physiotherapists (PT), Podiatrists (Pod), Prosthetists and Orthotists (P&O), and Speech Therapists (ST) in the HA in the first 10 months in 2005-06, the number of patients on the respective waiting lists as at the end of January 2006 and the median waiting time for new cases booked in January 2006, broken down by hospital clusters are set out in Annex A. No statistics on the number of attendances and waiting time are available for Medical Technologists, Medical Lab Technicians, Diagnostic Radiographers and Therapeutic Radiographers, who do not provide direct patient care.

The HA does not have readily available information on the monthly capacities of various allied health services.

- (b) The projected additional manpower requirements for allied health professionals of the HA, the DH and private hospitals and nursing homes regulated by the Hospitals, Nursing Homes and Maternity Homes Registration Ordinance (Cap. 165) in the coming three years are given in Annex B.

- (c) The number of graduates from undergraduate programmes funded by the University Grants Committee (UGC) in physiotherapy, occupational therapy, radiography and biomedical engineering from 2002-03 to 2004-05 and the projected number of such graduates from 2005-06 to 2007-08 are given in Annex C.

The percentage of full-time graduates of the abovementioned programmes in full-time employment from the 2001-02 to 2003-04 academic years are set out in Annex D. The UGC-funded institutions do not have information on whether the full-time employment was related to the graduates' field of study.

Annex A

**Average Monthly Attendances of the Allied Health Services of HA
between April 2005 and January 2006,
Number of Patients on Waiting Lists as at end January 2006,
and Median Waiting Time for New Cases Booked in January 2006**

Hong Kong East Cluster

	<i>Aud</i>	<i>CP</i>	<i>Diet</i>	<i>OT</i>	<i>Opt</i>	<i>PT</i>	<i>Pod</i>	<i>P&O</i>	<i>ST</i>
Average Monthly Attendances ¹	584	386	1 809	21 978	8 103	34 384	687	893	1 952
Patients on Waiting List	862	373	614	234	N/A ²	1 726	255	82	421
Median Waiting Time (Weeks)	5	12	2	1	N/A ²	3	10	1	4

Hong Kong West Cluster

	<i>Aud</i>	<i>CP</i>	<i>Diet</i>	<i>OT</i>	<i>Opt</i>	<i>PT</i>	<i>Pod</i>	<i>P&O</i>	<i>ST</i>
Average Monthly Attendances ¹	672	935	1 808	12 606	4 719	27 206	538	1 126	1 504
Patients on Waiting List	74	279	235	90	N/A ²	365	183	412	288
Median Waiting Time (Weeks)	< 1	5	1	< 1	N/A ²	1	6.5	4	11

Kowloon East Cluster

	<i>Aud</i>	<i>CP</i>	<i>Diet</i>	<i>OT</i>	<i>Opt</i>	<i>PT</i>	<i>Pod</i>	<i>P&O</i>	<i>ST</i>
Average Monthly Attendances ¹	447	339	2 441	13 717	3 093	32 169	889	574	1 546
Patients on Waiting List	1 343	495	678	306	N/A ²	1 069	296	281	482
Median Waiting Time (Weeks)	22	26	3	1	N/A ²	2	4	3	8

Kowloon Central Cluster

	<i>Aud</i>	<i>CP</i>	<i>Diet</i>	<i>OT</i>	<i>Opt</i>	<i>PT</i>	<i>Pod</i>	<i>P&O</i>	<i>ST</i>
Average Monthly Attendances ¹	2 136	705	2 209	14 659	8 853	47 328	293	1 414	2 265
Patients on Waiting List	1 269	93	321	103	N/A ²	460	400	976	509
Median Waiting Time (Weeks)	15	3	4	< 1	N/A ²	< 1	9	7	8

Kowloon West Cluster

	<i>Aud</i>	<i>CP</i>	<i>Diet</i>	<i>OT</i>	<i>Opt</i>	<i>PT</i>	<i>Pod</i>	<i>P&O</i>	<i>ST</i>
Average Monthly Attendances ¹	647	1 308	3 438	36 021	4 045	56 081	847	1 044	1 781
Patients on Waiting List	438	446	1 221	375	N/A ²	1 975	179	233	683
Median Waiting Time (Weeks)	< 1	7	5	< 1	N/A ²	2	2	< 1	5

New Territories East Cluster

	<i>Aud</i>	<i>CP</i>	<i>Diet</i>	<i>OT</i>	<i>Opt</i>	<i>PT</i>	<i>Pod</i>	<i>P&O</i>	<i>ST</i>
Average Monthly Attendances ¹	959	657	2 436	31 737	2 849	51 766	498	1 391	1 454
Patients on Waiting List	2 341	678	600	329	N/A ²	1 849	309	253	692
Median Waiting Time (Weeks)	14	17	4	< 1	N/A ²	2	6	2	19

New Territories West Cluster

	<i>Aud</i>	<i>CP</i>	<i>Diet</i>	<i>OT</i>	<i>Opt</i>	<i>PT</i>	<i>Pod</i>	<i>P&O</i>	<i>ST</i>
Average Monthly Attendances ¹	737	868	2 148	21 966	3 486	21 756	391	1 214	1 370
Patients on Waiting List	1 315	312	1 220	142	N/A ²	896	143	152	413
Median Waiting Time (Weeks)	8	5	9	1	N/A ²	1	4	2	3

Note 1: Number of attendances include first and follow-up attendances for in-patient, out-patient, day hospital and rehabilitation day services.

Note 2: The services of Opts are mainly provided to patients who have a booking with Ophthalmologists. Hence, there are no waiting lists for attendance by Opts.

Annex B

Projected Additional Manpower Requirement for Allied Health Professionals

<i>Allied Health Grade</i>	<i>2006-07</i>			<i>2007-08</i>			<i>2008-09</i>		
	<i>HA¹</i>	<i>DH¹</i>	<i>Private²</i> <i>(private hospitals, nursing homes, and so on)</i>	<i>HA¹</i>	<i>DH¹</i>	<i>Private²</i> <i>(private hospitals, nursing homes, and so on)</i>	<i>HA¹</i>	<i>DH¹</i>	<i>Private²</i> <i>(private hospitals, nursing homes, and so on)</i>
Physiotherapists	13	2	3	13	2	5	13	2	3
Occupational Therapists	9	1	1	9	2	1	9	2	1
Medical Laboratory Technologists/ Technicians	21	4	7	21	0	13	21	2	3
Radiographers	15	2	16	15	0	14	15	1	8
Others	7	6	4	7	6	2	7	8	0

Note 1: The figures on the level of additional manpower requirement of the HA and the DH are projected for manpower planning purpose only. They do not represent any commitment in the number of staff to be recruited in the coming three years. The projection is subject to review from time to time having regard to service demand.

Note 2: The figures on the level of additional manpower requirement of the private sector only cover private hospitals and nursing homes regulated by the Hospitals, Nursing Homes and Maternity Homes Registration Ordinance (Cap. 165). Figures provided in the table are the aggregate of indicative projected demand provided by private hospitals and nursing homes.

Annex C

Number of Graduates (Headcount) of UGC-funded Undergraduate Programmes in Physiotherapy, Occupational Therapy, Radiography and Biomedical Engineering

<i>Programme</i>	<i>2002-03</i>	<i>2003-04</i>	<i>2004-05</i>	<i>2005-06¹</i>	<i>2006-07¹</i>	<i>2007-08¹</i>
Physiotherapy	111	123	100	82	58	55
Occupational Therapy	69	70	66	50	34	36
Radiography	54	46	32	39	27	31
Biomedical Engineering	26 ²	25 ²	28 ²	19 ²	55 ³	59 ³

Note 1: Projected figures only.

Note 2: Figures provided are for graduates in Prosthetics and Orthotics only.

Note 3: Figures provided include graduates from the Medical Laboratory Science stream. The first batch of undergraduate students in this stream is expected to graduate in 2006-07.

Annex D

Percentage of Full-time Graduates of UGC-funded Undergraduate Programmes in Physiotherapy, Occupational Therapy, Radiography and Biomedical Engineering in full-time employment

<i>Programme</i>	<i>2001-02</i>	<i>2002-03</i>	<i>2003-04</i>
Physiotherapy	82.6	72.9	74.1
Occupational Therapy	87.5	66.7	85.5
Radiography	91.4	94.2	92.5
Biomedical Engineering (Prosthetics and Orthotics only)	94.7	87.5	90.9

Note: The above information is based on the Graduate Employment Surveys conducted by the UGC-funded institutions and cover only those full-time graduates who responded to the surveys. The latest available data cover graduates in the 2003-04 academic year.

Elderly Health Centres

17. **MS EMILY LAU** (in Chinese): *President, the 18 Elderly Health Centres (EHCs) under the Department of Health (DH) currently provide services of health assessment, physical check-up, counselling and curative treatment for about 40 000 elderly members. As at December 2004, about 25 000 elderly people were waiting for enrolment as EHC members and the median waiting time was 26 months. Recently, I have received complaints from many elderly people about the excessively long waiting time. In the paper on "Building a Healthy Tomorrow", the authorities estimate that, with an aging population, one in five people will be over the age of 65 by 2023. Besides, a social service organization has conducted a survey and found that 40% of the elderly are unaware of the services provided by the EHCs. In this connection, will the executive authorities inform this Council:*

- (a) whether they will open additional EHCs and increase the membership size of the existing ones; if not, of the reasons for that;*
- (b) of the measures taken to shorten the waiting time;*
- (c) whether they have set targets for shortening the waiting time; if so, of the targets; if not, the reasons for that;*
- (d) given that the services provided by the EHCs are insufficient to meet the demand, whether the authorities plan to subsidize the elderly to undergo physical check-ups at private medical institutions; and*
- (e) how they will ensure that the elderly are generally aware of the services provided by the EHCs?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in the absence of Secretary for Health, Welfare and Food) (in Chinese):
President,

- (a) The DH's EHCs provide services including health assessment, general out-patient services, physical check-ups, individual counselling and health education. As the charge is very reasonable (the annual membership fee is \$110) and is heavily subsidized, there is a huge demand for EHCs' services.

Public resources are limited. The EHCs alone cannot meet the health care needs of all the elders. Also, the EHCs are not the only provider of primary health care services for elders. The followings are also key components of our health care services for elders:

- (i) the 18 Visiting Health Teams (VHTs) of the DH organize health talks and other health promotion activities for elders and carers, in collaboration with the 200 or so elderly centres run by non-governmental organizations (NGOs) with government subsidy;
- (ii) the DH has produced do-it-yourself health educational kits to further promote health education and disease prevention. Also, the DH collaborates with various elderly centres to help them use risk assessment tools to conduct risk assessments for elders;
- (iii) elderly centres conduct health education to elders in the community;
- (iv) the Hospital Authority is running more than 70 General Out-patient Clinics (GOPCs) to provide general out-patient services for the general public. Elders are major users of GOPCs' services;
- (v) various NGOs are operating health clinics on a self-financing basis; and
- (vi) private medical practitioners are also key providers of primary medical care for elders. In the discussion paper on "Building a Healthy Tomorrow", the Health and Medical Development Advisory Committee recommended the Government to promote the family doctor concept and leverage effectively on the private medical sector to provide primary medical care services.

In 2005, health talks and health promotion activities jointly organized by the VHTs and the EHCs for elders and carers had a total attendance of 460 000. Most of the participants were not

members of the EHCs. Also, the 200 or so elderly centres organized health education activities for over 170 000 elders. Around 150 000 elders received influenza vaccination provided by the Government last year.

The DH will strengthen collaboration with the stakeholders including private practitioners and NGOs to enhance primary health care services for elders.

(b) and (c)

Public resources are limited. The EHCs alone cannot meet the health care needs of all the elders. The DH will strengthen collaboration with the aforementioned stakeholders including private practitioners and NGOs to enhance primary health care services for elders.

The staffing situation and the complexity of the cases may affect the total number of enrolments of the EHCs, and the total number of attendances for health assessment and medical consultation conducted by them in a particular year. The DH projects that the EHCs' membership may increase from 37 400 in 2005 to 38 000 in 2006.

(d) While physical check-ups may facilitate early detection of diseases, the most effective ways to prevent diseases are to understand their causes, the prevention methods and risk factors, maintain a healthy lifestyle (such as refraining from smoking, keeping a balanced diet, taking exercises regularly, pursuing a normal social life and be positive), and consult doctors when there are symptoms of illnesses. The discussion paper on Building a Healthy Tomorrow recommended the Government to strengthen preventive care through public education. It is more important and cost-effective to take the aforementioned preventive measures than conduct physical check-ups.

The DH will continue to enhance the health of our elders along this direction. The DH has no plan to provide physical check-ups for all the elders in Hong Kong, or subsidize them to do so.

- (e) As regards publicity, the DH would reach out to the community through various channels to educate and raise the awareness of elders and carers on the holistic approach to health care and disease prevention.

Handling of Emergencies and Rescue Work by Hong Kong Disneyland

18. **DR KWOK KA-KI** (in Chinese): *President, it has been reported that last September, an 82-year-old woman of Singapore nationality who felt discomfort in Hong Kong Disneyland (HKD) was sent to Princess Margaret Hospital and subsequently certified dead. Her daughter complained that, in the course of the incident, she had sought help from the staff of HKD, but failed to obtain prompt assistance. She also said that the rescue was delayed because the ambulance could not have access to HKD from its main entrance. Regarding the handling of emergencies and rescue work by HKD, will the Government inform this Council:*

- (a) *of the details of the above incident, and whether the Coroner's Court will conduct a death inquiry into the incident; if it will, when the inquiry will be conducted; if not, the reasons for that;*
- (b) *whether it has assessed the adequacy of the current medical and health facilities and emergency measures of HKD; if it has, of the assessment results, and whether it will discuss with the management of HKD the ways to perfect the relevant facilities and conduct staff training, in order to enhance the staff's ability to respond to emergency situations; and*
- (c) *how it will monitor the operation and enhance the entrepreneurial responsibility of HKD in order that it will face up to the importance of rescue work, so as to ensure that the tourists and members of the public are offered rescue expeditiously in case they have accidents or feel discomfort in HKD?*

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Chinese): President,

- (a) According to the information provided by Hongkong International Theme Parks Limited (HKITP), a family member of the woman approached the front desk of Disney's Hollywood Hotel for assistance at about 8.43 pm on 28 September 2005. HKITP immediately sent a staff member with first-aid training to the room where she was staying to provide assistance.

According to the Fire Services Department (FSD), the Fire Services Communication Centre received a call at 8.55 pm from HKITP. The Penny's Bay Fire Station cum Ambulance Depot dispatched an ambulance at 8.56 pm and arrived at the hotel at 9.01 pm. The ambulance was parked at a side entrance as arranged by HKITP. HKITP explained that this provided the shortest possible route to the room. The ambulance crew would have needed more time to go to the room had they entered from the main entrance of the hotel.

At 9.03 pm, the ambulance crew attended the woman in her room. She was unconscious and necessary resuscitation was conducted by the crew. The ambulance left with her for Princess Margaret Hospital at around 9.10 pm and arrived at 9.40 pm. She was certified dead the same evening.

An autopsy was later performed at Kwai Chung Public Mortuary and the completed autopsy report was sent to the Coroner's Court on 16 November 2005. We have consulted the Judiciary in relation to the matter. The Coroner had considered the preliminary investigation report submitted by the police and the autopsy report. Both disclosed no suspicious circumstances. The Coroner decided that an Inquest is not necessary.

- (b) and (c)

HKITP considers guest safety its top priority. There is a first-aid centre within the theme park, and a full-time team of nine registered nurses as well as over 100 qualified first-aid trained staff members are on hand to respond to medical-related situations in both the theme park and the hotels.

Prior to the opening of HKD, an emergency management plan was compiled by HKITP with input from relevant government departments. This emergency management plan covers a wide range of possible emergency situations as well as the access routes and staging locations of emergency vehicles which ensure arrival at the scene of an incident anywhere in the theme park and hotels in the shortest possible time.

HKITP reviews this emergency management plan on a continuous basis with input and comments from relevant government departments to ensure that the plan incorporates updates in the light of operating experience. HKITP also reviews and refreshes training for staff members from time to time with a view to enhancing knowledge and experience of all those involved in providing necessary medical assistance to park visitors when such service is required.

As a further measure to handle emergency situations, HKITP has also installed direct telephone lines to the Penny's Bay Police Post, the FSD's Fire Services Communication Centre in Tsim Sha Tsui and the relevant Police Regional Command and Control Centre before the opening of the park.

HKITP explains that its policy is to call ambulances for theme park or hotel guests where necessary and to provide the quickest access for the emergency services. HKITP arranged the ambulance to park at the side entrance in this case because it provided the shortest possible route to the room.

It is the common objective of both HKITP and relevant government departments to work closely to ensure the smooth operation of the theme park, including its emergency care and safety procedures. HKITP will continue to ensure that its staff members are always equipped with up-to-date knowledge and skills to respond to emergency situations.

Calculation of Commission

19. **MR LEUNG YIU-CHUNG** (in Chinese): *President, the Court of Final Appeal ruled on the 28th of last month that contractual commission calculated on*

a monthly basis should not be included in the calculation of an employee's holiday pay and annual leave pay. In this connection, will the Government inform this Council:

- (a) of the number of claims in which the Labour Tribunal has ruled, since the delivery of the above judgement, that commission of the above nature should not be included in the calculation of holiday pay or annual leave pay; and*
- (b) whether it plans to amend the Employment Ordinance (Cap. 57) to specifically provide for the inclusion of commission of the above nature in the calculation of holiday pay and annual leave pay; if so, of the legislative timetable and contents; if not, the reasons for that?*

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Chinese): President,

- (a) The Labour Tribunal does not keep statistics on such claims.
- (b) According to the Government's legislative intent, commission is a part of wages and should be included in the calculation of holiday pay and annual leave pay. We are now seeking the advice of the Department of Justice on how the Employment Ordinance should be amended to reflect our original legislative intent. We will formulate proposals to amend the Employment Ordinance and consult the Labour Advisory Board as early as possible.

Promoting Use of Electric Vehicles

20. **MR LAU KONG-WAH** (in Chinese): *President, with regard to promoting the use of electric vehicles, will the Government inform this Council:*

- (a) of the number of electric vehicles first registered in each of the past three years, and the total number of registered electric vehicles at present;*

- (b) *whether the percentage of electric vehicles among all vehicles in Hong Kong is lower than those in major cities of Europe and America; if so, of the reasons for that; and*
- (c) *apart from exempting the payment of first registration tax, of the measures to encourage the public to switch to electric vehicles, and whether there is any publicity in this respect?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Chinese): President,

- (a) According to the Transport Department, the annual number of electric vehicles first registered in Hong Kong from 2003 to 2005 is three, eight and eight respectively. The total number of registered electric vehicles as at the end of February 2006 is 72.
- (b) Electric vehicles account for about 0.012% of the total number of vehicles in Hong Kong. The percentage of electric vehicles among all vehicles in the United States is about 0.011%, which is similar to that of Hong Kong.
- (c) To encourage the use of electric vehicles, the Government has exempted the first registration tax for such vehicles since 1 April 1994. In the 2006-07 Budget, the Government again proposed to extend the concession for another three years until 31 March 2009.

Under an incentive scheme implemented during August 2002 and the end of 2005, the Government also offered the owners of electric public light buses (PLBs) a one-off grant of \$80,000 for each PLB. As an electric PLB can only travel 30 km to 50 km each time after recharging, the trade is not entirely receptive to its performance and reliability. Therefore, no PLB owner has replaced diesel PLB with electric model so far.

We will closely follow the technological development of electric vehicles and will explore ways to promote them further when the technology has improved.

BILLS**Second Reading of Bills****Resumption of Second Reading Debate on Bills**

PRESIDENT (in Cantonese): Bill: Second Reading. The debate on the Second Reading of the Appropriation Bill 2006 resumes at this meeting, and Members will be speaking today and tomorrow.

Up to this morning a total of 25 Members have indicated their wish to speak today. These Members will speak today, and I hope to let as many Members as possible to speak today. But I will suspend the meeting before 8.00 pm.

APPROPRIATION BILL 2006**Resumption of debate on Second Reading which was moved on 22 February 2006**

MR LAU CHIN-SHEK (in Cantonese): President, when delivering his Budget, the Financial Secretary asked a very good question. He asked: Where would the money come from if the Government wanted to provide more welfare services and more recreational facilities to the people? As everybody knows, public services require money which will neither fall from the sky nor grow on trees. "Where does the money come from?" is a question that can hardly be evaded.

President, the Financial Secretary has asked a very good question, but his answer warrants deliberation and needs an in-depth discussion by us. The Financial Secretary said that a small government should be maintained and it was not possible for Hong Kong to practise welfarism because people did not accept high tax rates. In his opinion, it is a right balance to maintain the percentage of public expenditure at or below 20% of the Gross Domestic Product (GDP) or even reduce it to 16% of GDP in the next five years, that is, to restore it to the level of two decades ago.

President, the Government keeps mentioning "big market, small government" and attaches great importance to the annual economic freedom

survey conducted by the Heritage Foundation of the United States. In order to retain Hong Kong's position as the freest economy, the Government keeps compressing public expenditure and outsourcing its services. Such an approach has almost become the most important policy guideline of the SAR Government. However, it seems that the Government has overlooked one fact, that is, the Heritage Foundation has explicitly pointed out that the freest economy does not mean that it is also the richest. Compared with other more economically advanced countries, Hong Kong enjoys a higher degree of economic freedom mainly due to the scale of public expenditure. In the United States, the United Kingdom, Denmark, Sweden, Switzerland and Japan, for instance, they have a score of three to four points in this aspect while Hong Kong has a score of 1.8 points. However, the GDP *per capita* in these countries is higher than that of Hong Kong, showing that the amount of public expenditure of a region bears no direct relation to its economic performance. The Government has been pursuing a "small government", thinking that the smaller the better. It may have put the wrong focus on the issue.

President, how the government spends is more important than how much the government spends in affecting the economic performance of a region. Many agree that spending on education, health care, housing and welfare is a long-term investment in society conducive to sustainable economic development. According to the latest Estimates, social spending in 2006-07 accounts for around 9.7% of the GDP, which is less than half of the 20% in European countries. Of course, it will be beyond Hong Kong people's imagination if our social spending is doubled in order to reach the level in the European countries. However, does the fact that Hong Kong does not practise welfarism mean that we cannot further develop our education, health care, housing and welfare services which will only mark time or be restored to its original level two decades ago?

Let us ask ourselves the following questions. Two decades ago, the corridors of public hospitals were full of camp beds. But today, most people can enjoy medical services at low costs. Is this something we should be proud of, or have we been too generous or done anything wrong? Two decades ago, the average waiting time for public rental housing was nine years and now it is around two years. Is this something we should be proud of, or have we been too generous or done anything wrong? Two decades ago, on average, every 10 youngsters of school age had to compete for one subsidized tertiary place. But now, the ratio has dropped to six. Is this something we should be proud of, or have we been too generous or done anything wrong?

If we recognize and cherish the improvements we have seen in education, health care, housing and welfare in the past two decades and hope that further progress can be made on the existing foundation, we must answer a basic question: Where does the money come from? Under the existing taxation system, can the Government be provided with sufficient resources in order to implement the policies advocated by us?

President, in the past, those who strove for improving people's livelihood, including myself, would tend to demand an increase in government expenditure in order to win the grassroots' support instead of considering the Government's source of income. Sometimes, we even pressed the Government for a tax cut together or even demanded an increase in profits tax. No wonder some people, particularly those in the business sector, consider what we advocate will lead to a plight where the public coffers will be empty, resulting in a need to raise loans which will become the burden of the next term of Government.

President, we must admit that no matter how desirable and how great our ideas of social investment are, and no matter how much support we can get from the grassroots for our stance, it will be very difficult for us to implement these policies if we cannot win the support of the middle class and business sector. This is because the implementation of these policies requires money and the taxes paid by the middle class and business sector are the main source of income of the Government. If we take our advocacy and positions seriously, we should have the courage to take one step further. We should ask the public and ourselves whether we are willing to pay a little bit more in taxes, including salaries tax, so that all the elders can enjoy a wavier of public medical fees, and the low-income workers do not have to work 19 hours a day and die of exhaustion in a refuse chamber. We should have the courage to ask the business sector whether they are willing to pay a little bit more in profits tax so that our next generation can enjoy quality education of small-class teaching and associate degree students do not have to be laden with debts before they can complete their studies.

President, the Financial Secretary once cited a famous quote from Benjamin FRANKLIN: "Nothing is certain except death and taxes." In the United States, some people do have linked death with taxes for they wish to pay taxes even after their death. Last year, 120 billionaires in the United States, including Old Bill GATES and George SOROS, put an advertisement under their joint signatures in the *New York Times* urging the Congress not to abolish the

estate duty so that there would not be any reduction in government revenue for this may lead to a decrease in spending on social security, medical insurance and environmental protection. The spirit of these billionaires is spelt out in the judgement of the former Justice of the United States Supreme Court Oliver Wendell HOLMES in 1927. Inscribed on the wall of the Internal Revenue Service Building, Washington, DC, it reads, "Taxes are what we pay for a civilized society".

President, as I said last year, the core issue of the Budget is how much we are prepared to pay and what kind of society we wish to build. I have never concealed my beliefs or aspirations. I hope that Hong Kong can be a society of love and kindness in which the old, the weak, the poor and the sick can be given proper care. I hope that Hong Kong can be a society of justice where the capable are willing to help the unfortunate. I do not think Hong Kong is a mere economic city where efficiency and competitiveness are the only concerns. I hope people can enjoy a bountiful spiritual life. Our artists do not have to worry about making ends meet and can just focus on their creations. Our athletes do not have to worry about their life after retirement and can just focus on scaling new heights. Our scholars do not have to be concerned about their job security and can just focus on academic pursuit.

President, if our ideal is to build Hong Kong into a humane and passionate society where people also attach importance to cultural life rather than mere material comfort, we have to ask ourselves a very realistic question: How much are we willing to pay so that our ideal can come true? We have to ask ourselves: Do we want to save \$100 or \$200 in tax every month and turn a blind eye to the fact that the cancer patients are denied proper treatment and the distressed elders have to eke out a living by collecting cartons? People in the business sector should also ask themselves whether they would prefer saving a few thousand dollars in their accounts even though 90% of the youngsters are denied university education and the poor have to live in squatter huts on the hillside.

President, even though the Hong Kong Inland Revenue Tower is clad in cold glass curtains, I am sure Hong Kong people are willing to pay part of their income in order to build Hong Kong into a civilized society. The key is whether the Government and all those in politics have the courage and the leadership to release the people's desire and drive of building a civilized society from the bottom of their heart.

I so submit. Thank you, President.

DR DAVID LI: Madam President, the Financial Secretary painted a very upbeat picture of our economy in his 2006-07 Budget speech, capped with the excellent news that fiscal balance has been restored, three years earlier than originally forecast.

The Government has been through a very painful re-engineering process. The Civil Service has been scaled back. Salaries have been reduced in line with deflation. Individual departments have seen their budgets cut. As a result of these severe belt-tightening measures, government expenditure as a share of the Gross Domestic Product has been brought down to the 18% level. The Financial Secretary is to be congratulated for staying the course in the face of fierce winds, and delivering the ship of Hong Kong safely to harbour with a small budget surplus.

I have consulted widely members of my Constituency in the preparation of these remarks.

The Finance Constituency is unanimous in the opinion that the hard-won gains of recent years should not be squandered. While we faced a deficit, the community understood the need to pull together to bring government revenue and expenditure back to balance. However, the sight of a budget surplus has led many to demand new handouts from the Government, whether in the form of tax relief or added government services.

In order to safely negotiate the way forward, the Government must hold true to the basic guiding principles. Now is the time that the principle of "Big Market, Small Government" is most needed. We look forward to strict implementation of this principle by the Government in the years ahead.

By maintaining a low tax regime and a level playing field, we encourage the private sector to continue to invest in Hong Kong. In this way, we create new employment and business opportunities for us all. At the same time, we must recognize that Hong Kong is a rich society. We can afford to support the truly needy. We must be generous in this regard.

Going forward, one of the primary goals of future budgets must be to avoid the wild swings from large fiscal surplus to large fiscal deficit which we have experienced over the past decade. Good times should not be seen as an excuse to raise government expenditure. Excessive spending in good times will only lead to exaggerated deficits when the times are lean.

Future budgets must aim for fiscal balance. Given the modest surplus forecast for the coming year, the limited personal tax relief announced in the Budget is considered appropriate. The decision to reduce the tax rate on the top bands by 1% was an imaginative initiative, one which will provide the most relief for the middle class who carry the heaviest tax burden.

May I take this opportunity to warn the Financial Secretary that he must get his sums right. In the past, projections of the size of the deficit or surplus have often been wildly off the mark. The Financial Secretary should not purposely err on the side of caution, with the aim of building up the fiscal reserves. Any surplus should be returned to the people through lower taxes.

The Finance Constituency also welcomes the announcement that a public consultation will be carried out later this year on a Goods and Services Tax (GST). An objective and transparent consultation process will answer many of the questions now circulating within the community, and help to build consensus on the way forward.

I note that the Government has argued that a GST will make government revenues more stable and predictable. I fully support that goal. However, that goal will only be achieved if the Government reduces its reliance on more unstable sources of revenue. Hence, a GST if it goes ahead, should be revenue neutral.

I was very encouraged by the announcement of the Quality Migrant Admission Scheme. I have been calling for a similar scheme for some time. The whole community will benefit if we can attract a wider range of talented individuals to our city. This policy will generate new business and new jobs for the people of Hong Kong.

I was also very encouraged that spouses of those who are transferred here for work will themselves once again be able to seek employment in Hong Kong. We are an open economy which very much depends on international ties. As such, the previous restrictions were counter-productive. This is especially true in the financial services sector which employs many talented individuals from around the world. The decision to lift the restrictions on employment of dependent spouses is much appreciated by members of my Constituency.

The Finance Constituency also appreciates the recent initiatives by the Government to support the financial sector. The decision to abolish estate duty and the repeal of the tax on offshore funds have raised the international profile of Hong Kong as an international investment centre.

My Constituency is well aware of the ongoing efforts by the Government to extend the scope of allowable Renminbi business in Hong Kong. We are also aware of the constraints upon the expansion of the scheme, given the capital control regime on the Mainland. Nevertheless, we can put the necessary infrastructure in place now, so that we are ready to expand the scope of Renminbi business quickly, once the relevant authorities give us the green light. In this regard, I very much welcome the introduction of the new Renminbi Settlement System. This will make it much easier to introduce a real time gross settlement system in Renminbi at the appropriate time.

Those pressing the case for the expansion of Renminbi business in Hong Kong should not lose heart. Rather, they should redouble their efforts. Conditions on the Mainland for relaxation of the capital control regime are becoming more favourable with each passing day.

We in the Finance Constituency welcome the decision contained in the Budget to introduce the first green taxes. We hope that the Government will also step up its efforts to fight worsening regional air pollution. As we have said many times in the past, declining air quality affects our ability to attract talents to Hong Kong, and impacts our aspirations to expand Hong Kong's role as an international financial centre.

My Constituency also welcomes the announcement of public consultation on the introduction of tax relief for private medical insurance payments. Tax relief would be an effective way of both easing pressure on the public health system and reducing the burden on the middle class.

While generally very satisfied with the Budget, the Finance Constituency is concerned with the rather offhand way in which the Financial Secretary dismissed calls for group loss relief. The justification for inaction — for the provision could be abused — rings hollow when many other jurisdictions worldwide have adopted this policy.

We therefore urge the Financial Secretary to take our request more seriously, and to conduct a proper review of the need for group loss relief to protect Hong Kong's competitive position. The review should examine what steps can be taken to eliminate the scope for abuse of any relief measure. With this one caveat, the Finance Constituency is very pleased to support the Budget.

In closing, I would suggest that Hong Kong's return to fiscal health be toasted with a glass of fine vintage wine. However, I will delay that toast, in anticipation of the fact that the Financial Secretary will have good news for us on the wine duty in his Budget next year.

Thank you, Madam President.

MR BERNARD CHAN: Madam President, the Financial Secretary delivered good news in his Budget speech four weeks ago. The economy has been performing well. Indicators, such as consumer confidence and unemployment, have been positive, and government expenditure has been brought back to traditional, lower levels more quickly than was previously expected.

As usual, debate about the Budget comes down to some familiar old questions. Should we spend more? Should we tax less? Would it not be nice if we could do both?

Several politicians have called loudly for bigger salaries tax cuts to relieve pressure on the middle class. It is a good way to get publicity, and not to give the impression that — I should say to give the impression that — you care deeply about the middle class. But I do not think that such calls really make much sense.

First of all, the salaries tax burden is already very light. Nearly two thirds of our workforce pay no salaries tax at all. The majority of people who do pay tax are paying well under 10% of their income, and on top of that, they get allowances for their children, parents or home loans.

I am all in favour of tax cuts, especially if the Government finds itself making consistent surpluses. But let us not kid ourselves that it will make a huge difference to anyone's lives. You are talking about cutting a family's tax burden from maybe 6% of income to 4%, or cutting a thousand dollars or so

from an annual tax bill of maybe \$15,000. It is nice, but it is not really relieving a burden.

I think most voters in the Mid-Levels, Taikoo Shing or City One Shatin would be more impressed if the Government and politicians (like myself) came up with ways to improve our air quality, or our traffic, or the health care system.

The Financial Secretary mentioned a far more controversial subject — the idea of a consumption tax. He has very sensibly suggested a lengthy consultation period for this proposal. I hope the whole community will use this opportunity to have a full discussion of the benefits and costs of changing our tax system, or not changing it.

This would give everyone a chance to understand what a sales tax really means. Some people see increased administrative burdens for small businesses. Let us see how we can make sure that does not happen. It is very important that it does not.

Some people think tourism will suffer if our prices — which are already much higher than in many other destinations — go up by a few percent. Let us see if this is really true. I wonder whether these fears are exaggerated.

Most of all, many people believe that this would shift the burden of financing public services away from the rich to the poor. It is definitely not about cutting taxes paid by the rich, who as bigger consumers, will pay more of the new tax. I can tell you right now that I would only vote for this if people on welfare are compensated for the rise in living costs. I know the Administration is thinking along those lines.

The idea is to implement reform in a revenue-neutral way. The Government does not need more money, but it needs to be funded in a way which is fair and predictable. It needs to be less reliant on land sales and land premiums. We need to maintain revenue levels as our tax-paying workforce ages.

If critics believe that a broad-based goods and services tax would be a bad idea, I would encourage them to offer alternatives. There are some interesting ideas floating around. People have suggested an energy tax or even a head tax. If people have a better suggestion, let us hear it.

Another controversial issue is the Quality Migrant Scheme. This is a relatively small-scale project, but already, some people are worrying that people are going to come and take over their jobs. It is a pity that some people in Hong Kong have become so protectionist, and seem to have lost confidence in their ability to compete. There is no limit to the number of jobs which can be created in an economy. If we allow in more talented people from other parts of the world, they will create jobs, not take them.

The idea is to attract people who are entrepreneurial, creative, talented, energetic, ambitious, full of new ideas, self-confident, and ready to take a risk. Remember, we used to have hundreds of thousands of people like that coming over the border every year. That generation is now retiring. Some newcomers from other parts of the world — China and Asia — with skills and education levels which we lack, will be a good thing for all of us. Thank you.

MR MA LIK (in Cantonese): President, on behalf of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB), I shall pass our overall comments on the 2005-06 Budget. Besides, I am also going to give my views on the treatment of education in the Budget. Later on, Members belonging to the DAB will speak on other policy areas in the Budget.

We have described the Budget by saying, "Prospects bright; financial management conservative; and, people's wishes unfulfilled". "Prospects are bright" because the Government has succeeded in eradicating the fiscal deficit three years ahead of schedule and the overall economy is also witnessing sustained growth. "Financial management is conservative" because despite the sound economic and financial conditions, the Budget has not restored the salaries tax rates to the level in 2002-03, nor has it actively put forward any visionary fiscal policy on promoting the economic development of Hong Kong. Although the Financial Secretary has all the time hoped that people's wishes can come true, people are nonetheless disappointed.

We are of the view that other than concentrating solely on "window-dressing", public finance management should also play the role of economic planning and promoting social development. Since Hong Kong practises a linked exchange rate system and therefore cannot regulate its economy through any currency policies, it must rely on the Government's fiscal policy as a means of making plans for social and economic development.

However, from all perspectives, the Budget this year can only be described as a "standard accounting exercise". The pattern of revenue is basically the same as that of the past, and so is the pattern of expenditure. The greatest concern of the Government is still the statistics on the losses and surpluses of the Treasury. With such a standard approach, the Budget fails to set down a long-term direction. In particular, there are no innovative policy ideas and objectives that can promote economic restructuring and sustained development.

We all know that under the 11th Five-Year Plan formulated by the Mainland this year, the objective is to follow a new road of industrialization emphasizing independent innovative capabilities, perfection of the industrial structure, environmentalism and energy conservation. In addition, different development strategies are also set down for the various regions of the country. In contrast, the SAR Government does not have any long-term vision for the social and economic development of Hong Kong. It has been taking one step at a time and trying as far as possible not to do anything at all. Recently, when announcing their report on the competitiveness of 200 cities throughout the country, the experts of the Chinese Academy of Social Sciences pointed out that although the integrated competitiveness of Hong Kong is still very high, that is, it still ranks the first, its technological innovation is not so adequate. Hong Kong's technological industries are lacking behind in terms of innovativeness, and its position in this respect is the 198th, that is, the third last. This is a true revelation of the latent problem with the competitiveness of Hong Kong's industrial structure in the absence of strong government support.

Although the 11th Five-Year Plan "reaffirms Hong Kong's status as an international hub for financial services, trade and shipping, and supports Hong Kong's development in areas such as financial services, logistics, tourism and information services", the most important thing is that Hong Kong society must still make its own efforts, and there must still be active promotion by the SAR Government in economic policies, coupled with an appropriate bias of its fiscal policy. If the SAR Government remains complacent about the existing industrial structure of Hong Kong and continues to neglect the promotion of innovative and high value-added industries, leaving them to run their own courses in the market, I am afraid Hong Kong will only become increasingly marginalized during the process of reorganization of the regional economy in the future.

Despite the SAR Government's claim that it will seek to play the role of an "active market facilitator", we can notice from the Budget this year that its

existing role is not much different from the one it played during the age of "positive non-intervention". We hold that the economic policy of "positive non-intervention" is already outdated. If we are to promote the economic restructuring and sustained development of Hong Kong, we must focus not only on free market operation but also the vigorous support of the Government. The most important thing is that the Government should be bold enough to do something. It must focus on innovative and high value-added industries that are suitable for the context of Hong Kong and then offer them tax and land concessions or adopt other appropriate preferential policies, so that these industries can take root in Hong Kong and become a fresh impetus in Hong Kong economy.

The former Chief Executive put forward many ideas on developing new industries, attempting to set up different kinds of centres. But all his attempts were to no avail due to a lack of focus and implementation tactics. However, if the Government thus concludes from all these lessons that inaction is the best way to minimize and avoid mistakes, the long-term development of Hong Kong will surely suffer. We maintain that the SAR Government should adopt a visionary perspective and take active steps to plan and promote the economic restructuring and sustained development of Hong Kong. And, the formulation of new ideas must be more meticulous and the process of implementation more systematic.

In recent years, Korea has emerged from the Asian financial turmoil much stronger than before. We can notice that the efforts of the Korean Government have played a critical role in promoting high-tech industries. In the Mainland, there are also lots of successful experience in promoting industrial development. In neighbouring Guangzhou, for example, there used to be no foundation of heavy industries, but thanks to vigorous government promotion, the city has successfully developed its car assembly industry. I am sure that Members were all deeply impressed when visiting a car assembly plant in Guangzhou earlier on. Hong Kong has in fact adopted a similar approach. The Hong Kong Disneyland, for example, would not have come into existence without the land and other concessions provided by the Government. Since even the tourism industry needs such support, there should be a greater need for innovative and high value-added industries to receive government patronage.

Admittedly, the Government will surely find the role of a visionary facilitator of industries much more difficult than what it has to do under the

principle of "positive non-intervention". But unless the Government thinks that we can continue to live on our fat, it must make some commitments and do something positive. And, any government that emphasizes strong governance should make such commitments and do something positive instead of being complacent about "doing things by doing nothing".

President, I shall now turn to my views on the education policy.

Overall, the Government does not have any planning for the use of public money. The same blunder can also be found in its education policy. The Chief Executive and the Financial Secretary frequently claim that investments in education will continue. But such a claim may easily become mere lip-service. What we are most concerned about is what strategies the authorities have set down to ensure the appropriate allocation and utilization of resources and in turn the upgrading of education quality. The Financial Secretary once remarked that more than \$1 million has been invested in every local student educated to the level of university graduation. However, as a matter of fact, only a minority of students are able to benefit fully from this \$1 million. The reason is that the allocation of education resources is "top-heavy" at the moment. The proportion occupied by early childhood education in the overall education expenditure is the smallest, standing at less than 0.5%. This is followed by primary education, which accounts for 25% of the total education expenditure. And, the resources allocated to secondary and tertiary education are more substantial in comparison. Since investments in elementary education have been scanty, students naturally cannot build up a sound foundation. One of the undesirable consequences is that only 40% of the primary school graduates in Hong Kong are able to learn in the medium of English; these students are at the same time the best students. Why is it impossible to increase the percentage of such students? We in the DAB believe that the allocation of more resources to primary and early childhood education will change such a situation.

In the past, when this Council held debates on early childhood education, the authorities did agree that early childhood education was very important. But the Government has so far failed to take any concrete actions that can show us that it is concerned about early childhood education. Over the recent years, the expenditure on early childhood education has been standing at roughly \$900 million a year. Even if the authorities merge kindergartens with the child care centres under the Social Welfare Department, the total expenditure will still be as

small as \$1.28 billion, or just 2.7% of the total education expenditure. We have to point out that even if early childhood education was given full subsidy, the additional expenditure per year would just be \$1.1 billion. Owing to the declining population of school-age children in recent years, spates of kindergarten closure have occurred, and the salaries of kindergarten teachers are now close to the salary level of foreign domestic helpers. For all these reasons, we hope that the Government can allocate additional resources to early childhood education and bring it fully into the scope of subsidized education.

The Financial Secretary also proposed to spend \$350 million on providing an additional 1 800 university hostel places, with a view to inducing a greater number of non-local tertiary students to come to Hong Kong as exchange students. This development direction is in line with the internationalization of education advocated by the DAB and conducive to the creation of a variegated learning atmosphere on campuses. However, exchange students will normally stay in Hong Kong for just one year, after which they will return to their home countries. As a result, when it comes to links with Hong Kong or long-term contribution to our community, they can never compare with non-local students formally admitted to our tertiary institutions. We are of the view that if Hong Kong really wants to become an education hub in Asia and a centre of talents, the admission rate of non-local students should be increased gradually from the existing 10% to 20%, while hostel places should also be provided to the non-local students admitted. We understand that this proposal is also supported by local universities. It is hoped that the proposal can be implemented as soon as possible.

Finally, I wish to discuss the issue of relieving the work pressure of teachers. Over the past two months, the authorities have announced a number of improvement measures, including the addition of some 1 700 permanent teaching posts and the conversion of the school development grant into a recurrent grant. However, I maintain that there is still room for the authorities to further improve the working conditions of teachers. In the debate held in January, I already put forward many suggestions in this regard: reducing the teaching loads of teachers and class sizes, reviewing the policy of inclusive education, strengthening communication with front-line teachers and rationalizing and reorganizing the workflows of schools. At the level of planning, we know that class-size reduction is the easiest way to achieve the desired results. But we have not heard any further announcements by the authorities so far.

In conclusion, the DAB holds that education is a form of basic investments in social development. The Government must demonstrate its strong commitment instead of doing nothing. In addition, there must be an even distribution of education resources. Appropriate amounts of resources must be allocated to different education segments and areas. The "top-heavy" approach to resource allocation must be avoided, and so must the situation of "having no teachers to implement new measures".

I so submit. Thank you, President.

MRS SOPHIE LEUNG (in Cantonese): Madam President, I will give my response to the Budget 2006 in respect of helping the disadvantaged groups and enhancing creative economy.

The Budget this year gives substantial coverage to the issue of helping the disadvantaged groups. I am glad to see the Government attach great importance to the issue, increasing the respective funding significantly and proposing various specific measures targeting individual districts. It thus shows that the Government is committed to helping the disadvantaged groups to improve their lot.

The integration of all strata of society is a crucial element of fostering harmony in society, and above all, the inclusion of the disadvantaged groups by all sectors is extremely important. In this connection, I wish to present a new interpretation and standpoint on helping the disadvantaged groups, hoping that it will give inspiration to the use of public resources.

I think every one in society must be offered equal opportunities to bring into play their strengths irrespective of their abilities. Therefore, in alleviating the poor or helping the disadvantaged groups, assistance should be rendered to enable them to give full play to their strengths and make contribution within their capacities. We must forsake the idea of offering favours in addressing these problems, only by doing so can they remove their existing constraints to stand on their own feet and lead a life with dignity. Only this can be really helpful.

It is glad to note that the Financial Secretary has indicated in the Budget the further promotion of the development of "social enterprises". If the development of social enterprises is geared in the right direction, it will be a

most valuable opportunity for the community groups to enhance their capabilities and demonstrate their abilities. If the development of social enterprises is to be made a success, the provision of an impetus is a prerequisite, while such an impetus has to be built on the realistic base of mutual support and benefit, as well as on mutually favourable terms.

The framework of social enterprises should be built on the interaction of different strata of society and the intricate co-operative relation of all strata, where all participating units make their respective contribution and get benefits in return. It is this interaction that enables the natural inflow and investment of social capital including various kinds of capital like talents and knowledge, propelling the development of social enterprises and creating opportunities for the disadvantaged groups.

The first step towards the establishment of social enterprises is to encourage and promote the formation of a platform for mutual assistance that is accessible to different strata of society for the assessment of the contributions and benefits of all stakeholders. On the principle of mutual assistance, collective promotion and mutual benefits, this platform should at least include the interaction of the business sector, the welfare sector and the disadvantaged groups. This is the simplest and the most essential factor. I think other sectors, like women, students, academics and voluntary organizations, will also have a role to play. For instance, successful people, like those in the business sector who possess the knowledge of survival in society, may act as coaches to enhance the grassroots knowledge of society, sharing their personal experience with the grassroots in an interactive and friendly way, encouraging them to enhance their ability and break away from their existing constraints. This will thereby lay the foundation for the development of social enterprises. The welfare sector which knows the needs and capabilities of the grassroots well may build a framework for the platform, making contribution and acting as a bridge between the business sector and the grassroots. However, the welfare sector has to broaden its horizons to be capable of performing this role. The disadvantaged groups should take the most important and active role to do their level best and, given a little boost, they will be able to participate in the development of social enterprises, creating more opportunities for themselves. Co-operation in the form of partnership may enhance the understanding among all parties and the building up of mutual trust, making it easier to impress people from all strata to participate in and promote the development of social enterprises.

I very much hope that in the promotion and investment of resources in social enterprise development projects, the Government will follow the principle of encouraging participation of all sectors, turning the experience and wisdom this city has accumulated on the commercial, industrial and social development fronts in the past into resources and impetus for the development of social enterprises, thereby generating new capital for society and the economy.

Next, I would like to express my opinions on creative economy.

This year, the Financial Secretary made no mention of "creative economy", "active creativity" or "creative culture" in his Budget speech; I am really disappointed. The 11th Five-Year Plan which has just been passed in the Mainland gives enlightenment to the people of Hong Kong. If we read the editorials of yesterday's newspapers, we will find a lot of comments stating Hong Kong should enhance its active creativity and become a creative city. This simple remark comes as an enlightenment and a wake-up call.

Actually, the term "creative industry" first appeared in the 2003 policy address, and respective recommendations were proposed in the following Budget. I can recall that a provision of \$50 million was approved by the Legislative Council in the year 2004 for the establishment of the DesignSmart Initiative. It is hoped that through this initiative, subsidies can be provided to Design Support Programme in four different areas to promote the wider application of design and creative elements in various industries and emphasize the exercise of intellectual property rights, going in the direction of high value-added services. However, the amount of subsidies granted under the Programme last year fell considerably short of the original estimates of the Government. During the past year, subsidies were granted to only 12 projects, involving an amount of around \$18 million, widely falling short of the original target the Government expected to achieve. The effectiveness of the Programme naturally could not live up to expectation. What is the crux of the problem?

That the Design Support Programme has not been popular or has not received much attention may to a considerable extent be attributed to administrative and management problems in respect of promotion or application assessment. However, my concern is whether Hong Kong has the social capital for the development of creative industry or the establishment of creative culture industry? Has the culture of creative thinking already been fostered in the community? Richard FLORIDA, a scholar studying creative economy, considers that "creative culture" is a crucial factor affecting the successful

integration of "creative culture industry" and the local economy; it is also a new force giving impetus to the economy that drives traditional industries to develop, upgrade and produce new industries, and brings diversification and rapid growth to the economic structure, promoting new vitality in the economy. Therefore, we should take a more active role in the promotion of creative industries. All-round support and promotion should be launched to first allow the community groups, youths in particular, to develop creative thinking and nurture the community to continue to "produce" creative brains. Only by doing so can we see an oversubscription of the Design Support Programme in future. I hope the SAR Government, particularly with the intelligence and background of the Financial Secretary, will take the lead to open up a wider world for Hong Kong in the development of creative industries.

Madam President, finally, I would like to give a brief summary of the impact of the 11th Five-Year Plan on the economy of Hong Kong. This is the first time Hong Kong is included in the 11th Five-Year Plan which lays emphasis on the effect of Hong Kong continuing to play the role of an international centre of finance, trading and shipping. These three are indeed the established strengths of Hong Kong and the lifelines of Hong Kong economy. However, what should we do to consolidate our advantages? This is exactly the challenge to which we are posed by the 11th Five-Year Plan. For when our surrounding cities develop rapidly, it will accentuate the high cost in Hong Kong, thus undermining our competitiveness. With the further opening up of the Mainland, their strong learning capabilities will be brought into play. If Hong Kong cannot position itself accurately or unswervingly, it will be exposed to the danger of being marginalized and it will be an uphill task to maintain our established strengths under such circumstances. We all know that as we enter the 21st century, there will be a lot more changes than those in the 20th century that the entire society or the whole world has to face. Therefore, under such circumstances, we cannot slacken our pace but should move on more quickly along this road. However, Hong Kong, being an international city, is a region under the China framework that is more advanced and well-developed which possesses a stable and sound legal system and a lot of knowledge and expertise. We can still continue to give play to and capitalize on these strengths. We should thus take the initiative to capitalize on our advantages that others lack, opening up new horizons with our hands and seize the opportunity to establish our position.

Madam President, I so submit.

MR LEE WING-TAT (in Cantonese): Madam President, we find this year's Budget disappointing. Despite the Government's acknowledgement of the existence of a disadvantaged group in society badly in need of help, the Financial Secretary has allocated in the Budget a mere \$100 million to assist this group of people. The Democratic Party considers this only a tiny sum, just like a drop in the bucket.

Given the Government's extremely sound financial condition, it is indeed difficult to convince the public that efforts have been made to help the disadvantaged given the increasingly critical challenges posed by economic restructuring. I must emphasize that in the Budget, the Government's estimated surplus for this year is \$4.1 billion only, and yet it has accrued to \$19.6 billion as at the end of January. Compared to the \$19.6 billion surplus, the \$100 million for expenditure on poverty alleviation is, as far as the disadvantaged groups are concerned, merely a gesture that is unrealistic.

The Democratic Party is particularly concerned about the impact of low-income families on the development of their children. Nowadays, parents can no longer adopt the approach of raising their children by leaving them to Mother Nature in view of our highly competitive society. The current requirement on employees in the job market is not only qualifications and experience, but also the knowledge of such so-called "soft skills" as leadership and team spirit, which may be acquired through participation in extra-curricular activities. Given the drop in birth rate, every member of society is indeed our precious resources. If the potentials of some kids are not realized as a result of their families' temporary stringent financial condition, not only may the kids fail to achieve what they could have achieved, but society as a whole may also suffer a loss. Children of low-income families will most likely be denied opportunities to participate in various extra-curricular activities from which they can acquire those skills, and this is the last thing the Democratic Party wishes to see. Nor does any responsible government, which the Democratic Party believes, wish to see the wastage of precious talents.

Last year, the Democratic Party proposed the setting up of a children development fund to provide kids from low-income families each \$3,000 per year for the payment of extra-curricular activities, thereby giving them equal opportunities in developing their potentials. More specifically, we propose that the Government should include students receiving full grant of textbook assistance or school fee remission as eligible persons. According to the

information provided by the Student Financial Assistance Agency, the proposal will require about \$300 million. And yet, this spending of \$300 million is conducive to the long-term development of Hong Kong. Drawing on the experience of the United States, the return from the resource input to society for upgrading the poor kids, including the generation of future tax revenue, a reduction in crime rate, and so on, is 7.8 times of the amount of resource input.

Given the existing reserve of \$300 billion and a surplus of \$19.6 billion, the Democratic Party maintains that the Government is absolutely capable of alleviating poverty, while at the same time restoring salaries tax to its pre-increase level in 2002-03. Since not much has been done in alleviating poverty, the Financial Secretary's proposed initiatives in tax reduction, similar to those poverty alleviation initiatives, were mere gestures in the sense that the middle class, who borne substantial increase in tax and tided over the times of fiscal deficit together with the Government, have been unfairly treated with regard to the slight reduction in the marginal tax rate and an extension of the mortgage interest deduction effective period.

Madam President, the Democratic Party opines that the introduction of an allowance for children's education can help alleviate the burden of parents in paying education expenses, in the wake of the trend of parents sending their children to private schools, Direct Subsidy Scheme schools or abroad. Furthermore, it also promotes diversity in local education and enhances the quality of talents. The Democratic Party wishes to point out that such an allowance for children's education is merely a further extension of the deduction for self-education expenses.

The Government's setting up of the Continuing Education Fund to subsidize the gainfully employed to pursue continuing education and apply for deductions of education expenses has highlighted its unfair treatment of the group of students enrolled on self-financing associate degree programmes with expensive tuition fees, as well as their families and parents. The Democratic Party thinks that these associate degree programmes can actually help upgrade the quality of Hong Kong's manpower because such graduates will have a greater incentive than matriculants to pursue continuing education and complete the undergraduate courses, which in the long run is vital to upgrading the quality of human resources of Hong Kong. Certainly, students of associate degree programmes who come from low-income families will have a higher chance of receiving grants and low-interest loans from the Government, whereas

high-income families can choose to send their children abroad for education, therefore leaving the middle-income families the most helpless.

If the Financial Secretary announces the Government's willingness to reduce tax in the light of the recent improvement in finances, the Democratic Party will definitely render our support. And yet, the Democratic Party still hopes the proposed introduction of an allowance for children's education will be reconsidered, and in particular, parents with children on associate degree programmes should be allowed to enjoy deductions for their children's tuition fees and school expenses, so as to alleviate the burden of education expenses on the sandwich class.

Madam President, I really cannot understand one thing. Why is it necessary for the Government to introduce the Goods and Services Tax (GST)? I hope that when giving his response, Financial Secretary Henry TANG will not mislead the public again by saying that it is now consultation only because it is downright unnecessary for the Government to spend over \$10 million on research and consultation if it has no intention of introducing such a tax.

I do not understand one point: Given that the Government has already got a surplus, excessive reserve and an accumulated surplus estimated to be \$90 billion in five years, is it the intention of the Financial Secretary to pass all the money onto the Hong Kong Monetary Authority (HKMA)?

The Government held the view that the GST will broaden the tax base. However, in view of the ever widening wealth gap in Hong Kong, is the Government asking wage earners with a monthly income of \$5,000 or \$6,000 or \$10,000 to pay tax as well? Will the government revenue really become more stable as a result?

The former Financial Secretary, Mr Donald TSANG, however, pointed out in the Budget debate in 1996 that Hong Kong's "revenue base is made up of the profits and salaries tax, the revenue from land sales and the full range of other taxes, duties and charges levied by the Government." This implies that the tax base is actually not as narrow as claimed.

In fact, all Hong Kong people are paying tax all the time, and this is the so-called "the fleece comes off the sheep's back". Where does the Government's land-based revenue come from? It is of course not the developers. Rather, it is the people from all walks of life, whose expenses on

accommodation, shopping and entertainment have in fact shouldered part of the shop operators' rentals, property prices, rates and government rent, stamp duty and property tax. Since these are indeed indirect GST which is also progressive taxes regulated by the market, why does the Government need to introduce a new GST? According to an opinion poll conducted by a research centre of the University of Hong Kong, the latest view is that 66% of the public oppose the GST, and it is hoped that the Financial Secretary will be aware of the public's strong reservation about it.

Madam President, the Democratic Party does not consider it necessary for the Government to introduce a new tax, and the fundamental reason is — a question which the Government cannot give an answer: What will be the use of the revenue and is there an actual need?

Let me cite this year's Budget as an example. While the surplus must accumulate up to \$90 billion in five years, the public expenditure will, at a time of economic recovery and inflation returning, drop substantially from 18.1% to 16.2% of the Gross Domestic Product (GDP). According to government estimates, the average rate of Hong Kong's economic growth in the next five years will be 5.92%, but the growth in public expenditure will only be 2.73%. According to the target set by the Government, the golden rule of keeping public expenditure at not more than 20% of GDP, tens of billions of dollars will be taken from the public in five years. This is not storing wealth among the people, but storing wealth in the Government instead.

If the Government does not make good use of the revenue but simply pass it onto Joseph YAM, it will only get an investment return of 3.1%, which is more or less the same as the interest rate of fixed deposits. Furthermore, there is no need for the Government to introduce or increase tax for the purpose of increasing revenue because the accumulated surplus of the Exchange Fund, which is already flooded with money, can then have a way out with the allocation of more investment income as government revenue.

Given the unsatisfactory investment return of the HKMA, why does the Government not reduce tax to achieve "poverty reduction and leaving wealth with the people through tax reduction"? No matter the money is spent by the public on consumption or investment, the creation of employment opportunities is beneficial to the grassroots, the middle class and businessmen.

Madam President, I so submit.

MISS CHAN YUEN-HAN (in Cantonese): The Hong Kong Federation of Trade Unions (FTU) wants to pass the following comment on the Budget this year: inadequate sharing of benefits and no solution to unemployment.

Over the past one year, the Hong Kong economy has indeed been recovering and picking up. In his speech, the Financial Secretary also mentioned many favourable economic factors, such as a 5% increase in the Gross Domestic Product next year, a record-breaking workforce of 3.43 million people, wage increases, and so on. Unfortunately, the Financial Secretary and his economic adviser are frequently interested in announcing these figures only. They only want to break good news but not any bad ones, refraining from saying anything about the existing poverty problem and structural unemployment. We therefore have the impression that by emphasizing all these favourable factors, the whole Government is just trying to divert attention from the problems faced by the disadvantaged and grassroots. It seems to be trying to make Hong Kong people think that "wage earners" in Hong Kong are faring very well, and that the lower social strata are also doing very well in an improving Hong Kong economy.

Madam President, at the end of last month, after the announcement of the Budget, I convened a residents' meeting in my constituency. Every evening, people will say to me, "We simply cannot see that Hong Kong is faring so well as described by the Financial Secretary because it is still very difficult for us to find a job. We simply cannot notice any improvements to our livelihood." (Just yesterday evening, a man said the same to me) The man was a 40-year-old internal decoration worker. In other words, despite the \$20 billion spent by the Government on infrastructure construction every year, they still fail to feel the effects.

Madam President, I wish to tell the SAR Government that the unemployment rate announced lately is still as high as 5.2%. But at the same time, the number of unemployed persons has increased by 2 000 to 176 000 at a time when we are talking about improved economic conditions. This is the figure announced by the Government, and cases of hidden unemployment, such as the hidden unemployment of young people, is not included in the computations. There was an increase in the number of employed persons last year, but as estimated by some academics, the figure has almost reached saturation. And, I also wish to point out that many of those who have recently joined the workforce are actually forced to do so because of the poverty of their families. They can

only take up jobs such as those recently advertised by the Food and Environmental Hygiene Department — working from 4 pm to 10 pm without any meal break with a mere monthly wage of \$3,000, just to earn some money to supplement their family incomes.

Madam President, of the 170 000-strong unemployed population recently disclosed by the Government, most are the structurally unemployed who cannot find any jobs for prolonged periods. In popular parlance, they can be described as "two low, one high". But I do not quite agree. At the residents' meeting I convened yesterday evening, there was this Hong Kong Polytechnic University student. He took only one course and cannot find any jobs in Hong Kong. This may be due to the fact that he cannot compromise with the realities. The unemployment rate of young people aged between 15 and 24 is still very high, as high as 9% or so. This is the figure announced by the Government, the computations of which do not cover the hidden unemployment of young people.

Such is the situation. From the statistics recently released by the Labour Department, the unemployment rate of people with an education level below junior secondary school is still as high as 7.5%. But even after studying the Budget in very great detail, I still fail to see the term "structural unemployment". Instead, the Government just talks about "an ageing population", suggesting that the unemployment rate may thus continue to rise. That way, those who are not so familiar with the conditions of grass-roots people may be led to think that the continuous increase of the unemployment ranks is caused by the ageing population. When the government adviser debated with me at the City University of Hong Kong, he even pointed out directly, "The remaining ones are all old people." I must ask them, that is, government officials, to attend residents' meetings with me. For example, last night, many young people were present at the residents' meeting in Po Tat Estate. Frankly speaking, if the government assumption that the problem of structural unemployment no longer exists, Secretary Stephen IP must really congratulate himself. But this is simply not the case in reality. After studying the whole Budget, we in the FTU still fail to notice this term. I hope — my assumption concerning you may not be correct, but I hope you can give us an answer, and when I debated with the government adviser, he did express such a viewpoint.

Madam President, I am so upset because those present at residents' meetings every evening are all young people in their thirties or forties, but they all find it very hard to find a job. The only realistic solution to the

problem the creation of more employment opportunities frankly speaking, this is all about our frequent advocacy of creating more jobs is the only way to tackle the problems of poverty and unemployment under discussion today.

Madam President, in saying this, do I mean that the Financial Secretary and his colleagues have not been doing anything? I have indeed told residents that they have done something. Paragraph 65 of the Budget states (and I quote) that "subject to the principles of transparency, fairness and value for money in government procurement, we will facilitate participation by social enterprises in tenders for government contracts." (End of quote) Every evening, I will read this to residents because I think that the Government is serious. Assuming that this policy is really enforced, that is, if grass-roots people are allowed to bid for government contracts, we must express welcome because with the current structural unemployment and poverty of the lower social strata, many co-operatives have been formed by the people in society. Many organizations are now running various programmes for the poor, offering them training and assistance in rejoining the workforce and struggling for survival in society. But the problem is that they have to invariably face the competition from large enterprises. The Government has finally noticed their existence and lack of financial ability to bid for government contracts, so it has decided to lower the threshold. We will of course render our support.

In 2002, I made a lot of efforts to materialize the establishment of the Dragon Market in Wong Tai Sin. Having agreed to set aside this 130 000-sq ft land lot in Wong Tai Sin for the purpose of helping the unemployed, the Government still had to remove many "obstacles". The then Financial Secretary was called Antony. Antony had an aide called Chris SUN. It was only due to his efforts to remove the "obstacles" that the Dragon Market could finally come into existence. If government departments fail to remove the "obstacles", what is said in paragraph 65 will become entirely meaningless. I once told Mrs TSE, Secretary to the Commission on Poverty, that the Government must make genuine efforts. If it does not, if government departments simply push the responsibility around, then all will end up like the situation of "all work but no pay" which Mr WONG Kwok-hing is going to discuss later on. All problems will then be seen clearly.

Madam President, I am very delighted by paragraph 68, which is about the promotion of environmentalism. In the past two to three years, before the

announcement of the Budget, the FTU always told the Financial Secretary that we were prepared to accept such a tax for the protection of the earth. Therefore, we are prepared to accept a product tax and taxes connected with vehicle tyres or plastic bags. However, in all these discussions, we have been insisting and the Government has also promised that the proceeds from such taxes should be used for helping the poor. In other words, the provision of employment opportunities in this industry must be promoted.

However, Members can see that no support measures whatsoever are mentioned in the entire paragraph. Then, at a panel meeting of the Legislative Council, I asked Secretary Dr Sarah LIAO a question on this (She is not in the Chamber now, but she was present at the meeting). But no matter how hard I tried, I could not make her give a direct reply. Sarah LIAO is an environmental protection expert, and I told her at the meeting that I would support the Government's move to construct the EcoPark in Tuen Mun, and that I would call upon villagers to collect rubbish for recycling, provided that the Government can provide them with the space required for storing recyclable materials. This is quite similar to the bottle-washing business going on in Chun Yeung Street, Tai Wong Street East and Tai Wong Street West in Wan Chai when we were small. There must be places to store the rubbish collected for recycling. At that time, the prices of landed properties were very low, so such business could survive. We now want to impose this tax, saying that we want to promote environmentalism. But how is the Government going to recycle the rubbish collected? There must be some measures to help everybody, such as policies detailing the arrangements of storage. But as far as I can observe from the Government's present approach, there are no such measures. No matter how hard I have asked, there is simply none.

I have already mobilized the people to question the Government on both paragraph 65 and paragraph 68. We want to ask, "Why does the Government think that the collection of rubbish is an environmental protection initiative? How can all the rubbish collected be sold for money?" Last year, Secretary Stephen IP promised to give the logistics industry, that is, cargo working areas, three more years. Very often, these piers are used for shipping away rubbish, electrical appliances, wood and scrap iron. The problem is that if there are no places for the storage of these materials, how can they be transported to the EcoPark? I therefore hope that the Government can formulate an integrated policy that takes account of employment assistance in the course of promoting environmentalism. I have said many times in the Legislative Council that in

foreign countries, the work of environmental protection can create many employment opportunities. I do not wish to dwell on that now.

Madam President, another issue I want to discuss now is the development of a diversified economy, one that is diversified enough to provide job opportunities to workers from all social strata. We notice that the Budget this year has not given any treatment to this issue. For example, the promotion of creative industries, an idea raised by Mr TUNG and mentioned in the Budgets of the past two years — Mrs Sophie LEUNG also talked about this just now — is given no treatment at all in the Budget this year. Following my written question, the Financial Secretary replied that a sum of \$10 million had been set aside for the purpose. What is the progress so far? I have no idea.

One day, I was invited to serve as an adjudicator in a debate competition held by Radio Television Hong Kong. During the debate, this issue was also discussed. It was an Internet programme for young people, and the young participants were quite active. I pointed out that if the Government really wanted to promote creativity, it should consider whether young people could be given room for development in some old factory buildings (such as those located in San Po Kong or Cheung Sha Wan). However, there has been no response from the Government so far. If the Government can set up something like a "Young People's Employment Heaven" in these buildings, I guess many new stories of success can be written. In the context of Hong Kong, even if young people cannot do well in school, they are not necessarily worthless. They may be very talented in computer technology and highly creative. But it is a pity that the Government has not said anything on this so far.

I notice that very often, whether it is the case of San Po Kong or Cheung Sha Wan The Government did state that a place for developing the fashion industry would be provided in Cheung Sha Wan, but subsequently nothing happened. It also once said that a place would be provided in San Po Kong, but, once again, nothing has happened. Why? Madam President, the only reason is that all the lands in the vicinity are highly profitable. The Wong Tai Sin Government Offices used to house the District Council, but the lot has been purchased by Sun Hung Kai. If my memory is correct, the transaction price was \$6 billion. All the proceeds will go to the pocket of the Government. All is very simple. All the lands are set aside for sale, entirely for property development projects. In other words, the Government has never considered

the development of a diversified economy, so that businesses not related to property development can prosper. Madam President, I hope that government officials can be more broadminded instead of being so narrow-minded.

So much for that. I now wish to discuss the Financial Secretary's handling of the poverty problem. He is not here now. But it does not matter so much. When Donald was the Financial Secretary, he was likewise frequently away from the Chamber when I spoke. It really does not matter. The wealth gap problem in Hong Kong is acute. As revealed by a study conducted by the Hong Kong Council of Social Service, there are 1.25 million poor people in Hong Kong. Financial Secretary Henry TANG, who chairs the "Commission on Poverty", is just not broadminded enough to listen to what I have to say. I am talking about the particular paragraph mentioned above. From the statistics provided by the Government, the FTU notices that as many as 370 000 people are earning a wage of less than \$5,000 a month. How can we help them solve their difficulties? There is an urgent need for assistance. If the Government does not come to their assistance, they will have to apply for Comprehensive Social Security Assistance (CSSA) when they finally fail to cope. When they all apply for CSSA, the number of CSSA recipients will soar. By pointing out this fact, I hope the Government can realize clearly that it must come to their assistance.

What kind of a system has been put in place to help the poor? It is called the CSSA Scheme. Members all know that this Scheme is perceived rather negatively. Even when we say that we must help the unemployed, the Government has still replaced the re-employment scheme by the "Support for Self-reliance" Scheme. But honestly speaking, despite all the efforts of social workers, the number of successful cases has all the time been very small. I think that instead of treating jobless people as potential CSSA recipients, the Government should set up an independent organization dedicated to helping the unemployed to seek re-employment. This is better than dividing the work of helping the unemployed among Secretary Stephen IP's Labour Department and Secretary Dr York CHOW's Social Welfare Department. Why is it impossible to centralize the handling of the task? How about the existing CSSA Scheme? CSSA is provided with the purpose of meeting basic living expenditure only. But finding a job will involve transportation and buying newspapers and suitable clothes. The expenditure required for all this is not provided. In that case, why should an unemployed person try to find a job? It is better for him remain idle.

Children are another example, and some Members have already discussed it. Why does the Government refuse to provide more assistance to poor children, so that they can move up the social ladder? If the Government does not offer any assistance today, the poverty problem may be passed from one generation to another. How can this be tolerated? In the case of elderly people, for example, our population has been ageing rapidly. But why is it that despite the present conditions of our elderly people, the Government still refuses to consider the implementation of a universal retirement protection system? Frankly speaking, all people, including CSSA recipients, want to live in dignity. But very often, the Government simply drives them into a position where they can see no prospects or hopes. I very much hope that the Government can address this problem squarely.

Madam President, with your indulgence, I wish to spend one minute on briefly discussing an issue relating to health care. The Government has been employing a stalling tactic in regard to health care. We should basically be very happy this time around because the Government has so "generously" made a \$650 million grant. But we are at the same extremely worried when we think of avian flu and population ageing (which is a normal phenomenon). We can see that the Government actually intends to increase health care fees and charges, such as those for accident and emergency services and other items. As a result, we are happy on the one hand because the Government has allocated additional funding. But on the other hand, we are worried about fee increases by the Government. What are we going to do? When it comes to health care financing, we will render our support because we must also give thoughts to certain problems. But this does not mean that we should simply push the problem to the private insurance sector in the hope of resolving the whole problem.

Madam President, I must emphasize once again that I hope our Government can give comprehensive consideration to all the existing problems in Hong Kong and tackle them altogether instead of adopting a piecemeal approach. This approach can never solve the problems.

Madam President, I so submit.

MR TIMOTHY FOK (in Cantonese): Madam President, our Gross Domestic Product has reached the record level of \$1,300 billion and we have eradicated the

fiscal deficit three years ahead of schedule. All this indicates that the economy of Hong Kong has completely shaken off the spell of recession and is now back on the track of gradual ascendancy. However, despite the eager expectation of many, the Financial Secretary is still rather conservative in the handing out of "candies", in apt reflection of the Government's adherence to prudent financial management and its priority scale of "recovery, self-strengthening, commitment and sharing" in the course of governance.

As a matter of fact, according to government estimation, the operating and consolidated surpluses will just be \$5 billion and \$4.1 billion respectively in 2005-06 and respectively \$6 billion and \$5.7 billion in 2006-07. This may well be an underestimation, but no matter what the case may be, these surpluses should always be negligible in view of the scale of the Hong Kong economy, and they are entirely unable to cope with any major economic fluctuations. And, let us not forget that the recession in recent years has resulted in a colossal deficit of more than \$100 billion for the Treasury, so our fiscal reserves and overall economic strength are no longer as strong as before. For this reason, Hong Kong cannot afford to introduce any substantial tax cuts or return wealth to the people. If we do so, after enjoying some momentary joy, we may have to face many undesirable consequences in the long run and our road to economic recovery will turn even more difficult and twisty.

Owing to its externally-oriented nature and the competition brought by globalization, the economy of Hong Kong has become less and less independent as it has to fluctuate with the macro economic conditions of the world. Recently, the world economy has plunged into a state of volatility. Whether avian flu will develop into a worldwide epidemic, whether the prices of oil and raw materials will continue to remain high and when the cycle of interest rate increases in Europe and the United States will come to an end are largely unpredictable. All these are factors that will produce far-reaching effects on the economy of Hong Kong or even the whole world. Therefore, in order to safeguard the economic lifeline of Hong Kong, it is absolutely necessary to maintain a state of surpluses and financial stability and save for the rainy days. This is also a responsible approach in promoting the long-term economic development of Hong Kong.

However, the Budget is still a bit disappointing in some ways because it fails to tackle and eradicate the deep-rooted economic conflicts in Hong Kong by capitalizing on the trend of economic recovery, thus leading to the danger of their aggravation.

First, I wish to talk about the direction of economic development. With the gradual intensification of restructuring towards a knowledge-based and high value-added economy, the four pillars of the Hong Kong economy have been shrinking continuously. The fading out of our manufacturing industries has been followed closely by the challenges posed to another pillar industry, the logistics industry. And, the services industries have also started to face the threat of marginalization. It is therefore necessary to reposition the orientation of our economic restructuring and development. In this regard, "market leads, government facilitates" is no doubt a correct idea, but more importantly, the Government must be more visionary and active when playing the role of a facilitator.

Second, it is our economic integration with the Mainland. The increasing interdependence of the Hong Kong and mainland economies and the maintenance of the exchange value of RMB have all helped Hong Kong withstand the impacts of financial turmoil. On the other hand, CEPA and the Individual Visit Scheme have helped Hong Kong in its economic recovery. Hong Kong is even included in the 11th Five-Year Plan recently promulgated by the State, which supports Hong Kong's development in such areas as financial services, logistics, tourism and information services and reaffirms Hong Kong's status as an international hub for financial services, trade and shipping. However, in order to capitalize on our advantage of being able to "leverage on the Mainland", we must work with the Mainland and draw up satisfactory plans on the full-scale co-ordination of the economic and infrastructure development of both places. But such co-ordination cannot be possible simply with "big market, small government". The active planning and participation of the Government is essential.

Third, it is our declining competitiveness. Last year, the World Economic Forum downgraded the competitiveness ranking of Hong Kong from the seventh in the world to the 28th; in the World Bank's report entitled *Doing Business in 2006*, the ranking of Hong Kong is also downgraded from the fourth position to the seventh. All this has sounded the alarm for the economic development of Hong Kong. The day before yesterday, the Chinese Academy of Social Sciences published its first ever assessment of the integrated competitiveness of various cities throughout the country. Although Hong Kong is still ranked the first, its impetus of economic growth is ranked the 198th, indicating that the competitiveness of Hong Kong is on the verge of vanishing. What is the crux of the problem? It is all due to the Government's inadequate

understanding of creativity and lack of persistence in this regard. Just last year, cultural and creative industries were both regarded as a new impetus for economic development, but there is simply no mention of them this year. I am afraid that with the lack of investment in and assistance for the development of creative industries, the competitiveness of Hong Kong will only decline further.

Fourth, it is the need for upgrading the personal quality of the people. The overall economy of Hong Kong focuses on the development of various industries. In respect of education, the emphasis is on imparting knowledge, in neglect of the importance of culture, arts and sports. As a result, the development and nurturing of talents, creativity and industries is all caught up in a virtual standstill. Frankly speaking, how can we achieve anything in the nurturing of talents and creativity when the West Kowloon Cultural District development project has still failed to achieve any progress after all the controversies, when there is not yet any final plan for the scale of the sports city? If the Government does not correct its perception, rectify its errors and provide appropriate investment and assistance, there cannot possibly be any upgrading of talents and creativity.

Madam President, I have just returned from the meetings of the National People's Congress and the Chinese People's Political Consultative Conference in Beijing, and I am deeply impressed by the invigorating and great momentum that the 11th Five-Year Plan provides to the economic and social development of the country. Therefore, the Government must draw up visionary strategies and make serious planning, so as to make sure that the Budget can be met with the applause of society.

I so submit.

MR RONNY TONG (in Cantonese): President, our social security system is based on the residual model. This means that our aim is to look after those who are most unfortunate and least able to help themselves. Through very stringent eligibility requirements, we seek to ensure that only those Hong Kong residents in genuine need are given any assistance. Such a model has been used for several decades. It is remedial rather than preventive in nature, aiming only to relieve and remedy the problems found in our highly competitive society. However, for a decade or two, the wealth gap in Hong Kong has been widening

incessantly, resulting in those in need of help having grown larger and larger in number. Some argue that the problem is not so much about having too many poor people in Hong Kong; rather, it is because there are just too many rich people, which gives people the impression that there are many poor people. But, anyway, it remains a fact that despite the marked improvements indicated by various economic statistics, the number of those earning less than \$5,000 a month has still been increasing incessantly. In other words, more than a million grass-roots people are unable to share the fruit of economic improvement. That being the case, we can easily foresee that the coming year will still be marked by acute disparity in wealth and hardship for the lower strata of society.

According to the statistics for January this year, there are currently 297 000 CSSA recipients, and it is expected that this year, the expenditure in this respect will exceed \$17 billion, or 8% of the total government expenditure. Of the 290 000 cases, 51%, or 150 000 people in actual number, are elderly persons; 41 000 people, or less than 14%, are disabled persons or chronic patients; 13%, or 39 000 people, are single parents; 41 000 people, or less than 14%, are unemployed; and, 18 000 people, or less than 6%, are low-income earners. We can notice from all these figures that the majority, that is, 65%, of the CSSA recipients are those who are least able to extricate themselves from the social security net, while unemployed persons, low-income earners and single parents constitute only 33%. These recipients, numbering less than 100 000, stand a greater chance of extricating themselves from the CSSA net and rejoin the workforce. Therefore, the primary task of the Government should be assisting all these recipients in extricating themselves from the CSSA net.

Unfortunately, however, what the Government has been doing in this regard is just to stigmatize these needy people as being a burden of society. I must make it a point to tell Members that first, this is a form of "social ostracism". We cannot accept any attempts to force needy grass-roots people to give up CSSA by demeaning them as "having no backbone or dignity". The case of a woman in Ma On Shan who died of over-exertion earlier this month is a fine example of how a hard-hearted social policy may kill. As a single parent of five daughters, this woman must attend to household chores and work for 19 hours a day without any holidays. But she could earn only \$5,500 a month. Computed on the basis of 30 days in a month, her hourly wage was just \$9.6. I just wonder how those who oppose the implementation of a minimum wage will think.

Second, as indicated by foreign experience and studies, giving social security recipients the opportunities and conditions necessary for amassing savings is the most effective way of assisting them in shaking off the social security net. The reason is very simple. Social security recipients have left the labour market for quite some time. The longer they have left the market, the more difficult it will be for them to rejoin the labour market. Even if they try actively to look for a job, they must still endure very heavy pressure mainly because they are uncertain about their future, fearing that they cannot stay long in the labour market and may soon lose their jobs again. This kind of accumulative setback will do them immense harm. To avoid this, rather than trying to kick these recipients out of the safety net at all costs and by hook or by crook, the Government must perfect the existing labour legislation and seek to protect the employment right and wage levels of workers, with a view to reducing the worries of social security recipients who contemplate rejoining the labour market. In addition, the creation of suitable conditions to assist them in amassing savings is also a positive measure.

Currently, the ceiling of disregarded earning for CSSA recipients is merely \$2,500, which is surely much too low. As a result, even if a low-income earner in receipt of social security wants very much to work for an income, it will be impossible for him to amass any savings. Actually, as early as the time when Mr TUNG Chee-hwa was still in office, I already put forward an open demand, urging the Government to raise the ceiling to at least \$3,500. This can provide recipients with concrete assistance in extricating themselves from the CSSA net in the long run. When they have some savings — just small savings, maybe — they will have the courage to re-enter the labour market.

Third, before the implementation of a minimum wage, the Government should adopt some immediate measures to provide concrete assistance to needy low-income earners. Recently, in conjunction with several academics, I have been conducting a study on the poverty-related problems faced by youngsters living in remote areas. It is discovered that the greatest problem faced by these youngsters is exorbitant transport fares, and this problem has affected their employment prospects. Last week, the Legislative Council Subcommittee to Study the Subject of Combating Poverty passed a motion, demanding the authorities to immediately provide a monthly transport allowance of \$500 to low-income workers living in four remote areas. The acceptance of this proposal by the Government will incur an expenditure of less than \$300 million only, which can definitely be met by the existing surplus. I very much hope

that the Government can provide such assistance to young people looking for jobs.

Lastly, I wish to point out that over the past 10 years, there have been more and more voices demanding a comprehensive review of Hong Kong's social security system. Unfortunately, however, the findings of all government reviews have led to the reduction of assistance rates rather than the formulation of any overall and long-term policies on alleviating the problems. Under the existing system, school children in receipt of CSSA are not even offered any allowance for spectacles, dental care and learning activities. How can we claim that these children are already given equal opportunities to improve their present living and their future?

Conducting a comprehensive review of the existing social security system is already an unavoidable task of the SAR Government and also a problem that Hong Kong society must face up to. And, such a review should cover a universal retirement fund and the implementation of an unemployment protection scheme to make up for the inadequacies of the existing Mandatory Provident Fund system. It is also necessary to increase the incentive of recipients to extricate themselves from the social security net. And, measures should also be adopted to remove the stigma attached to recipients, so as to ensure that all citizens in need of social security can enjoy their civil right to social welfare without any fear and psychological pressure.

President, I wish to say a few more words on savings. This year, the Government refuses to help the disadvantaged on the excuse that "there is too little surplus". Just now, however, I heard Mrs Sophie LEUNG say that the Government had provided strong assistance to the disadvantaged. I am sorry that I do not agree with her. Having looked at the relevant statistics, we notice that the Government has allocated \$2.7 billion for the purpose of helping the middle classes. But the amount for helping the disadvantaged is just \$100 million, and this sum of money is even restricted to service improvements. I am not saying that there is no need to help the middle classes. I simply think that in a fair society, as long as there are adequate resources, people in all social strata must be given equal assistance.

We all know that Hong Kong people have a piggybank keeping \$160,000; this is the Exchange Fund owned by all Hong Kong people. Of this sum of \$160,000, \$40,000 is our fiscal reserve. Unfortunately, however, we cannot

break this piggybank open, and even when people are severely battered by various hardships, they can only "sigh at the sight of the piggybank".

In 1998, when Hong Kong was battered by the Asian financial turmoil, the then Financial Secretary set down guidelines on the level of fiscal reserves. Members will remember that at that time, he talked about 12 months' expenditure — including a margin of plus or minus three months' expenditure — as a way to tackle the problem. And, the Hong Kong Dollar money supply under the M1 definition was adopted as the benchmark, with a range of plus or minus 25% of M1. It was hoped that the operating, the contingency and the monetary requirements of public finance could thus be met.

Later, in the 2002 Budget, the then Financial Secretary said that since the Hong Kong Monetary Authority (HKMA) had already put in place a series of measures to enhance the stability of the exchange rate, there was no need for linking the fiscal reserves with currency supply. It was therefore considered that reserves equivalent to 12 months' expenditure would be adequate.

As estimated by the current Budget, our reserves now amount to \$300 billion, which is equivalent to 16 months' government expenditure. Is this level of reserves high or low? The Government has never offered us any explanation, nor has it provided any concrete justifications.

Fiscal reserves are credited to the Exchange Fund. According to the statistics of the HKMA, as at the end of January this year, the total asset value of the Exchange Fund was about \$1,119.1 billion. With such a huge Exchange Fund, the improvement of the economy and the advanced eradication of the fiscal deficit, many people cannot help asking, "Can some money be spared to help the disadvantaged?"

In the report it submitted to the Legislative Council in July last year, the Panel on Financial Affairs already urged the authorities to review the use of the cumulative reserves. We requested the Financial Secretary to consider the idea of allocating part of the cumulative reserves to meet public expenditure and implement new measures on improving people's livelihood, such as a programme on combating poverty. In this connection, I also made an open proposal, requesting the authorities to credit a fixed percentage or a fixed amount of the Exchange Fund to the recurrent revenue of the Government every year.

According to a study report published by the International Monetary Fund in April 2005, in terms of the ratio of foreign exchange reserves to Gross Domestic Product, Hong Kong is second only to Singapore in the whole world. The ratio in Hong Kong is actually several times, or even several dozen times, higher than those in other countries. But there is a difference between the SAR and all these foreign countries, including Singapore: they must incur expenditure on national defence, while there is no need for the SAR Government to do so. We can thus notice that our reserves are actually the highest in the world.

If only the Government can set aside just a very tiny portion of the Exchange Fund, it will be able to help the disadvantaged. This will not affect the confidence of the international community in the Hong Kong Dollar. Just by using a very tiny portion of the reserves for combating poverty, we will be able to alleviate our social problems and also boost our economy. This is like killing two birds with one stone. The money is certainly worth spending.

For all these reasons, the Financial Secretary should make the best use of resources and set aside a tiny portion of the huge Exchange Fund every year for the purpose of helping the needy. We are actually talking about the disability allowance, the old age allowance, the single parent allowance and the school children allowance. Having done some computations, we find that it will require only \$1.3 billion to restore these allowances to the levels in 2003. The amount is not too great. Since we have so much money in our piggybank, why do we not use some of it to help the needy?

President, since I still have a little time left, I wish to talk about Radio Television Hong Kong (RTHK).

Every day, RTHK *(the buzzer sounded)*

PRESIDENT (in Cantonese): You still have one minute.

MR RONNY TONG (in Cantonese): faces a threat. We can see that in the past five years, the resources for RTHK were cut by nearly 14%. And, there is just a mere increase of 0.3% this year. Five years ago, there were 622 employees in RTHK, but there are only 560 now. This will be further reduced to 525 this year. And, most of the staff cut is connected with production.

People thus fear that manpower reduction will produce negative impacts on staff morale and programme quality of RTHK.

As I pointed out in the debate several weeks ago, RTHK must at the end of the day free itself from such a passive position, from the threats posed by resources to its editorial independence. The corporatization of RTHK should be implemented as soon as possible, so that it can operate independently of the Government. I hope that Hong Kong people can still have the opportunity to enjoy the quality productions of RTHK. I also hope that programme hosts can continue speak freely. Thank you, President.

MR DANIEL LAM (in Cantonese): Madam President, after many years of economic sluggishness and social disputes, Hong Kong is finally back on the right track. The Government now records fiscal surpluses, and people can see that the prospects are bright.

Unfortunately, though they were battered for years by the recession, the people of Hong Kong, particularly the middle classes, have never been given any great "benefits" by the Budget. In the recent Budget, the Financial Secretary continues to adhere to "big market, small government", "prudent financial management" and "spending within the limits of revenue". Apart from the reduction of the marginal tax rate, the only salaries tax relief is the extension of the home loan interest deduction period to 10 years. But the amount of deductible interest is maintained at \$100,000. There is a popular comment that the benefits offered by the Budget are nothing but "icing sugar", something that melts instantly in the mouth. This is a very accurate description.

Pragmatism is the feature of the Budget this year. And, after tasting the minor benefits, the "icing sugar", people will have to face the introduction of the Goods and Services Tax (GST) and increases in rates. But in Singapore, Hong Kong's rival, "candies" are handed out generously to all citizens in the budget, with a view to returning wealth to the people. And, the budget is also marked by strong aggressiveness.

Faced with uncertain prospects, and at a time when there are fiscal surpluses, I agree that the Financial Secretary should make allowances for contingency. On the other hand, however, on top of the huge fiscal reserves, the SAR Government has also recorded surpluses this year. Therefore, the best

approach should be to make strategic investments, so as to boost the economy, increase public expenditure to further expand the demands of the overall economy, enhance confidence and consolidate the basis of economic recovery.

Madam President, what is very disappointing is that apart from proposing to introduce the GST, the Budget has not put forward any other visionary ideas or measures.

There is an urgent necessity to strengthen the existing advantages of Hong Kong, widen the variety of tourism facilities, continue to develop cross-boundary infrastructure facilities and perfect the transport networks. It is also necessary to capitalize on the positive momentum of the Mainland's economic take-off and create more employment opportunities to upgrade the competitiveness of our industries. Hong Kong requires a greater number of talents to develop high-return and high-tech electronic industries and the pharmaceutical industry. That way, while developing the logistics, financial and tourism industries, we will also be able to open up new courses of development and maintain our overall competitiveness. At a time when the Singaporean Government is investing more and more resources in technological research and higher education, Hong Kong instead axes its funding for tertiary institutions, making others feel that the Government is really myopic.

Hong Kong is a tiny place with a shortage of resources, so there is not too much room for any wastage. The idea of developing Lantau has been put forward for many years. Many New Territories organizations such as the Heung Yee Kuk and the Islands District Council already advanced many ideas many years ago. But the Government has so far failed to propose a feasible development strategy, thus making it impossible to develop huge quantities of valuable land and leading to wastage.

The Government has all along flaunted the principle of "small government, big market", and what it has been doing is just to remove the obstacles standing in the way of Hong Kong's development. However, its efforts are restricted to the relevant major industries, and not too many efforts have been made to address people's needs at the level of community economies. Why is it impossible to free rural development from the constraints of the conservation policy and turn such development into a new impetus for the long-term prosperity of Hong Kong?

The Financial Secretary's proposal to provide retrainees living in remote areas with short-term transport subsidy seems like a good measure. But the point is that when the provision of this short-term subsidy is over, local residents will still be burdened with exorbitant transport fares. What the residents need more is a visionary and active development policy that can enable New Territories residents to enjoy the fruit of economic development without having to leave their own districts for employment. Why have the policies of the Government degenerated to such a state?

Madam President, the Budget this year cannot provide a strong impetus for economic development. It is especially the case with assisting Hong Kong SMEs in enhancing their competitiveness. There are few policies on industrial diversification, and the policies put forward are not strong enough either. They cannot cater for the needs of industrial upgrading and economic restructuring, nor can they meet the requirements of Hong Kong's social development.

We do need a fiscal strategy that keeps spending within the limits of revenue. But we also need a visionary and proactive Budget. The adjustment of Hong Kong's economic structure and the development towards a knowledge-based economy cannot afford any further delay. The Government is duty-bound to complete this task with greater enterprise and take concrete actions to promote economic development.

Madam President, I so submit.

MR CHEUNG HOK-MING (in Cantonese): Madam President, there are four key points in this year's Budget, namely, "Recovery, Enhancement, Commitment, and, Sharing". But in my eyes, the Government has a "preamble" for each of these four key points, and with a preamble added to them, they become "naturally taking place is the economic Recovery; the Government intends to achieve for itself Enhancement; members of the public shall make their own Commitment, and it all depends on one's fate as to whether or not he has a part to play in Sharing". Economic recovery is there for all to see, as the Government can eliminate the deficit three years ahead of schedule. The people have high hopes for sharing the fruits of recovery, and this has become their reasonable expectation. Regrettably, the Budget became a tragedy to the general public as soon as it was released. On the one hand, the

Government has only reduced the salaries tax by a tiny margin but increased the rates and government rent, and various government fees and charges are about to go up too. After offsetting the tax cut by the increases, this "petty favour" given by the Financial Secretary is like a piece of "American ginseng candy", which primarily cannot be taken as "sharing the wealth with the public". While the Government talked about "enhancement" on the one hand, it has not seized the opportunity of the economy bottoming out continuously and public finance considerably improving this year to introduce forward-looking measures that can sustain economic growth. This is a major disappointment to the DAB. We have put forward many proposals to the Government before, but the Government has scarcely given serious attention to our proposals and it also has reservations about their actual implementation. So, today, I am going to take all the trouble of repeating the two proposals of the DAB in respect of "Enhancement": First, to expeditiously formulate the development plan for Lantau, and second, to study the construction of the new Central Government Offices in Southeast Kowloon.

Let me start with the Lantau development plan. The DAB calls on the Government to expeditiously formulate a development plan for Lantau, and we have been putting across this message very clearly. Three weeks ago, I proposed a motion on this issue again here in this Chamber. Financial Secretary Henry TANG was busy promoting the Budget at the time and could not make himself available here to listen to the views of Members. Much to our regret, Financial Secretary Henry TANG again cannot come to this Chamber today either. As I said on that day, I very much hope that the Government can expeditiously pursue development in three aspects, having regard to nature conservation and preservation of historical and cultural heritage: First, to develop Lantau as a quality tourism area; second, to make good use of the infrastructure on Lantau to develop new economic activities; and third, to complete as soon as possible the feasibility study of the development of a logistics park on Lantau.

Today, I do not wish to repeat here what I said on that day. But I very much hope that the Government can give more thoughts to the development of a tourism area. The Financial Secretary is the Chairman of the Lantau Development Task Force, and he personally visited such districts on Lantau as Tung Chung, Mui Wo, Cheung Sha and Tai O during the public consultation. With regard to how Lantau can be developed into a quality tourism area, here, I wish to invite the Financial Secretary to once again feel for himself at a close distance the attractions of Mui Wo.

If we say that the Disneyland on Lantau is a landmark purposely erected by Hong Kong in the 2000s, then Mui Wo was a land of joy integrated with Mother Nature back in the 1980s in Hong Kong. Reference to Mui Wo could be found in ancient documents as early as in the South Song Dynasty, and there was even a folklore that Emperor Bing of Zong Dynasty had built an imperial palace in Mui Wo. Of course, I am not certain about whether this folklore is true or not, but I am sure of one thing and that is, for some time in the past, the scenery at the Silvermine Cave and Silvermine Bay had been enchanting. During the 1980s, the population of Mui Wo increased drastically; shops mushroomed along Mui Wo pier and many visitors swarmed to this holiday resort which had the look of an old village while also embracing the liveliness of a new town to enjoy the beautiful natural scenery of the beach.

The prosperity in Mui Wo back in its golden days can no longer be found now. But today, we can still see some historical heritage, such as Hung Shing Temple, Man Mo Temple, Mui Wo Watchtower, Silvermine Cave, and so on. The difference is that there are now less and less visitors. The Government once spent much manpower, efforts and financial resources developing a museum. Why does it not work to preserve these outlook and features for enjoyment by visitors in situ? I hope that the Financial Secretary can redevelop the Mui Wo Rural Committee Road into a Mui Wo Main Street embracing local style and flavour. In the meantime, improvement should be made to the facilities in the vicinity of Mui Wo pier and the rural cycling track can be further extended, so that these measures can integrate with the unique rural and natural sceneries of Mui Wo, thereby developing a leisure resort area there.

Madam President, the Hong Kong Tourism Board will, in the middle of next month, organize the first large-scale temple festival at the Central Terminal and at the same time promote four traditional festivals, including the Birthday of Tin Hau, the Buddha's Birthday, the Bun Festival in Cheung Chau and the Birthday of Tam Kung, to enable visitors from all parts of the world to feel the characteristics of Hong Kong's diversified culture. In fact, the Government has not attached importance to many traditional and local cultures, such as the "salt water songs", stilt houses in Tai O, and so on. I hope that the Government will not just sit idly by while the precious history is inundated by time.

With respect to the long-term development plan of Lantau, the DAB is conducting a study and will complete a report in the middle of this year to put

forward more specific proposals in this connection. But here, we hope that the Government will not drag its feet in the interim and make residents of Lantau wait endlessly.

After speaking on the Lantau, I would like to express some views on the Government Headquarters. There has been a view that the DAB opposes the construction of the new government headquarter at the Tamar Site. Today, I must reiterate here that we propose the reprovisioning of the new Government Headquarters in Southeast Kowloon for a number of reasons. The DAB considers that relocating the Government Headquarters in Southeast Kowloon can achieve sustained development. It can also take forward the development of Southeast Kowloon, speed up the redevelopment of old districts, create job opportunities, and so on. The DAB has earlier conducted a detailed study and published the justifications for our proposal. I hope the Government can re-examine this proposal in detail.

On the view that the new Government Headquarters should be set up at the heart of Hong Kong's financial centre, in order to highlight the Government's vision of strong governance, I believe a truly strong government is not built on its shell, but whether or not it has the mandate and support of the people. We agree that the new Government Headquarters should be built to meet the needs of the time, but what we disagree is just the siting of the new Government Headquarters. Be it the construction of a new Government Headquarters or development of a new political and administrative centre, we must have regard to the long-term interest of Hong Kong and we must also listen to public opinions. On the view that the construction of the Government Headquarters at Tamar Site can immediately create job opportunities, we consider that the same effect can be achieved if the Government can expeditiously take forward the 100-odd projects of the two former Municipal Councils and launch some infrastructure works.

I have spoken at length to reiterate our proposals on "Enhancement". Next, I wish to talk about "Sharing". As I described earlier, in this Budget the Financial Secretary had given the public an "American ginseng candy" which is bitter to the taste. In fact, since the Government can eliminate the deficit three years ahead of schedule, the Financial Secretary, being the chief treasurer, should be able to loosen the purse strings a bit and dish out some money. But it has turned out that the people's pocket already shrunk before their wish comes true, for many members of the public or owners will most likely be affected by an increase in the rates charge after revaluation and as a result, their rates bill

will increase and such increase may even offset the salaries tax reduction. Particularly, some elderly citizens who are property owners but do not have a job and need to rely on their own savings to make ends meet have openly stated time and again their disappointment with this Budget because they cannot benefit from many tax relief arrangements, and this will, on the contrary, add to their burden.

Although the Financial Secretary has repeatedly explained that it is his duty to achieve a balanced budget, I very much hope that the Financial Secretary can be more sentimental in this respect and that he will try to look at things from the people's perspective. Certainly, I am not asking the Financial Secretary to be always sentimental rather than rational in drawing up the Budget every year. All I hope is that the Financial Secretary will understand that over the past few years, Hong Kong people have suffered a great deal from the economic downturn and deflation. Will the Government, being a government which cares about its people and strives for the well-being of the people, make a one-off arrangement flexibly to provide the public with more tax reliefs or measures to ease the plights of the people, so that they can have more money in their "pockets" and share the fruits of the Government's early elimination of the deficit?

However, even if we look at the entire Budget, we still cannot see anything that can relieve the people of their sufferings and make them see light at the end of the tunnel. This is a bit disappointing indeed. Judging from the present financial position of the Government, I think there is actually room to consider providing one-off tax relief measures in tandem with a reduction of the marginal rates of salaries tax. This will enable the public to taste some "sweetness" immediately without imposing a permanent financial burden on the Government. Regrettably, the Financial Secretary has not adopted this arrangement.

Moreover, to help unemployed workers who are not recipients of Comprehensive Social Security Assistance (CSSA) in the more remote parts of the New Territories to join the workforce, the Budget has provided short-term transport support to them. Yet, this subsidy is provided only to residents of Tin Shui Wai, Tung Chung and the North District, and it is also stipulated that they must be participants in full-time courses of the Employees Retraining Board in order to be eligible for this subsidy. I think the eligibility criteria are too high and should be relaxed, so that unemployed workers who have been out of job for a long time and CSSA recipients can enjoy this transport support without having

to participate in self-reliance programmes. Meanwhile, the Tuen Mun District should also be included for its community characteristics are the same as those of Tin Shui Wai where most grass-roots workers also have to travel to another district for work and the high transport expenses have put a heavy burden on them. In this connection, residents in the district are very much in need of this transport support too. The Administration can consider conducting a review of this pilot scheme half year after its implementation. If the scheme is found to be widely supported by the public and have achieved the desired results, the DAB proposes that the scheme be incorporated into the terms of reference of the Commission on Poverty to benefit more people in need and to live up to the SAR Government's policy objective of striving for the well-being of the people.

Madam President, I so submit.

MR SIN CHUNG-KAI (in Cantonese): Madam President, Secretary Frederick MA has just left, and I had wished to say something to him through you. Secretary Frederick MA has always refused to admit that the Government has "juggled with the figures". As I said at the special meeting of the Finance Committee, "juggling with the figures" could be "falsifying the figures", and it could be "getting the figures wrong". Secretary Frederick MA has worked in the commercial sector for many years, and he should understand this only too well. Falsifying figures and getting the figures wrong have equally serious consequences.

Much to my regret, while the Treasury announced on the 28th of last month that the Government had a surplus of \$19.6 billion as at the end of January, the Government has been acting like "hiding half of its face behind a pipa", refusing to admit that the Government's surplus this year will be far higher than the revised surplus of \$4.1 billion as stated in the Budget.

Whether or not flexibility is lacking in government expenditure, how much the surplus will be, and whether or not the reserve is adequate all seem to change with the policy needs of the Government. I remember that when the Financial Secretary delivered the Budget and proposed that public views be consulted on the introduction of a sales tax, he said that government expenditure is "rigid". But two weeks later at a meeting of the Finance Committee of the Legislative Council, Frederick MA said that government expenditure can have "ample room for manoeuvre". Insofar as the surplus is concerned, when the Government

wishes to cut tax, future prospects will be very optimistic; when it does not wish to help the poor and cut tax, a very small surplus will be forecast; when it wishes to introduce a new tax, Hong Kong will have a structural deficit and that the \$300 billion reserve will be used up in 2008-09. Looking back at the Government's public finance policy in the past few years, I think even the "Changing Face" master from Sichuan whom you, Madam President, had once invited to give us a performance would sigh that he is no match for the Government.

I would like to remind the Government here that constant overestimation of the deficit and underestimation of the surplus will render its credibility affected.

I would now talk about "independent kingdoms". Although the expenditure of the Government does give cause for criticisms in many aspects, for instance, the Government will spend \$900 million disregarding how many vehicles it is going to buy, which is questionable, the biggest problem remains that neither the Government nor the Legislative Council is in a position to monitor the expenditure of the independent kingdoms, and this is a huge loophole in public finance.

The Hong Kong Monetary Authority (HKMA) is a serious loophole, because we have no way of monitoring its spending. From 1994 to 2004, a deflation had persisted in Hong Kong for 60 months in a row, with the deflation rate accumulating to as much as 9% during this period. The recurrent expenditure of the Government increased from \$160.6 billion to \$196.9 billion, representing an increase of about 22.6%. However, the operating expenses of the Exchange Fund also increased frantically from \$660 million in 1997 to \$1.25 billion, representing an increase of 89.4%. Yet, it is impossible for the Legislative Council to know anything about the HKMA's projection of the expenses for managing the Exchange Fund. Nor can it exercise any monitoring over the absurd phenomenon of still having a share of bonus despite failure to achieve investment targets. In any case, the HKMA should, like other government bodies, make public their expenses.

If we say that the expenses of the HKMA constitute a loophole, then the expenses of the Hong Kong Tourism Board (HKTb) are the black hole in the Government, for the HKTb will spend all its funding anyway disregarding how much it is. The annual recurrent expenditure of the HKTb is already \$500

million, and it was given an additional provision of \$500 million by the Government last year. Last year, the number of visitors coming to the territory increased by 1.5 million, but these visitors might have come to Hong Kong because of the World Trade Organization Conference, the Disneyland and the Individual Visit Scheme. Such being the case, should we actually increase the salary of the former Chief Executive TUNG Chee-hwa who incited public anger and the 1 July march but had secured the Individual Visit Scheme from the Central Authorities, rather than injecting funding into the HKTB?

Moreover, many visitors who come to Hong Kong are only transit visitors who are going to the Mainland for business and travel. Today, almost one year after the end of 2004-05 — it has been almost one year since the end of last year, and another year will begin in a few days — the HKTB still cannot table its annual report to the Legislative Council, and since no statistics are available, there is no way for us to exercise monitoring even if we so wish. Despite such inefficiency, they still always claim credit for an all-time high number of visitors, and this is hardly convincing.

On the contrary, the HKTB may not necessarily do things that it should do. For example, the HKTB should work with the Immigration Department to broadcast Announcement of Public Interest at some immigration control points, especially at Huanggang where visitors travelling under the Individual Visit Scheme often have to wait for hours for immigration clearance, so as to promote the various tourist attractions in Hong Kong and to show footages of festive celebrations, thereby soothing the emotions of the visitors who have to wait for hours for customs clearance, rather than just organizing expensive inauguration ceremonies for certain events.

Tourism has certainly made important contribution to the Hong Kong economy. In 2003 during the SARS outbreak, it contributed 2.5% of the GDP in Hong Kong; in 2004, it was 2.9%, representing just a slight increase and yet, the HKTB was still provided with \$700 million. I do feel aggrieved for Ms Miriam LAU who represents the transport industry. The logistics industry contributed 5.4% to the Hong Kong economy in 2004, and if we say that tourism has brought tremendous benefits to employment in Hong Kong, the logistics industry has, in fact, also created many job opportunities for the grassroots. However, its direct competition with the Mainland will also be helpful. In the short term, the logistics industry will be marginalized, as the Chief Secretary for Administration has said. Should the Government not consider ways to provide

assistance to our logistics industry? We have spent so much on tourism, but nothing is given to the logistics industry. Should the Administration not also provide certain assistance to the logistics industry? It is downright difficult for the Government to explain what criteria it has adopted in allocating funding to the HKTB at an amount equivalent to the operational expenditure of 10 Consumer Councils.

Madam President, I cannot but feel that the Legislative Council obviously has not adequate powers to monitor this kind of independent kingdoms. If these bodies still wish to operate with public coffers, they must increase their transparency and, like other government departments, they must increase the transparency of their use of public coffers. Otherwise, the Government should make reference to the funding mode for the Trade Development Council and make provisions to the HKTB with the tax collected from the tourism, hotel and retail industries or reinstate the membership fee system which was adopted in the past, rather than funding its operation with public coffers.

With regard to public expenditure, since the financial position of the Government has been greatly improved, I really do not understand why the Government still plans to substantially reduce the percentage of public expenditure as a share of the GDP from 18.2% to 16.1%, in which case public expenditure in the next five years will only increase by 2.73% on average, which is more than 50% lower than the nominal economic growth of 5.92% as projected by the Government. Will the Government still have resources for medical and health care services, education and poverty alleviation?

In respect of tax reduction, the fiscal reserve of the Government and the accumulated surplus of the Exchange Fund now add up to \$750 billion in total. This is the money of Hong Kong people, and while the Government has refused to reduce salaries tax, it has even cut its expenditure considerably and introduced the sales tax.

The Government has the right to collect tax, whereas the people have the duty to pay tax. But while the Government has its powers, it also has duties to perform. In collecting tax, the Government must let the people know for what purposes the tax so collected will be used. Be it used for education, medical and health care services, helping the poor or combating avian flu, improvement of the Government's information security, or protection of the people's privacy, the public will give their support as long as the process is open and transparent

and the spending is well justified. But if the tax revenue is not used up, then the Government should reduce tax. The Democratic Party considers that since the Government had increased tax on the ground of a budget deficit before, it should restore the allowances for salaries tax, the marginal tax rates and the tax band to the levels back in 2002-03 given a surplus, which I estimate to be \$15 billion, will emerge this year, rather than indefinitely placing people's wealth in the Exchange Fund to generate a 3.1% return and doing nothing while it depreciates to the detriment of the interest of Hong Kong people.

Madam President, the Secretary for Financial Services and the Treasury has got the figures wrong as he had seriously underestimated the surplus of the Government. I urge the Government to admit its mistake early without delay, whereas the Financial Secretary should revise the Budget in the light of the latest financial position of the Government and take measures to reduce tax and help the poor, in order not to make the public wait year after year.

I would like to turn to information security. Recently, the leakage of personal data by the Independent Police Complaints Council (IPCC) or even cases of privacy infringement in which the personal data of customers of telecommunications and insurance service were circulated on the Internet have thoroughly reflected that the awareness for information security is weak in the community as a whole, and this must be addressed squarely by the Government.

According to the information provided by the Office of the Government Chief Information Officer last week, the work of the Government in respect of information security is not inadequate. But the problem is that the relevant measures and guidelines have not been implemented effectively. Added to this is the fact that importance has never been attached to the awareness for security or the management standards in public bodies, thus resulting in this blunder of the IPCC in its handling of sensitive information.

In fact, from the policies and resources, we can see clearly that the Government has consistently treated information security lightly. Despite being an international financial centre, Hong Kong has not drawn up any long-term strategies on information security to provide safeguards in the event of information crises. The industry has long been criticizing the Government for always adopting only piecemeal security measures as stop-gap solutions to problems. Co-ordination among various important information infrastructure systems is obviously confusing, and a comprehensive set of long-term information security policies has always been lacking.

Besides, the resources injected by the authorities into information security are but scarce. Take the year 2006-07 as an example. About \$1.3 million will be injected into information security, and I think it is questionable as to whether this amount of resources is sufficient to cope with the work to promote information security.

In the neighbouring Singapore, about US\$23 million was spent last year to launch a three-year information security strategy — let me stress that it was US\$23 million, which is about \$160 million — under which emphasis laid on enhancing the awareness for crisis in respect of information security in the public and private sectors as well as among members of the public, with a view to improving their information security environment which is consistently of a high standard.

I have no intention of asking the Government to plough in the same amount of resources for information security. But the Government's provision of \$1.3 million for improving the overall information security framework in the Government is just peanuts. In the absence of a long-term objective and given the lack of sufficient information, we know only too well how determined the Government is in improving the level of information security management.

To upgrade the level of information security management in Hong Kong, I urge the Government to set an example by expeditiously reforming the management of information security in major government departments and public bodies, and also re-examining the policy on information security and conducting risk assessments.

The authorities must also set up a uniform and clear information categorization system, whereby the information and systems of government departments and public bodies will be categorized according to the degree of sensitivity, and also set baseline security and auditing requirements.

Moreover, public bodies should be required to register with the Government their sensitive information systems and produce reports on information security management on a regular basis. Certainly, these reports should also include inspection and auditing reports.

The recent leakage of personal data has fully reflected the need for the Government to enhance its role in information security, actively promote the

development of authentication in the business sector and also upgrade the public's awareness for information security.

If our information infrastructure fails to closely keep tabs on the latest international trend of information security and progress with the time, any attack on our network will seriously damage our economy.

Information security aside, I would also like to say a few words about digital broadcasting. In a motion debate of the Legislative Council earlier, I already spoke on the importance of digital broadcasting, its positive effects to the local broadcasting, telecommunications and information technology industries, as well as how overseas countries have endeavoured to promote the development of digital broadcasting. So, I am not going to repeat the points in detail here.

I wish to point out that when many countries are pressing ahead at full steam to promote digital broadcasting, our Government injected only \$780,000 last year for promoting digital broadcasting, which accounted for a pitiful 0.18% of the total expenditure of Radio Television Hong Kong (RTHK). What is puzzling is that the authorities still plan to inject funding of more or less the same amount, that is, some \$780,000 only, for 2006-07.

We ought to know that various advanced countries, including Britain, Germany, Canada, Sweden, Singapore and South Korea, have already made a start one after another and launched the digital radio broadcasting service. Most importantly, all of them started with public broadcasting taking the lead, in an effort to encourage non-government radios and private enterprises to participate in broadcasting service and promote cultural diversification and hence enhance the competitiveness of their creative work and broadcasting service.

In fact, RTHK could play the role of a vanguard, taking the lead to adopt advanced broadcasting technologies, like it did in the past when it took the lead to promote online broadcasting. Regrettably, this amount of less than a million dollars is simply inadequate to cope with the need to promote digital broadcasting.

On the one hand, the Government has allocated hundreds of millions of dollars to an independent kingdom in order to boost the economy, so to speak, but on the other, it is unwilling to inject sufficient resources into digital broadcasting which has very promising potentials for development. This is

tantamount to putting hurdles in the development of the industry. In that case, will such industries as broadcasting, telecommunications, information technology, digital content and electronic products not be denied the business opportunities deriving from digital broadcasting?

I so submit.

MR WONG KWOK-HING (in Cantonese): Madam President, the Hong Kong Federation of Trade Unions' comment on this Budget is this: Inadequate sharing and ineffective measures on employment. Despite a substantial increase in the surplus of the Government, the Financial Secretary has remained a miser and failed to give play to the function of the Budget of redistributing wealth to narrow the gap between the rich and the poor and hence enable the grassroots and the middle class to heave a sigh of relief, not to mention new initiatives for improving structural unemployment and creating more job opportunities. Even the cross-district travel subsidy applies only to selected districts and so, this subsidy has become neither fish nor fowl, and the situation is exactly like "buying salt that is not salty" and "buying ginger that is not hot". The four new and improved services to help the disadvantaged groups will cost \$97 million only, which is even less than the \$100 million-odd provided by the Government for converting the pavilion at the Peak into a Victorian-styled pavilion and to build a lavatory. As a popular saying goes, "ignorance is nothing; comparison is the scariest". Once a comparison is drawn, we can see immediately how determined the Government is in helping the disadvantaged groups.

The Budget does give cause for criticisms in too many aspects. But given the limit of my speaking time, I must first sing high praises of the Financial Secretary — regrettably, he is not in the Chamber — for his boldness and enterprise. In paragraph 29, he wrote these words which sound resolute and forceful: "The Government should strive..... to protect labour rights" (end of quote). But to avoid repeating the blunder of Director Thomas CHAN in his famous line: "the speaker said it with great certainty; the listener took it with great enthusiasm" but things eventually turn out to be "a beautiful misunderstanding". To avoid repeating the same mistake, I will analyse in four aspects the Government's policy, financial management strategy and the specific measures in administration and examine if this vow made by the Financial Secretary is truly honoured.

Firstly, about legislation on the minimum wage and standard working hours. Paragraph 29 of his Budget speech mentioned that the Labour Advisory Board (LAB) was looking into these issues. As we all know, the labour sector has been striving for legislation on minimum wage for a long time. The employee representatives on the LAB have unanimously called for the making of legislation. The key now lies in the Government's attitude and there is no reason for further delays by the authorities. At present, exploitation through the sub-contracting system exists in many outsourced services and works projects of the Government. As a result, grass-roots "wage earners" in the lowest strata are suppressed as they are made to work for extremely long hours but paid at extremely low wages. An example is those workers employed for service contracts outsourced by the Housing Department (HD) and the Food and Environmental Hygiene Department. The monthly salary of these workers is around \$3,000 only.

If the Government continues to further put off legislation on various pretexts and again resort to such ploys as saying that the trade associations will draw up codes of practice or conventions on self-regulation, in an attempt to muddle things through and to evade legislation, it would only show that the Government lacks sincerity and the resolve to "protect labour rights".

Secondly, about whether or not the public works projects carried out by the Government every year can truly create more job opportunities. The Government provides a large number of public works projects every year, and as it is clearly stated in paragraph 60 of the Budget speech, over the next five years, the Government will earmark \$29 billion a year on average for infrastructure projects and that 14 000 jobs will be created for the construction industry through, among other things, outstanding projects of the former Municipal Councils and the Tamar development project. According to the Government's reply to a question asked by this Council on the Budget, 219 minor works projects will be launched at a cost of over \$130 million. At a glance, this seems to be a sign of daylight to the construction industry, but what happens in reality? Reality has told us that the \$29 billion-worth public works projects to be launched by the Government are most unlikely to use up all the \$29 billion, and even for the public works projects implemented with actual funding commitment from the Government, how many of them can benefit the construction workers?

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

Deputy President, why do I ask this question? It is because over the years, prefabricated components have been used for all the public works projects of the Government, and various types of precast concrete units, prefabricated housing facilities and finished products of interior facilities are all imported from places where labour is less expensive. May I ask the Financial Secretary if this can be considered as "protecting the employment rights" of local workers? It is even more laughable and yet saddening that on the other hand, the Government is going to take a huge amount of money out of the Treasury to provide assistance to the unemployed.

Thirdly, about whether the \$29 billion-worth public works projects provided by the Government every year can "protect labour rights" and plug wage default loopholes. Fortunately, Secretary Dr Sarah LIAO is still in this Chamber listening to my speech here as we discuss this issue now. The recent incident of wage default by Dickson involved some 360 workers who are directly employed by Dickson or hired by the subcontractors. The three construction sites of the HD involved wage arrears totalling about \$8.43 million, whereas the projects of the Architectural Services Department involved wage arrears totalling \$17 million. The incident is, in fact, just the tip of the iceberg when it comes to wage default cases in the public sector. According to the statistics of the Hong Kong Construction Industry Employees General Union, wage default cases in the construction industry accounted for 25% of all labour disputes in the territory and 60% to 70% of these cases are wage default and large-scale strikes involving construction sites of the Government. This fully shows that workers' rights are not protected in public works projects. "Having a job" does not mean "having food to eat". "Contributing sweat and toil" does not mean "getting paid". During their 24-hour sit-in, workers of Dickson whose wages are in arrears composed a poem for the Chief Executive. The poem, which is to the tune of the "YU Beauty", is titled "Bitterness of Wage Default". Now, I wish to read out this poem and share it with Members:

Wages in arrears, when will this ever end?
How much does one know of our miseries?
Wages denied and cheques dishonoured; in straitened circumstances, we
couldn't bear to look at our debts
Sweat and toil must still be there, only the promises are not kept
How much sorrow there will be?
Like a spring river flowing all the way to the east.

This saddening poem was originally written by LI Yu, the last emperor, when his country was destroyed. Today, workers whose wages are in arrears are still unable to recover their wages. If we have the least bit of conscience, we should feel sad hearing this poem. After reading out this poem, I urge the Financial Secretary to give us a reply as to how the "sorrow" of workers who are owed wages can be allayed? What will the Government do to be a good developer? I urge the Financial Secretary to give us a response as to how the loophole of wage default can be plugged in respect of the \$29 billion-worth public works projects in order to protect labour rights.

Fourthly, the problem of government departments implementing measures separately to "protect labour rights" and adopting stalling tactics and doing everything they can to shirk responsibilities. Deputy President, in implementing measures to protect labour rights, government departments have always given the impression that they work separately on their own and seek to pass the bucket to one another. Take public works projects as an example. Insofar as government projects are concerned, apart from the Works Division of the Environment, Transport and Works Bureau which awards contracts for public works, the construction of public housing is within the purview of the Housing Authority (HA), while the rural minor works and urban minor works mentioned in this year's Budget are the responsibilities of the Home Affairs Bureau. We understand the need for different projects to be carried out by different departments, but when the projects have been launched and construction workers employed, how should problems be dealt with when they arise? In this connection, in the briefing to the Finance Committee last week, I asked the Secretary for Financial Services and the Treasury a question, and I also wrote to the Secretary on the same issue afterwards. As a result, Secretary Frederick MA referred the issue to Secretary Stephen IP of the Economic Development and Labour Bureau. Subsequently, Secretary Stephen IP also consulted the Environment, Transport and Works Bureau and gave us a reply. I have received a number of letters; and it was mentioned again that outsourcing is within the ambit of the Efficiency Unit. I wonder if the Financial Secretary and other senior officials would find that the situation is like playing football and doing the "triangular short pass" which features very good co-operation in terms of shirking responsibilities with "A" passing the ball to "B" who passes it to "C", and C then passes it onto the front. How will various departments work to achieve the objective of "protecting labour rights" as Financial Secretary Henry TANG pledged in the Budget? In outsourcing public works and services, is it that the Government has also outsourced its responsibilities?

Deputy President, it transpires that government departments work on their own separately in respect of labour protection. Take the Environment, Transport and Works Bureau as an example. To prevent exploitation in the course of subcontracting, the Bureau has, on a pilot basis, imposed restrictions on subcontracting in two public works projects for more than a year, but this practice has yet been adopted on a full scale. Last week, after the Dickson incident, the HD and the HA, in order to provide remedies, decided to include seven new measures in the new contracts to be awarded from May onwards. For example, the contractor is required to produce site access control and attendance records and also the employment agreements of the workers engaged on the construction site; payroll records will be maintained, subcontractor management plan will be implemented and resident Labour Relations Officers will be provided. In the event of wage default, the owner (that is, the Government) can deduct monies due to the contractor under the contract to make payment to the workers and impose heavier punishment on wage offence by, for instance, removing the name of the contractor from the relevant list. However, this is applicable only to the projects of the HA. The Government has adopted another standard for its other public works projects as these initiatives will not be applied to them at the same time in May, and this is puzzling indeed.

Last Thursday when she attended the briefing on the Budget held in this Council, Secretary Dr Sarah LIAO said to the effect that the Government, being a major employer in the construction industry, has unshirkable duties when it comes to cases of wage default (end of quote). The Secretary has seldom made remarks with such an explicit attitude before. I am glad that the Secretary has made this commitment. However, the Permanent Secretary for Economic Development and Labour, Mr Matthew CHEUNG, and the Director of Architectural Services, Mr YUE Chi-hang, gave a reply to me in writing on the 20th and 21st respectively, pointing out that apart from the HD, the new initiatives will be implemented for other public works projects only at the end of the year and what is more, these initiatives will have to be bundled up with the registration system for construction workers. This is most irrational. I must point out that in both replying letters, disregarding whether there will be "six strokes" or "nine strokes", one "consummate stroke" was missing, that is, the HA shall specify that where a case of default is verified, the owner can make payment of the outstanding wages to workers, including workers employed by subcontractors, from the project fees due to the contractor. Why can this be implemented in the HD in May, but not for public works projects of other government departments, especially those under Secretary Dr Sarah LIAO?

This is indeed double standard. We have just one government and so, I hope that the same "seven strokes" applied to the HD will also be applied to all government departments starting from May this year altogether, with a view to protecting labour rights.

Chief Secretary Rafael HUI, I can see that you have just sat down and you are very much welcomed. You have come in just at the right time. I wish to take this opportunity to sing a song to you to express to you the feelings of wage earners:

"We are poor working people; getting ulcers, climbing up and down; chickenfeed is our reward; how could that be enough? How could that be enough? No decent food to eat. Half a catty makes eight taels, and we work like a dog; Half a catty makes eight taels, sweat and toil we give, but we get rip-offs by unscrupulous merchants; Half a catty makes eight taels, even the Government is ripped off by unscrupulous merchants; We give half a catty of efforts but are not rewarded with eight taels; Making a living is difficult and worse still, we are cheated and robbed by senior officials — Good Grief!"

I do not sing beautifully, and I am grateful to the Deputy President for her indulgence. However, I earnestly hope that the Government will listen to the elegy of the workers and listen to the elegy of "wage earners" who have no food to eat. Chief Executive Donald TSANG has vowed to strive for the well-being of the people and to build a harmonious society. If the Government does not plug the loophole for wage default, how can it strive for the well-being of the people?

Thank you, Deputy President.

MR ALAN LEONG (in Cantonese): Deputy President, the Budget which is now examined by this Council has four key points, namely, Recovery, Enhancement, Commitment and Sharing. Even before the release of the Budget, various sectors of the community could actually feel that whether in respect of economic development or public finance, Hong Kong has gradually recovered from the serious damages done by the financial turmoil. I trust that Financial Secretary Henry TANG was also in a good mood because of the sustained recovery when he said, "May all your wishes come true" in giving his Chinese New Year

greetings. But this remark from him quite unexpectedly caused various social strata to hold expectations for the Budget. As a result, the higher the public's expectations, the greater their disappointment.

The general public has expectations for the Budget not just because of that greeting of Financial Secretary Henry TANG, which might just be a casual remark not intended to convey the meaning as perceived by the listener, but also because of continuous improvement in the social and economic atmosphere, and also the public's expectation for a new page of governance. Given the economic growth, coupled with the fact that the unemployment rate has dropped to the lowest for the past four years, all sectors of the community have long expected to see a surplus in the consolidated and recurrent accounts, only that the Government's projection is far lower than the expectation of credit rating agencies and various sectors of the community.

In fact, like many Hong Kong citizens, my expectation for the Budget is far beyond such aspects as the surplus figures and the rate of tax reduction. I remember that before the Budget was released last year, it was when Mr TUNG Chee-hwa had resigned from the post of the Chief Executive because of his illness and Mr Donald TSANG became the acting Chief Executive. Three months later, Mr Donald TSANG officially took over as the Chief Executive. Chief Executive Donald TSANG used "Strong Governance" as a slogan during his electioneering campaign, and various sectors of the community generally hoped that the new government could get rid of the style of "discussing without making decisions and making decisions but never implementing them" back in the days of Mr TUNG and that the new government would start making long-term planning for the future of Hong Kong, in order to solve the administration problems that have been accumulated for eight years.

Deputy President, looking back on the past few years, the Government has, from time to time, reminded the public that an ageing population, economic restructuring and the crisis of inter-generational poverty will put heavy pressures on the SAR Government in the provision of health care and social welfare. As a result, the Government has nevertheless cut its commitment to social security and health care when the people are facing difficulties in living. It has even stressed that the community must reach a consensus as soon as possible on the implementation of reforms in the welfare system, health care financing, and so on. Now, public finance is better off than before, and in drawing up the Budget, the Government should be in a better position to set a clear direction for administration and carry out essential reforms.

Regrettably, the Financial Secretary is complacent about his role in holding the purse strings. This maiden Budget under the slogan of "Strong Governance" entirely cannot show people the direction of building a strong government by tackling problems through sound financial management. On the contrary, it still gives people the feeling that it lacks vision and orientation. Nor can it show us how the Budget can serve as a means to achieve redistribution of social resources, to properly address some deep-rooted conflicts already in existence, to show commitments for impending problems and to set aside resources to provide support for consolidating the competitiveness of Hong Kong, so that Hong Kong people can understand through the Budget the blueprint and vision of the Government in its governance over Hong Kong.

How will the SAR Government, which expects its surplus to grow continuously to tens of billions of dollars, respond to challenges in the assurance of social welfare? Its response is to increase the recurrent expenditure by \$100 million and the non-recurrent expenditure by \$230 million per annum for helping the sick and the vulnerable and for providing family support and employment assistance. However, nothing is proposed with regard to reforming the basic safety net, especially measures to help welfare recipients adapt their purchasing power to inflation.

Deputy President, the Government's attitude towards health care expenditure also gives an impression of self-contradiction. On the one hand, the Government will convert the \$650 million grant to the Hospital Authority (HA) into recurrent funding and increase the provision to the HA by \$300 million per annum over the next three years, but meanwhile, the Government warned that an ageing population will put heavy pressures on public health care expenditure. If the Government is not alarmist in giving this warning, why does it dare to plough in colossal resources for the next three years? Despite the slight improvement in its finance, the Government should seize the opportunity to immediately map out plans for long-term health care financing and reform, rather than making use of the surplus to temporarily calm down political disputes while maintaining the existing *modus operandi* of the crisis-ridden health care system.

Another example of the lack of awareness for crisis in the Budget is that it failed to give a detailed account of the financial arrangement for monitoring and preventing avian flu, especially how preparations will be made for central slaughtering once it is implemented and the termination and restructuring of the

poultry industry. No sooner had it been announced that the import of poultry would resume than the Government substantially reduced the number of chickens, arousing concern in the industry that this is no different from compelling the live poultry industry to take the path to extinction. The Government still has not been able to provide details of compensation or retraining arrangements and the relevant projections of financial commitment. This cannot allay the concern of the industry. Nor can this convince the public that the Government is already well prepared in public hygiene.

Deputy President, while the Government does not have a long-term direction in its projection of public expenditure, it has gradually developed a clear tendency in respect of revenue: Introducing the Goods and Services Tax (GST). From last year's Budget which said that "there is no need to jump to a conclusion" to this year's which said that the Government will "consult the public on the detailed proposals.....submit our proposals for consideration by the Government of the next term", perhaps the Government plans to tell members of the public in more and more express terms that the GST is only a matter of time, and that the GST will be ready to come on stage as long as the political situation is stabilized after the next Chief Executive has assumed office.

Sales tax often meets with resistance not only because of its regressive nature, but also because sales tax is a very attractive tax type to the Government. An increase in salaries or profits tax will often affect the spending and investment sentiments directly. But people must buy food and other groceries, and they must spend money on the basic necessities of living. Therefore, when a government of a country where sales tax is levied needs to boost its revenue, it will often think about progressively increasing the sales tax rate from 3% or 5% to 7% or 10% or even a two-digit figure. The government will keep on increasing this tax which is a convenient source of revenue. Public finance will hence become very reliant on this tax and as a result, the tax rate, which would be on the high side, is unlikely to come down, and this may have far-reaching implications on fiscal discipline.

Deputy President, in the eyes of the lower-middle class, it is downright unimaginable for a government with a foreign currency reserve exceeding \$1,000 billion to further fleece the public through their daily expenses. Recently, Mr Joseph YAM, the Chief Executive of the Hong Kong Monetary Authority, has suddenly proposed to change the method of sharing the income of the Exchange Fund with the Treasury and also the investment strategy of the

Fund, with a view to providing a more stable source of revenue for the Government. I wonder if it is because Mr YAM thinks that since the sales tax will certainly be imposed, he, therefore, hopes that this proposal will soothe public discontent. But since we have amassed a fiscal reserve which is enviable to the world, consideration should first be given to how the reserve can be put to good use, in order to ensure stable revenue to the Treasury every year while at the same time avoid continuous split-ups in society as a result of disputes over taxation matters.

Deputy President, apart from explaining the revenue and expenditure accounts, the Budget also proposed the development of new tourist attractions and the support facilities. I must mention here that the development of new tourist attractions will certainly involve the use and planning of the surrounding land. To achieve a win-win situation for all, the Government must allow participation from residents and shop owners in the vicinity and also other stakeholders in the planning process. If the Government can make the arrangements properly in the consultation stage of the planning process, it can work with members of the community as partners in the development of tourism, so that various projects can be launched expeditiously with a consensus reached among all sides and hence more job opportunities created as soon as possible. If the Government does not allow thorough participation from people affected, but purely rely on officials' opinionated and strong policy steer, its efforts would be in futile as haste would only make waste, as in the case of the West Kowloon Cultural District (WKCD) development.

Deputy President, perhaps in the eyes of the SAR Government, "eliminating the deficit" is the keynote in the formulation of the Budget and in explaining the revenue and expenditure accounts. For this reason, a surplus in both the Operating and Consolidated Accounts, a reduction of the operating expenditure, and public expenditure accounting for less than 20% of the GDP have become the Government's "report card" handed to the public in explaining its achievements in public finance management. But as Hong Kong still does not have the tradition of debating philosophies of governance through elections, the policy address and Budget released every year are two major opportunities for those in power to explain the overall strategy of governance. Members of the public will, therefore, hope that the Budget is more than a document containing the revenue and expenditure figures, but also an outline of the overall blueprint of the Government's administration.

Early this week, different people expressed their views on the topic of "What does the future hold for Hong Kong?". In the ranking of cities in the three places across the strait published by the Chinese Academy of Social Sciences, Hong Kong is ranked the first. But the survey also warned that such factors as the living environment and technological innovation may be the key factors that will drag down the competitiveness of Hong Kong. Moreover, at a seminar on economic planning in the Mainland, the Chief Secretary for Administration also warned Hong Kong people of the danger of being marginalized *vis-a-vis* continued development in the Mainland.

Deputy President, this is perhaps the first time that I see eye to eye with Chief Secretary Rafael HUI since last year's constitutional reform and disputes over the WKCD. I very much hope that this comment made by Chief Secretary Rafael HUI can inculcate an awareness of crisis in the entire governing team, so that concerted efforts will be made to address squarely the existing political, economic and social conflicts in Hong Kong, and the opportunity of having slight improvement in the financial conditions be seized to promptly make preparations for planning in the longer term.

Deputy President, continuous economic growth over the past few years has perhaps given a boost to the officials who expect the financial conditions to remain good in the next few years. However, rainstorms often come unexpectedly, so much so that we would not be able to guard against them. To Hong Kong people, our memory of the financial turmoil and SARS are still fresh, and we even learned the lesson through the loss of valuable human lives. Could it be that the community of Hong Kong will be able to overcome future crises with this "money-keeper" mentality being continuously adopted in financial management? If the Government is not vigilant when its financial pressure is slightly eased, should we again wait until the economy has gone downhill and hastily take steps only then to deal with the crises that we are brought to face by the fiscal deficit?

Deputy President, refusing to address the conflicts squarely to maintain political reputation and giving out a few candies when the economy is better off are wasting the inherent competitiveness of Hong Kong and cannot in the least be taken as "strong governance for the people". Although it is difficult for Hong Kong, being an externally-oriented economy, to remain unaffected under globalization, this should not be any pretext for government officials to act passively in the face of challenges. The Government should make good use of

the sizable reserve as well as the advantages in software and hardware, taking forward necessary social reforms while looking after the interest of the lower-middle class.

Deputy President, I so submit.

MR CHAN KAM-LAM (in Cantonese): On behalf of the DAB, I wish to talk about our views and proposals in respect of financial services and housing.

After the Financial Secretary delivered his Budget speech, views have been diverse in the community. Those who have given him praises said that he had consistently upheld the small government principle and exercised fiscal prudence. They hold that the elimination of the deficit three years ahead of schedule following continuous and stable improvement in the local economy and effective expenditure-cutting measures implemented by the SAR Government have greatly relieved the Government of the pressure to impose more tax types on taxpayers and better still, enhance the confidence of overseas investors in Hong Kong, which is beneficial to future economic development.

Yet, the DAB is a bit disappointed that despite significant improvement in its financial position, the Government has not restored salaries tax, which has increased over the past two years, to the original level, in order to alleviate the tax burden on the people. Some people opposed a reduction of salaries tax on the ground that structural problems still exist in public finance. I would also like to talk about our view on this point.

In 2002, the Task Force on Review of Public Finances set up by the Government submitted a report to the Financial Secretary. The report pointed out that some of the financial problems consistently faced by Hong Kong were structural. It also said that under the effects of these structural factors, a fiscal deficit will still appear or even deteriorate continuously even if normal economic growth resumes. In this Budget, however, we can see that this view cannot hold water, because according to the Government's estimate, a consolidated surplus of \$5.6 billion will occur in 2006-07 and this will build up to \$32.6 billion over a period of five years. If the Government's forecast is not too far a departure from reality, it means that the deficit would disappear and a surplus would occur when the economy enters the normal growth cycle. Therefore,

unless structural problems are given a new definition, we must admit that the fiscal deficit in the past few years was mainly caused by the economic downturn, rather than structural problems in public finance and the tax regime. On the other hand, we even noticed that the arrangements made over the years in response to the fiscal deficit were geared mainly towards maintaining stable and adequate expenditure, in order to ensure that livelihood issues in various aspects will not be affected by a considerable reduction in the Government's revenue from tax.

The Government said that as the tax base is too narrow, revenue is subject to fluctuations in the economy as a whole and is therefore unstable and for this reason, it is necessary for the Government to broaden the tax base, and so it planned to conduct studies on ways to introduce a sales tax in the future. We wish to point out that Hong Kong is a small and open economy where economic growth and government revenue will inevitably be volatile under the effects of external factors. Although the tax base is broadened to maintain a stable source of revenue, it is certain that the number of taxpayers will eventually increase and it will also be necessary to increase the channels for taxation and so, in the end, the tax revenue will only come from a small number of taxpayers who already bear a very heavy tax burden. Such being the case, broadening the tax base will ultimately become a pretext to increase the tax burden on the middle class. In any case, the introduction of a sales tax will sacrifice the interest of the general public and add to the burden on people in all strata, especially adding to the financial burden on those low-income households and middle-class families which are struggling to be self-reliant. We must understand that the sales tax, being regressive in nature, will result in low-income people paying more than those with a high income.

On the other hand, when introducing the sales tax, the Government will certainly need to provide waivers or subsidies to recipients of CSSA and so, I think they will not be very much affected. But what about low-income working families? As for middle-class families which have higher expectations towards the quality of living, a sales tax will directly add to their burden. On the one hand, most of them live in self-owned property, for which the monthly mortgage repayment already accounts for a substantial part of their income. On the other hand, they mostly attach great importance to their children's education and have arranged for their children to study in schools under the Direct Subsidy Scheme or international schools, while at the same time arranging for their children to

take up a wide variety of interest classes. So, they are often financially tight in meeting all these expenses. They will be the first to bear the brunt if the Government introduces a sales tax in the future, and this will also dampen their desire to have children.

In fact, judging from the Government's forecast of its financial position in the next five years, I think as long as the SAR Government can continuously maintain a budget balance and keep expenditure within revenue limits, a slightly narrow tax base will not constitute a big problem and it is also unnecessary to impose a sales tax hastily. On the contrary, what the Government and all sectors of the community must address squarely is that imposing a sales tax in Hong Kong will bring about significant changes to the principle and advantage of the simple tax regime that has long been practised in Hong Kong, and at the same time tarnish Hong Kong's reputation as a Shoppers' Paradise. As pointed out by Prof MIRRLEES, Nobel Laureate in Economics, what makes Hong Kong's tax regime most attractive and fair is that a small number of rich people are paying most of the tax and so, he tends to oppose the introduction of a sales tax in Hong Kong. This has precisely highlighted the factor to which Hong Kong's success is attributed. It can be said that Hong Kong will lose more than it will gain in introducing a sales tax.

Deputy President, next I would like to talk about housing. In every year's Budget, paragraphs which directly involve the housing policy are very few in number. But every year, we still see in the Budget some expenditure relating to squatter clearance and rehousing, and whenever I see these figures, I always hope that I would not see them again in the next Budget, for the Government should thoroughly solve the problem of squatters. Regrettably, we still see this expenditure every year, and our hopes are dashed.

I wish to cite an example to explain the urgency of the squatter problem. Within the month of January this year, two big fires and one small fire broke out in the squatter area in Cha Kwo Ling. Deputy President, we have visited this place many times and seen that the living conditions there are extremely, extremely deplorable. With fires breaking out one after another, the lives and safety of the residents are directly put in danger. I hope that the Government will draw up plans to expeditiously clear the entire squatter area in Cha Kwo Ling and thoroughly improve the living conditions there. The DAB had a meeting with the Secretary for Housing, Planning and Lands, Mr Michael

SUEN, on this issue, hoping that the Government can strictly implement the existing squatter policy and clear all urban squatters in an orderly manner to stamp out the reappearance of squatter areas. But Secretary Michael SUEN only said that the squatter clearance programme would be reviewed in the light of the needs of actual development. In fact, many squatter areas are now found in prime locations in the urban area, and given the lack of quality land for housing development, the Government should actively consider drawing up a specific timetable for squatter clearance and expedite the process involved. On the other hand, efforts can also be made to immediately make improvement to the quality of living of residents in squatter areas.

On the economy front, in the 11th Five-Year Plan announced at the National People's Congress and the Chinese People's Political Consultative Conference Sessions which have just ended, it is proposed that independent innovative capability should be made the principle and that the enhancement of independent innovative capability be made a central part of the country's strategy and in the country's development towards new industrialization. From this we can see the country's vision and boldness in developing local innovative technologies.

The report on the competitiveness of Chinese cities published by the Chinese Academy of Social Sciences days ago also ranked Hong Kong as second to none in terms of competitiveness. In spite of this, our growth momentum nevertheless ranked the third last. Some academics stated candidly that although Hong Kong may not be taken over by mainland cities in the short term, if we fail to develop innovative technology as the core of our competitiveness, it would be the greatest hidden worry to the future of Hong Kong.

Independent innovation is important in that we can develop technologies and industries locally after learning from foreign technologies and experiences. The Government has often been criticized for lacking visionary planning for the future of Hong Kong, and this has also reflected that we compare far less favourably with the Mainland in terms of the determination to enhance independent innovative capability. If Hong Kong still rests on its laurels and takes no initiative to strive for improvement, we are worried that Hong Kong will eventually be marginalized, as we regress while others progress, and this would stand to reason. Regrettably, this Budget has indirectly proven this view.

The DAB considers that we cannot feel complacent with the elimination of the deficit three years ahead of schedule. On the contrary, there is all the more reason for us to make plans as to how our own advantages can be brought into play, so as to provide a more solid foundation for economic development in Hong Kong.

In publishing the new industrial policy last month, the DAB already cautioned that in order to prevent Hong Kong from being marginalized, it is necessary to develop high-technology and high value-added industries of our own and also upgrade and rejuvenate the traditional industries. Hong Kong can give priority to developing the automobile and automobile spare parts industries, multi-media industry and Chinese medicine industry, with the Government providing administrative and policy support, such as granting tax concessions, making grants for specific projects, training talents and fostering co-operation among the industries, the Government and the academia. However, the Government has only held aloft the flag of positive non-intervention and shut the door on all forward-looking proposals. We earnestly hope that government officials can seriously study in detail and explore the proposals in the report and not to let slip opportunities or else it would be too late to regret.

Deputy President, next, I wish to express my views on the hackneyed issue of prolonged immigration and customs clearance. Two weeks ago a rare incident occurred at the Lok Ma Chau boundary crossing as the place was crammed full of visitors and at peak hours, 3 000 visitors were stranded at the crossing point, and the queues of vehicles even stretched into the Shenzhen side at the Huanggang boundary crossing. Some visitors from the Mainland spent nearly seven hours on immigration and customs clearance, and some even walked from Huanggang to Lok Ma Chau. We consider this unacceptable indeed, and this is also proof that the existing immigration and customs clearance facilities are inadequate to meet the needs.

While the Immigration Department has stated that the number of "e-channels" will be increased to 23 at the Lok Ma Chau boundary crossing before the Easter Holiday this year, we are concerned that this can only ease the pressure on the boundary crossing temporarily. Following the upcoming inclusion of five additional mainland cities in the Individual Visit Scheme, the number of inbound mainland visitors is set to further increase and so, increasing the number of clearance channels at the boundary crossing alone can only cure

the symptoms but not the root causes. It is necessary to build more boundary crossings before the problem can be solved in the long term.

With regard to providing an additional boundary control point at Liantang, a study group was set up jointly by Hong Kong and Shenzhen in October last year to conduct studies. Regrettably, no progress has been made so far. The DAB urges the Hong Kong Government to actively follow this up and commence the construction works of the new boundary control point in Liantang as soon as possible, and expeditiously implement on a trial basis the co-location of immigration and customs facilities at Lok Ma Chau and other crossings and also expeditiously implement 24-hour passenger clearance at all boundary crossings, with a view to solving thoroughly the problems of a land transport bottleneck between Hong Kong and the Mainland as well as prolonged immigration and customs clearance.

Deputy President, I hope that the Government can address squarely the views put forward by us in various aspects and give us a response expeditiously. I so submit.

DR YEUNG SUM (in Cantonese): Deputy President, I will speak on social welfare and education on behalf of the Democratic Party.

Deputy President, last year, the Democratic Party submitted a financial proposal to the Financial Secretary, suggesting that the Government should plough in resources to take care of the living and the rights of the disadvantaged groups reasonably. The many demands put forward by the Democratic Party were actually very moderate, and the Government should be more than capable of meeting them judging from its financial strength today. However, the Government has still chosen to be a miser and preferred to put the money in the Treasury. In respect of caring for the disadvantaged groups and also the elderly, the vulnerable and the poor who are badly in need of assistance, the Government has appeared to be weak and incompetent and its work is grossly inadequate.

Let me cite a few examples used by the Democratic Party. For instance, we strongly demand that the CSSA and disability allowance be restored to their levels before June 2003. In 2003, the Government considerably adjusted downward the CSSA payment and disability allowance for these disadvantaged

groups in April on the ground of persistent deflation in Hong Kong and also because the Government considered that the increase in the CSSA rate was higher than the actual price movements due to overestimation of the increase in Social Security Assistance Index of Prices. However, inflation has since last year reappeared, and while the Government has estimated a surplus of \$5.6 billion in 2006-07, it still refused to loosen the purse strings, paying no attention to the life and death of these people, and insisting on being a miser to the public but a spendthrift to certain bodies (such as the Hong Kong Tourism Board). The Government cannot just add more flowers to the brocade but refused to send in charcoal in snowy weather.

In Hong Kong, there are many very touching stories about poverty, and in these stories, the standard of living of some people is very low. In old public housing estates, we often see the elderly queue up for hours for a bag of rice, and in Sham Shui Po, many children make a living out of scavenging for cardboards, and there was a case in which a mother died of heart attack after working continuously for 19 hours. Indeed, these are reflections of poverty in society.

The Legislative Council Subcommittee on combating poverty and also the Legislative Council have passed motions urging the Government to pay attention to low-income workers and the working poor, and to take care of low-income families relying on the CSSA. In fact, they really need more government support and they need encouragement to take up work. However, the Government has not drawn up any policy at all in this regard.

In fact, the Democratic Party has called on the Government to help solve or alleviate the problem of inter-generational poverty. In the two policy addresses of the Chief Executive, it was stated that the Government would help the poor and combat inter-generational poverty, and to this end, a number of funds have been set up, including school-based after school learning and support programmes at a cost of \$75 million to provide Primary One to Secondary Seven students from poor families with after-school learning opportunities and other support services. Under these programmes, subsidies are provided to over 30 schools to enable 56 000 students to take part in fee-charging learning activities after school.

However, Deputy President, a provision of \$75 million for 56 000 students means that each student can only have a one-off grant of \$1,300 to take part in some homework tutorial activities. Regrettably, the approving process

of these programmes is far from clear, and approval of this grant will depend on whether or not the school's proposal is creative. As a result, many schools in the old districts have complained that they cannot obtain one single cent under these programmes. The worst thing about public policies is not a scarcity of resources but an uneven distribution of them. Most of the poor students cannot benefit from the measures taken by the Government. This is why we have called on the Government to set up a children's development fund.

In fact, we have only asked the Government to provide \$25,000 for primary and secondary students who are receiving the textbook assistance, and each student will be given \$3,000 yearly at their disposal. At present, there are 110 000 such cases and calculating on this basis, the Government will only need to allocate \$250 million and assistance can be provided to children from families with a lower income as they can be given more opportunities to take part in extra-curricular activities. Many poor children wish to take part in these activities, such as the Hong Kong Red Cross or the Road Safety Patrol, but many have refrained from doing so for they cannot afford the cost of the uniform. Why is the Government so mean to them?

On the other hand, we proposed that the elderly be allowed to apply for CSSA independently, and we expressed the wish that the Government can clearly define the payment of the disability allowance and extend this allowance to the chronically ill. The Government has not given any response to these proposals at all. We also proposed that government provision be made immediately for setting up a universal retirement protection scheme, in order to cope with a considerable increase in the elderly population in the future, so that the elderly can have a reasonable and dignified standard of living.

Finally, I would say that the Government actually lacks the determination to help the poor. It is unwilling to draw a poverty line. Nor is it willing to set indicators for eliminating poverty. Worse still, it has taken no step at all to address the increasingly serious problem of a gap between the rich and the poor. We are actually greatly disappointed by all these, much to our regret.

Deputy President, I would like to turn to the funding for education.

In recent years, government expenditure on education has continued to shrink from \$61 billion in 2003-04 to \$59.5 billion in 2004-05 and \$58.6 billion in 2005-06, and to \$56.4 billion this year, with a rate of decrease actually

exceeding 7.5%! The Government has substantially cut the expenditure on education for reasons of a serious budget deficit. This year, the deficit problem will finally be solved three years ahead of schedule, and while the Government has a surplus exceeding \$10 billion, it still refuses to stop the funding cut in education. The Democratic Party considers this absolutely unacceptable, because the expenditure cut on education will only undermine the quality of education in the end.

After the problem of work stress on teachers caused quite a furore in society, the Government has put forward the "LI's three strokes" and "LI's nine strokes" in a fragmented manner akin to squeezing toothpaste out of the tube bit by bit, in an attempt to quiet down the discontent among teachers. Among the measures that have been announced, many are just steps taken to regularize existing policies, such as specialized teaching in primary schools, without addressing the two major causes of stress on teachers, namely, the policy on class reduction and the education reform.

The Education and Manpower Bureau has recently announced a number of initiatives to ease the work stress on teachers. One of these measures is to provide additional funding to Band 3 secondary schools, so that schools can have greater flexibility to hire more staff to meet the needs of students whose academic performance is less satisfactory. This is *de facto* small-class teaching. Moreover, the Government already implemented small-class teaching in 30-odd primary schools with more poor students last year. Since the Government clearly appreciates the merits of small-class teaching, why does the Government not implement it immediately? If there are practical difficulties in implementing small-class teaching on a full scale, the Government can, in fact, implement small-class teaching in phases year by year in accordance with a timetable or by districts and by schools. Why should the Government create a labelling effect instead by intentionally or unintentionally linking small-class teaching with the poor performers coming from poor families?

It is an indisputable fact that the education reform has put enormous pressure on teachers. The many new initiatives proposed year after year to replace the old ones have certainly strained teachers so much that they can hardly breathe. The lack of teachers to cope with a large variety of teaching projects is also one of the reasons. The Democratic Party interviewed 700-odd people after the Government had announced measures to ease the pressure on teachers, in order to understand their views on work stress on teachers. The survey

found that close to 60% of the interviewees agreed that the work pressure on teachers will adversely affect the quality of teaching; over 67% of the interviewees considered that continuous education reforms are a major reason for increased work pressure on teachers. The survey is precisely proof that members of the general public are also concerned about how stress in teachers will affect education.

To relieve teachers of their stress and to allay the concern that the class reduction policy may result in teachers losing their jobs, should the Government provide more teachers? The key lies in the implementation of small-class teaching. We again urge the Secretary for Education and Manpower to draw up a timetable for implementing small-class teaching in primary and secondary schools now when the birth rate in Hong Kong is declining. Small-class teaching, in fact, has two merits: First, it can indeed upgrade the quality of teaching; second, it can help alleviate the work pressure on teachers, and will not constitute a very big burden on government finance if implemented at a time when the birth rate is declining. In such neighbouring regions as Shanghai, Taiwan and even Macao, this is already implemented as an education policy and their experience is indeed very worthy reference for us.

In respect of tertiary education, the measures adopted by the Government in recent years to cut education funding have also rendered tertiary institutions affected. The Government understands only too well that talents are the pillar of future development, and it also thinks that education is investment in manpower. That is why it has proposed the objective of enabling 60% of our high school leavers to receive tertiary education in 10 years' time. Today, this objective has been achieved far ahead of schedule by five years, as 66% of high school leavers already have the opportunity to receive tertiary education, that is, in less than 10 years' time, and yet, the Government has still refused to make commitment for our quality tertiary education. The number of funded sub-degree places has been reduced year after year from over 11 000 in 2003-04 to 7 000 this year. As a result, students are forced to take out loans from the Government in order to study in self-financed sub-degree programmes and are up to their necks in debt even before graduation. After completing the sub-degree programme, students are like coming to the end of a blind alley as their chances of pursuing further studies in university are slim. At present, only 840 funded university places are provided for over 20 000 graduates of sub-degree programmes, and the demand obviously exceeds supply. If these graduates are unable to study in subsidized degree programmes in university, they must take

bridging degree programmes which charge exorbitantly. The Government proposed days ago a new measure of allocating an additional \$300 million as scholarships every year to address the problem of students paying high interests for their studies in sub-degree programmes. But in fact, this provision is so inadequate that it is only better than none, and it cannot in the least solve the problem of graduates of sub-degree programmes not being able to pursue further studies. While the Government has amassed a huge surplus, it has turned a blind eye to the problems faced by students in sub-degree programmes. What the Government has done is indeed a big irony to education. Why can the Government not improve the provision of funding to students of sub-degree programmes and increase the number of university places for these students to pursue further studies?

Finally, Deputy President, the SAR Government's commitment to education can be said as all words but no deed. While it said orally that importance will be attached to education, education funding has been cut year after year, and the funding cut has not ceased despite a surplus of over \$10 billion. To us, this is really distressing and discouraging. But in Macao, which is just a strip of sea away from us, 15-year free education is provided resolutely during the times of financial prosperity. Can we not see only too clearly who is genuinely attaching importance to education?

Today, we are not suggesting that 15-year free education should also be provided in Hong Kong. We only hope that funding cut in education will cease and the surplus every year — I hope Secretary Frederick MA will listen clearly — I hope that the billions of dollars of surplus in the education funding should be kept as provision for education expenditure, with a view to upgrading the quality of education. If the quality of education cannot be improved, our competitiveness will certainly decline when compared to the neighbouring countries. Should the Financial Secretary and Secretary Frederick MA not give us their undertaking in this respect?

I so submit. Thank you, Deputy President.

MR LAU WONG-FAT (in Cantonese): Deputy President, "Death is inevitable since time immemorial, but a government has no mandate if it does not have the faith of its subject." This famous quotation from Confucius is embedded with wisdom and philosophical implications that continue to enlighten us to this day.

According to Confucius, the most important thing in public administration is to earn the trust of the people. If the people no longer trust the government, it will have no mandate at all. These words of wisdom exemplify the ideal of people-oriented governance in the philosophy of Confucius. To the Government of the Hong Kong Special Administrative Region (SAR), which always stresses that it is a "people-based government", its officials must have a most profound understanding of this quotation from Confucius.

However, the people must be most disappointed with the so-called tax relief measures in the Budget this year, so much so that they might have felt having been fooled. The Budget proposes to lower the marginal tax rate for salaries tax to benefit nearly a million people, whereas the actual amount in terms of tax relief is just about \$1.5 billion, which is pretty "inconsequential" indeed. As people from Jiangsu and Zhejiang, the hometown of Financial Secretary Henry TANG, would say in their local dialect, this is merely a "drizzle", which is so insignificant that it carries only a symbolic importance. Meanwhile, the Government has conducted a revaluation exercise of rates, which means that the meagre saving will just be passed from one hand to another; in certain cases, the money saved might not be enough to compensate for the increase in rates. The Budget used the words "Sharing Wealth with the People" to describe these so-called tax relief measures, but are they not empty words devoid of substance?

After Financial Secretary Henry TANG had finished delivering the Budget speech, he immediately proceeded to elucidate on what he meant by "May your wish come true", a remark he made during the Chinese New Year. According to him, the people had too much unrealistic expectation over tax relief measures. The way I see it, Financial Secretary Henry TANG might as well save his breath in explaining what he had said. The expectations and the aspirations of the public did not originate from what Mr TANG had said. They could date back to the time when the Government asked members of the public to face difficulties and share the burden together — that was the time when salaries tax was increased during a period of economic downturn. Ever since then, members of the public have been holding their breath, anxiously waiting for the day when the Government will share with them the fruits of economic prosperity as the economy turns around.

To me, the demands of the public are totally reasonable and justifiable. When the Government asked the public to face the difficulties and share the

burden together, it was actually making a covenant or pledge of "sharing the burden, and sharing the returns". If this is not the case, then the Government's request for sharing the burden would be unjustifiable and evasive. In this regard, when the majority of the critics accuse the Financial Secretary of being too mean with the people, especially the middle-class people, who have contributed the most but also endured the greatest suffering, they have not highlighted the crux of the issue. The crux lies at the fact that the Government has not honoured its obligation in a timely fashion. It has failed to "share the prosperity" with the public, and in so doing, it has failed to live up to the trust and expectations of the people.

Deputy President, in the Budget debate last year, I remarked that, in view of the strong economic recovery, it was unfair and unreasonable that the authorities had decided to maintain the original proposition for salaries tax increase as devised by the previous Financial Secretary. What about this year? Just as Financial Secretary Henry TANG has said, Hong Kong has turned around from the economic doldrums in the aftermath of the financial crisis. The Government has turned the fiscal deficit into a surplus, three years ahead of the original schedule. Furthermore, the fiscal surplus will keep rising year by year. By the year 2010-11, the Consolidated Account will show a surplus of \$32.6 billion.

According to the latest announcement made by the Treasury, the Government has recorded a surplus of over \$19 billion as at end of January for the year 2005-06. When the financial year ends, there is no doubt that the surplus will substantially exceed the surplus of \$4 billion or so as the Government originally estimated. I trust the Government will not underestimate the surplus on purpose, but it is indisputable that it has missed the mark by a large margin. All in all, given the current financial status, the Government should be capable of restoring the salaries tax rate to the level in year 2002-03, and even further increasing the benefits for the disadvantaged groups. However, as the saying goes, "incapability is not why, unwillingness is". This is precisely what makes the people feel most unconvinced, particularly the people of the middle class.

I would like to point out that, technically speaking, restoring the tax rate to a previous level is not a tax reduction, much less "rushing into deciding on substantial tax reductions", as described by the Financial Secretary. More appropriately speaking, this is the right time to relieve the public of the additional

burden they have been bearing, so that the people can loosen the straitjackets wrapping around them. This is what the people rightfully deserve. The Government has kept talking about "governance for the people", has it not? If it means what it has said, then please act promptly. Otherwise, if Hong Kong should experience another economic downturn, will the Government have the audacity to ask the people once again to face difficulties and share the burden together?

Deputy President, with regard to the Goods and Services Tax (GST), although the Government plans to conduct a public consultation exercise from mid-year onwards, judging from the choice of dictions of the Financial Secretary in his Budget speech, it is apparent that he is anxious to give it a go. I have always believed that the introduction of the complicated GST would do more harm than good to Hong Kong, with disadvantages outweighing the benefits. Furthermore, once it is implemented, it will be additive and it will be hard to kick off. The GST has always been a controversial economic-political issue. Under the current circumstances, the neighbouring cities of Hong Kong such as Shenzhen and Macao would be most happy to see the introduction of GST in Hong Kong. Once GST is implemented in Hong Kong, a great number of Hong Kong people will turn to the neighbouring cities for shopping. With the flow of economic activities going to our neighbour's pasture, it would not be too hard to envisage the impact on the retail industry of Hong Kong. Therefore, whether the Government could achieve its desired result of generating stable tax revenue from this initiative is indeed questionable. In my opinion, instead of devoting a huge amount of financial and human resources to studying GST and conducting public consultation, a more constructive and rewarding endeavour is to commit these resources to promoting the economic development of Hong Kong.

Deputy President, Financial Secretary Henry TANG said, "Death and paying taxes are both unavoidable chores in our lives". But the point is, the levy of taxes must be reasonable and appropriate. The people have the right to demand the Government to implement a taxation system that is fair, reasonable, and in line with the actual situation of Hong Kong. Where appropriate, they have the right to demand the Government to share with them the wealth and prosperity as well. The Government cannot ignore these principles simply on the premise that paying taxes is a public obligation. It is like the Government cannot ban backyard poultry keeping without giving compensations to the poultry keepers, simply on the premise that it is a measure to prevent avian flu and protect public health.

It is true that the Government is now enjoying a high degree of popularity these days. However, popularity over a specific period of time is no cause for complacency. The President of the United States George BUSH once enjoyed extremely high popularity too. But now his popularity has plummeted to the bottom. He may have to face an impeachment as well. As Laozi put it so well, "Happiness! Misery lurks beneath it". Politicians should stay alert and keep a clear head in front of victories. They should stay close to the people, and be a "people-based government". Only by doing so could they avoid the fate of "losing the faith of its subjects."

Deputy President, I so submit.

MR PATRICK LAU (in Cantonese): Deputy President, there are rumours that Financial Secretary Henry TANG is under some sort of pressure and that is why no candies are handed out in this Budget. Regardless of the reasons behind it, the fact is, as many people have criticized it, this Budget does not help the middle class at all. For me, I think that this Budget is too conservative and the forecast of a \$4.1 billion surplus may be too modest and this gives the Government an excuse that it has got no money to use. But in fact, apart from the fiscal reserves which amount to some \$300 billion, the Government has \$1,100 billion of deposits in the Hong Kong Monetary Authority (HKMA) and the total amount is some \$1,400 billion and this is almost equal to government expenditure for 65 months or more than five years. For a place like Hong Kong with 7 million people, it can be said to be the richest government on earth. Earlier on, Mr Ronny TONG and many other Members have suggested ways of using these reserves.

As the economy of Hong Kong picks up and as balance has been restored in the Operating and Consolidated Accounts, the Government should put in more money on municipal construction, including community facilities that affect people's living, so as to consolidate the image of Hong Kong as a cosmopolitan city. There may be disputes over large-scale works projects and as a consequence, they may not be able to commence at once. This is understandable. But there are no disputes whatsoever on minor works projects and for projects aimed at improving the environment, these should have the support of all the people of Hong Kong. I fail to see why these cannot commence at soon as possible. For example, on the projects to improve the environment for pedestrians in some 20 streets, only some \$10 million would be

spent on it. For the greening projects in some 20 streets, such improvement projects are only given some \$10 million and that is a very small amount indeed. These works projects have been delayed for some years before they can commence. Some projects like making the pedestrians precincts in Mong Kok permanent and the pedestrian escalator system in Sheung Wan, they are still at the consultation stage after a long period of discussions and no budget has been compiled for these projects. I hope the Secretary could give an explanation when he makes a response as to whether this is due to efficiency or money or other problems.

Mr TANG says in the Budget: "We would have liked to develop more parks, piazzas, open space and cultural and heritage sites." If these are in the mind of the Government, then it should go ahead and do them. This has absolutely nothing to do with money as Hong Kong has reserves which rank one of the largest in the world. So when the Financial Secretary says he has to think about where the money can come from, this remark does not make any sense to me at all. The Government can just take out the money from its pockets and that is all that is required. This is only a question of whether or not it has the determination. The Government has a wrong concept and it thinks that municipal construction is a money-wasting thing and so it does not want to do it. However, building a city can be a money-making investment. It can improve the appearance of a city, attract tourists, and boost the property market and the economy as a whole. Hence a chain effect can be achieved. The investment returns are immense.

At the beginning of this month I went to Dubai with Mr Frederick MA, Secretary for Financial Services and the Treasury, as well as people from the Trade Development Council. The purpose of our trip was to promote building services from Hong Kong. What I admire most is the determination shown by the Dubai Government. In order to become the "Hong Kong of the Middle East", the Dubai Government managed to complete a massive greening project and turned deserts into oases within a short time. While other people are working hard on greening efforts because they want to imitate us, develop their city and the tourist industry, Hong Kong is doing exactly the opposite and there is no mention whatsoever of greening projects in the Budget. One doubts whether or not the Government has any sincerity in carrying out greening work.

About those beautification and greening projects, a few years ago when faced with a lawsuit on reclamation, the Government undertook that these

projects would be carried out. But all along it has not honoured its pledge and not a single project has commenced. While things can be done in other places in one year to change a desert into a green city, in Hong Kong, greening work has remained empty talks from the outset.

I have asked the Government what kinds of landscaping and greening projects would be carried out in the urban areas to prepare for the trials in 2007 for the Olympic Equestrian Events, the 2008 Olympic Equestrian Events and the 2009 East Asian Games, in order that visitors to the territory can be left with a good impression. But no direct reply to this question has come from the Government even to this day. As a matter of fact, the purpose of striving to secure the right to host international sports events is to attract visitors from all parts of the world. It is expected that praises earned from tourists would help boost tourism. However, as Hong Kong has become an ageing city and there is a need to improve the surroundings and facilities in the communities, if beautification and greening projects do not begin as soon as possible, then if Hong Kong is reported and described in the eyes of the world as an ugly city, all those well-intentioned efforts will go down the drains and backfire.

Our neighbours see Hong Kong as their rival and they are thinking up all sorts of ways and means to catch up and overtake Hong Kong. If we do not do anything, then our competitive edges and leading position will certainly be lost. In the case of hosting the East Asian Games, Macao had spent some \$4 billion to build a brand new sports complex and reaped tremendous publicity benefits afterwards. This project is certainly good value for money. In contrast, Hong Kong is a lot meaner when it comes to spending. We do not want to spend money to build new stadiums and old facilities will be used. This is a lot lacklustre than what Macao and Doha have done and people who come and watch the Games will feel disappointed about this cosmopolitan city. They will not be attracted to come back and this will cause great damage to the Hong Kong economy.

The Financial Secretary has said, "Since our fiscal position has improved, we now have the opportunity and resources available to proceed..... I am in support of pushing ahead with infrastructure development and am prepared, if necessary, to increase the estimate of expenditure for this." Such remarks are of course welcomed by the industry, but these are only words and what counts is action. Each year in the Budget, a sum of \$29 billion is earmarked for infrastructure projects, but this year, a sum of \$2 billion is cut. As for public

works, the accumulated financial commitment yet to be paid is as much as \$80 billion to \$90 billion. If the money is used on community building, a large number of community centres, swimming pools and libraries can be built, even the waterfront development project can also be completed. All these will provide lots of job opportunities for the construction industry. About this current situation of "money with no one to spend and people with no money to spend", is it because the Government is not doing its job well enough or is it because there is no careful planning?

The Chief Executive mentioned in his policy address delivered last October that many community construction projects and as many as 6 000 jobs would be available to the construction industry and that the ongoing major infrastructure projects would create thousands of badly needed jobs for the construction industry.

(THE PRESIDENT resumed the Chair)

However, the current Budget does not have any detailed information on the funding arrangements for each of the infrastructure projects over the next five years as proposed in it.

The policy address and the Budget should match with each other. I hope when the Government responds later, a detailed account of the funding arrangements for various infrastructure projects as well as the number of jobs to be created in the construction industry can be given. In this way we can see how the Budget will work together with the policy address to help address this long-standing problem of serious unemployment in the construction industry.

As for the community development projects left over from the former Municipal Councils, most of them are still undecided. In my opinion, since the Government now has the money and as Financial Secretary Henry TANG says he wants to push ahead with infrastructure development, then all the some 100 projects should get a green light as soon as possible. After many discussions held, the Buildings Department agreed to shorten the construction period for some 20 priority projects by six months, that is, from two years to one and a half years. But I would still think the Leisure and Cultural Services Department can speed up the construction of various community projects by a greater extent.

Construction and landscaping are vital to the building up of a city's image. Therefore, I think that beautification programmes in the communities should be carried out at the Government's own initiative and not by others. Now in the rehabilitation programmes undertaken by the Urban Renewal Authority (URA), all the environmental improvement projects inside and in the vicinity of the sites are carried out by the URA alone. There is no government participation. Hence, improvement works in various districts are very passive and there is no positive and sound planning. In my opinion, the Government should allocate funds to the URA and they can work together to speed up the rejuvenation of old urban areas and carry out the improvement projects. In line with the suggestion made in the policy address to enhance the functions of the District Councils, the Government should not just devolve more powers but also allocate funds to the District Councils so that professionals can be invited to advise on the construction projects in various districts. This will enable the districts to carry out community planning and environmental improvement projects with local characteristics.

President, I am glad that the Budget has responded to the suggestion I made last year to build more hostels for exchange students. It is proposed in the Budget that 1 800 additional hostel places will be provided, at a total cost of roughly \$350 million. However, I think 1 800 additional hostel places are not sufficient and a large-scale hostel cluster should be built. An education centre for Southeast Asia should be built to attract a large number of overseas students to come to Hong Kong. This will not only eliminate the threat of school closures but also provide more job opportunities for teachers. I urge the Government to attach greater importance to education for the reason that the only resource we have is talents and any investment made in education will certainly pay.

As for the many poverty assistance measures mentioned in the Budget, The Alliance is of the view that some of these measures are too piecemeal in nature and it would be better if the CSSA payments can be restored to their former level before the reduction. We also think that more assistance should be given to the elderly and the disabled. This applies especially to the old people who have made contribution to society when they were young.

As for the Goods and Services Tax (GST), as a lot of complicated issues would be involved in services tax, including contracting and sub-contracting of

construction works, should services tax be paid for every transaction even for the same works? If this is the case, it may be unfair to some people and it is likely to result in tax evasion, especially among the self-employed. A lot of administrative costs will be incurred if investigations are made into acts of tax evasion. So given the need to maintain a simple tax regime and the principle of equality for all people, it would be easier if only a tax on goods is collected. Besides, it will also serve to widen the tax base. We can even model on the practice in Dubai and adopt a zero-tax policy and do not levy any tax at all. This will save on the audit fees. Since our selling point is hospitality and if a services tax is levied, this would really be hard for people to take in. Therefore, I have reservations about a services tax.

On the whole, this Budget has not given me much of a pleasant surprise, or any great disappointment either. However, I would still hope that the Government will explain clearly in its response later on how the policy address and the Budget will dovetail with each other and how they cannot. Thank you, President.

MR LI KWOK-YING (in Cantonese): On behalf of the DAB, I would like to comment on the part of medical and health services in the Budget. First of all, it is worth mentioning that the Government has finally agreed to lend a helping hand to the Hospital Authority (HA) once again this year to provide emergency assistance to save it from its fiscal deficit. Apart from converting the one-off grant of \$650 million last year into recurrent funding, the Government will provide an additional recurrent grant rising to some \$300 million per annum over the next three years to help alleviate the HA's fiscal pressure. However, as claims for payment in lieu of leave are being lodged by doctors working in public hospitals, coupled with the huge demand for health care service from the general public, there are elements contributing to the instability of the HA's financial position in both the long and short terms.

Although we realize that the ultimate solution lies in identifying a new financing arrangement, the reality is this is not an issue for which a consensus could be reached within a short time. It is against this background that the HA has kept proposing new ways of generating revenue in recently. Among such proposals, the most controversial one is the study on the possibility of revising fees and charges for public services. The DAB does not oppose the revision of

fees. However, considering that government subvention remains the major source of financing for public sector health care, any increase in fees will certainly have a bearing on the financing arrangements in future. Therefore, the proposition on revising fees should be considered alongside with the study on financing arrangements, instead of being dealt with separately. In this regard, this is not the ideal timing for proposing to revise fees.

Apart from raising revenue, an issue of great concern is how resources can be utilized with optimal effectiveness. We are fully aware that the most cost-effective investments in health care are the prevention of diseases and the provision of primary health care. We are also aware that, in health care, an ageing population will pose the most challenging task for Hong Kong in the future. Therefore, elderly persons have to be adequately taken care of in terms of health care for the purposes of disease prevention. Their health care needs should be catered for by the community to reduce the frequency and duration of their hospitalization. How this can be accomplished will be the key to a truly sustainable model for the provision of health care service.

The Government also appreciates such a rationale. In recent years, substantial resources have been devoted to the provision of health care service for the elderly persons at the community level, including regular visits to elderly homes by elderly outreach health care teams during which services are provided to residents of elderly homes. The HA has kept recruiting more staff members this year to increase the number of community nurses and to promote the development of domestic nurses. Meanwhile, services such as health education, health screening, health assessment and medical treatment are now available at the 18 elderly health centres. The DAB strongly supports the expansion of health care service for the elderly at the community level, and we were taken aback by the remark the Director of Health had made, when, in response to our request for enhancement of such services, he used the word "luxurious" to describe the health care screening service available at elderly health centres. As a matter of fact, the expenditure on elderly health centres for the year 2005-06 was only \$80 million, and the cost for each health screening and treatment for each elderly person was \$410 and \$360 respectively, as compared to the cost of over \$3,000 for each day of hospitalization. Naturally, the services provided to the elderly health centres are more cost-effective, and there are no justifications for describing it as "luxurious" at all. Although, where practicable, the

Government would like private doctors and non-governmental organizations to provide primary medical services at the community level, consideration could be given to providing relevant medical and health care to more elderly persons by both the public-private co-operation, since enhanced health care for the elderly can reduce their need for hospitalization.

On the other hand, vaccination is also an important strategy in disease prevention. Hong Kong has already formulated a vaccination policy for a very long time. Basically, children are all vaccinated against diseases like poliomyelitis and pertussis. We are also aware that the Government will expend approximately \$30 million to update the vaccinations in use next year in order to tie in with the international development in children vaccination programmes. We welcome this move. However, we are still threatened by different types of communicable disease, the greatest threat being influenza. The Government too has kept reminding the public that the odds of having an epidemic influenza are getting higher and higher. In this regard, the DAB holds that the vaccination service currently provided by the Government only covers some of elderly persons, patients of chronic illnesses and people in poverty, benefiting only about 200 000 people. This is evidently inadequate, particularly when students are not covered yet. Recently, there have been reports of sporadic influenza mini-outbreaks in several schools. Although the effect of vaccination differs from person to person, the Government does recognize that influenza vaccination helps alleviate patients' acuity and reduce the risk of a full-scale outbreak. Judging from the resources required, a dose of vaccination costs the Government less than \$30 on average, and if the vaccinations are made available to all the elderly persons and students at cost, it is believed that the ratio of people having been vaccinated will increase tremendously, thereby greatly reducing the chances of an outbreak of influenza. Therefore, we once again urge the Government to offer assistance to schools in carrying out vaccination programmes, and to extend the elderly vaccination service from the elderly homes to all the elderly persons, with a view to offering greater protection to this particular group of citizens who are exposed to higher risks.

Madam President, disease prevention, no matter how comprehensive, does not completely prevent a person from falling ill. For minor illnesses, most people can afford the medical costs. However, to those who suffer from critical or chronic illnesses, it is believed that the majority of them have problems in

paying the medical bills. In the light of the people's reliance on public health care services, the protection currently offered by medical insurance policies to chronic patients is extremely inadequate. With the formulation of the Standard Drug Formulary, patients are now required to pay the full costs of some drugs which were once subsidized by the Government in the past. Although the Samaritan Fund provides a safety net to people who have difficulties in paying for medicines, government statistics show that the Fund is now paying over \$3 million a month on average in providing subsidies in this regard. Given the balance of the Fund, it could only afford to provide such subsidies for just one more year. The Government should take this matter seriously and conduct a review of the sustainability of the mechanism of financing the medical costs of people with financial difficulties in the form of a fund. Besides, there are a lot of loopholes in the current mechanism of medical fee waivers, such as assets tests and income tests, and so on. Instead, assessment can be conducted on the basis of a person's disposable assets. This will simplify the administrative procedures and enhance flexibility. We believe the Government has to conduct a thorough review of the health care safety net, with a view to establishing a mechanism for medical fee waivers which is sustainable in the long run, and to ensure that people in genuine need will not be denied appropriate treatment due to financial problems or difficulties arising from the application procedures.

Lastly, I would like to speak on the development of Chinese medicine. Over the past year, the Government has made some evident efforts in promoting the development of Chinese medicine: Sick leave certificates issued by Chinese medicine practitioners (CMPs) are now legally effective; six additional public out-patient Chinese medicine clinics are now in place, and internship is provided for CMPs; and Chinese medicine prescriptions for prevention of influenza have been actively released to the public, and so on. These are all proactive measures for the promotion of the Chinese medicine profession as compared to what happened a year ago, when I showed concern for the development of the profession of Chinese medicine. However, if the profession of Chinese medicine is to flourish further, it is essential for us to establish Chinese medicine in-patient services. Recently, the Tung Wah Group of Hospitals has launched in-patient service with multi-disciplinary consultation from both doctors of Western medicine and CMPs. This service allows doctors of Western medicine to refer patients for Chinese medicine consultation at their own costs. While practitioners from the Chinese medicine sector would prefer to have an

independent Chinese medicine in-patient service, the present arrangement can still be regarded as some kind of a progress. The DAB is of the opinion that, since the Government is still exploring the possibilities of establishing Chinese medicine in-patient services, consideration can be given to the request made by members of the Chinese medicine profession for a pilot operation of complete Chinese medicine in-patient services in other hospitals in the same hospital cluster. This will provide more feasible modes for the development of Chinese medicine services in the long run.

Besides, many pressing problems remain to be resolved by the Chinese medicine industry too. First of all, the issue of the status of the existing 3 000 listed CMPs has to be addressed seriously. Given that registered CMPs can now issue sick leave certificates with statutory effect, the popularity of listed CMPs will dwindle further, so their credibility and vitality shrink further. If they fail to get on with their business, not only their livelihood will be affected, lots of medical knowledge passed down from generation to generation in Chinese medicine families and loads of treasure in clinical experience might vanish. The Government should expeditiously work with the listed CMPs and the Chinese Medicine Council of Hong Kong in identifying solutions for ultimately solving their transition problems in becoming registered CMPs.

Madam President, I would like to express my opinions about judicial and legal affairs. Although the Government has kept mentioning the significance of economic co-operation with the Mainland, the Government has not mentioned adequately in the Budget which has just been released how it will make full use of CEPA to further assist and expand the development of the local legal services profession in the Mainland.

As the Budget has rightly put it, Hong Kong is a service-oriented economy which needs a vast hinterland market to promote its economic development. Likewise, since the opening up of the Mainland, the emphasis of the demand for legal services has switched from quantity to quality. The Mainland has a huge demand for quality legal services, particularly in international trade, finance, transportation, infrastructure, investment, merger and acquisition, and insurance, and so on. Hong Kong lawyers are capable of providing different types of quality legal service to the Mainland, as they enjoy a competitive edge in various aspects such as education, financial affairs, professional knowledge and ethics. The Mainland has not been able to meet the demands brought about by the

full-scale opening up of the economy in various aspects such as legal education and experience in international law, and so on, not to mention convergence with international standards. Therefore, the DAB thinks that, given the problem of insufficient legal talents in the Mainland, whereas the legal profession of Hong Kong has a problem of not tapping the market sufficiently, the SAR Government should adopt a proactive approach in identifying ways of further stepping up the co-operation and development of legal services between the two sides of the boundary. In particular, the Government should study how it can provide assistance in the mergers of law firms in both Hong Kong and the Mainland, with a view to providing quality and comprehensive legal services at higher levels, which will be immensely beneficial to the expansion of legal services as well as the economic development of both Hong Kong and the Mainland.

In fact, the DAB has noted with concern the many problems faced by local law firms intent on developing their business in the Mainland as they launch their plans to form joint ventures with mainland law firms. According to the law of the Mainland, only those Hong Kong law firms that have already established representative offices in the Mainland may form joint ventures with mainland law firms. Although such a practice does have its merits, we believe Hong Kong law firms usually have attained a certain level of quality and professionalism. Therefore, even if they have not established any representative office in the Mainland, this should not constitute any obstacle to starting any form of co-operation with mainland law firms. Therefore, we would like to call on the SAR Government to actively negotiate with the Ministry of Justice in the Mainland on how to expand the scope of applicability for forming joint ventures between law firms in both Hong Kong and the Mainland.

In the long run, we think that, while the law firms in Hong Kong and the Mainland may have different modes of co-operation and scopes of development, they may explore how further development can be pursued. Therefore, the Governments in both Hong Kong and the Mainland should keep intensifying and strengthening the efforts in developing other modes of co-operation including conducting studies on how to assist the development of the mode of "one firm practising two laws".

We hope the SAR Government can actively step up its discussion with the mainland authorities in assisting the lawyers from the two sides of the boundary to strengthen their co-operation, promote their complementary strengths, and

establish law firms that possess both professionalism and an international outlook, so that they can face the competition and challenges presented by legal services from different parts of the world.

Madam President, I so submit.

MR JAMES TIEN (in Cantonese): President, with regard to Budget debates, first of all, I would like to point out that, when different governments in the world draft their respective budgets, they may put forward prudent budgets, and they may also put forward some generous budgets. Yet, for so many years in the past, we have always supported the prudent Budgets prepared by the Hong Kong Government. However, will "prudent" become "mean", or is "prudent" actually equivalent to being "alarmist"? In this connection, I think the Government should face the issue squarely.

Now, let me quote an example. After the reunification, that is, from 1997 up to the present, the revised Budgets and the ultimate figures have shown discrepancies during these few years. The first year saw a positive figure, that means there was surplus with the Government. Other surplus positions include the surpluses in various years such as \$9.9 billion, \$1.3 billion, \$11.6 billion, \$3.6 billion, \$2.3 billion, \$8.4 billion, \$8.9 billion and \$9.4 billion. Apart from these surpluses for so many years, we also have the Budget released in February this year, as well as the figures announced by the Financial Secretary in the revised Budget of the year, as well as the ultimate figures to be announced in May or June — well for so many years, the ultimate figures have always been larger than the original estimates.

Of course, from this perspective, we may say that when the Government announced the Budget of the year, the Financial Secretary said that the revised Budget would only generate a surplus as little as \$4.1 billion, so a lot of projects or work could not be done or could not go ahead. Then how accurate is this \$4.1 billion? Many taxation experts, or even the Hong Kong Institute of Certified Public Accountants thought that the surplus should at least be \$10 billion or \$20 billion, instead of just as little as \$4.1 billion. If the figure is really \$4.1 billion, then naturally the Government cannot implement many of those projects requested by us from the Liberal Party or other Honourable Members. What I wish to say now is, after practising prudence for so many years, have you become over-prudent now to the extent that you are habitually

"alarmist" for the sake of "scaring" the people? I believe the Government must address this issue. If the people were "scared" too much, they would not believe in you anymore in future, because every year you have adopted the same "scaring" tactic.

I would like to raise another point. Overall speaking, we have a surplus of about \$290 billion — sorry, it should be the reserve — we have a reserve of about \$290 billion, which represents an increase of some \$20 billion over the figures of two or three years ago. Furthermore, the Financial Secretary has also said that we can achieve the target of eliminating the fiscal deficit three years ahead of schedule (not just one) because Mr TANG had once said that the target date might have to be put off from 2007-08 to 2008-09. However, with the lapse of two years, now, not only the postponement for one year is unnecessary, we can even eliminate the deficit two years ahead of the original schedule. This is of course commendable because the overall financial position of Hong Kong has improved, and the reserve of the Government has increased. Of course, we are glad to see this.

Given such a situation, can the Government do something more in the Budget this year? The Liberal Party thinks that this is possible. Of course, what do I mean by "can do something more"? Should less taxes or levies be collected from the people? Or should the expenditure be increased? In this aspect, Members of this Council will naturally hold different views.

In the opinion of the Liberal Party, as the financial position of the Government has shown some improvement, it should consider doing something about the revenue. In our opinion, as the Government collected more revenue from the people two years ago because of the economic downturn, it should be possible for it to collect less revenue now. In particular, priority should be accorded to the salaries tax burden of the middle class. In this aspect, we are not demanding tax rebates; we are not demanding that the over-charged tax money of \$6.8 billion a year during those two years should be returned to the middle class. We are only requesting that, with effect from this year, the Government can readjust the salaries tax level back to the one in 2002-03, so that starting from this year, the Government can cease to collect the over-charged annual amount of \$6.8 billion from them. We are not demanding tax rebates from the Government. In my opinion, if the Government has a surplus of only \$4.1 billion, then it is of course impossible for it to lose \$6.8 billion in revenue all of a sudden. However, if it really has a surplus of over \$10 billion, then it

should be possible for it to do this; and in doing so, it can alleviate the pressure of the middle-class people. It is worthwhile for the Government to consider the suggestion of restoring their salaries tax liability to the level of 2002-03. In fact, during the past two years, the burden on the middle class has been particularly heavy. They often say that they are the group of people who receive the least, though they have contributed the most.

Although the Liberal Party represents the commercial and industrial sector, this time around we do not mention anything about profits tax. Similarly, in 2002-03, although the Government had introduced an increase in profits tax, we did not ask for a reduction due to the sizeable fiscal deficit at that time. It was because we thought that profits tax was chargeable only after a profit had been made. In other words, we only need to pay profits tax if we can still make a profit after paying off rents and employees' salaries. However, salaries tax is a different story. The amount of tax a middle-class person has to pay depends on how much salary he earns. He has to pay salaries tax without first deducting from his salary such payments as the tuition fees of his children and the rents of his home, and so on. So I think we can treat the two kinds of taxes differently.

Besides, another problem faced by the middle class is the renewed surge in interest rates. In other words, their monthly expenditure on mortgage repayments will rise too. Therefore, the Liberal Party proposes to the Government that the mortgage interest deduction should be converted into a permanent tax relief item, instead of having a validity period of only seven years. We propose this because, as a matter of fact, flats are usually mortgaged on a tenure of 20 to 25 years. In this aspect, the Government is willing to take a small step, though it is only considered a petty favour, by extending the period from seven years to 10 years. Still, the Government refuses to make it a permanent tax relief item. In this regard, I think the Government should continue considering this issue.

With regard to rates, we also suggest that the Government should lower it from 5% to 4.5%. Our justification is that the rents have gone up by 13.5% on average last year. But the Government said the increase had been only 9.5%. Regardless of which figure one chooses to accept, the increase must be close to 10%. Therefore, we are now proposing to the Government that the rates be lowered from 5% to 4.5%. In fact, after offsetting this 10%, the overall revenue position of the Government will not be affected substantially. So the

impact on the finance of the Government will not be too great. But for those people who have to pay rates, in fact all they are hoping for is that the amount of rates payable this year can remain the same as what they had paid during the past two years. Otherwise, the amount they have to pay this year will go up by 10% because the rents of properties have already increased now.

In addition, I think the middle class would also like to see that something can be done by the Government about the Mainland/Hong Kong Closer Economic Partnership Arrangement (CEPA) which has become effective for two years. Some other Members have also mentioned this point, but the Government has not made any special reference to it in the Budget. We think the Government can do more in this aspect. While not necessarily requiring the spending of a lot of money, the Government will be able to help our professionals, be they engineers, accountants or architects, to work much more smoothly in their actual operations in mainland cities covered by CEPA. By doing so, it will benefit many of the Hong Kong middle-class professionals or professions who can establish companies in the Mainland. Even those employed to work in the Mainland can also be benefited. Since their families will continue to stay in Hong Kong, this will also help boost the incomes of people belonging to the middle class in Hong Kong.

President, in respect of expenditure, we in the Liberal Party also have our viewpoint. We feel that if the finance of the Government has improved, should it continue collecting levies from the people in the same way as before? And can it spend more in terms of expenditure? For example, in respect of poverty alleviation and CSSA, the Liberal Party holds the following views. With regard to poverty alleviation, we have noticed that, a couple of years ago, the Government said that this issue had to be addressed. In a year's time, an amount of \$18 million was spent, of which \$10 million was spent on employing nine staff members, including a Secretary-General at D4. So there was not much money left for really carrying out the work of poverty alleviation. So, this time around, when the Government proposes to spend \$150 million on strengthening district-based poverty alleviation work, the Liberal Party thinks differently from what other Members do. We also think that the proposal is acceptable and deserves our support. But the most significant point is, the earmarked sum of \$150 million can only be used when some actual projects have come up. This is because we worry that, though the Government has reserved

\$150 million for the purpose, if no one comes forth with any application for using the fund, or those who have applied fail to satisfy certain conditions, then when we review the situation after one year, we may eventually find that the amount of \$150 million has never been utilized. By then, I believe the poor people who badly need our help will have a lot to say about this.

Regarding CSSA, should the amount of payment be increased? The Liberal Party thinks that, if the amount of CSSA payment is restored to the level of several years ago, that is, all of a sudden, the amount is increased by 11%, then it may not be at all appropriate. A more appropriate approach should be, as the amount of CSSA payment increases or reduces in accordance with the inflation or deflation rates — as the amount of CSSA payment was reduced by 11% in accordance with the deflation rate at that time — the Liberal Party supports this approach. That the CSSA payment should increase by exactly the same percentage as the rise in inflation rate since then. We should not follow such simplistic suggestions as: We should increase the amount by the same rate now as the reduction at that time. This is different from the concept of the salaries tax of the middle class (the salaries tax should be reduced by the same rate as the increase was introduced at that time). In the case of CSSA, the amount of payment was slashed by 11% then because there was a certain rate of deflation at that time.

Besides, President, I would like to speak on several new measures proposed by the Government. Regarding the Application List, the Government released details of the new land supply several days ago. I have gone over it in great detail. After the Government has assessed the opinions submitted by various parties, regarding the 17 pieces of land included in the Application List, 11 of them are valued at less than \$1 billion, as estimated by some practitioners in the market. In this connection, the Liberal Party is supportive. This is because the move will limit the sizes of those lots included in the Land Reserve List or the Application List, so that they will not be so large that only certain property developers can bid for them. Among those 17 lots, only the one situated at Fat Kwong Street has an estimated market value of about \$7 billion. Among the remaining lots, 11 of them have a market value of less than \$1 billion. I think the situation will encourage more people to offer bidding prices for these Government lands, so that the situation of having no land auctions for as long as half a year will not occur anymore.

However, I would also raise one point. The Director recently said on a public occasion that many people had offered prices for the lots on the Application List at only 30% or 40% of the Government's reserve prices, how can they trigger the auction of any land? However, many property developers told me that the prices offered by them were already quite near, and for a site on the Peak, they had offered \$16,000 per sq ft. However, the Government still found that not up to the expected bidding price for triggering an auction. If the price of \$16,000 per sq ft is just equivalent to only 30% to 40% of the expected price, are you saying that the lot on the Peak (which is called "the flour") costs as much as \$30,000 per sq ft? Then will the unit cost after completion be as high as \$50,000 or \$60,000? This is impossible. Therefore, I think that the Government should do more in this regard to decide whether the bidding prices should be at 80% or 30% to 40% of the Government's reserve prices? However, on the whole, the Liberal Party supports the practice of including some smaller lots in the Application List.

President, regarding the Goods and Services Tax (GST), the Liberal Party has always upheld the view that Hong Kong should maintain a simple and low tax regime. Therefore, today we do not support the Government in introducing GST. Of course, if the Government says that all it intends to do is no more than conducting a study on this issue and consulting the people's opinion, then we consider it acceptable. However, in the course of consultation, we naturally hope that the Government can explicitly tell us whether the introduction of GST is so-called "revenue neutral", that is, will the collected GST be shared among the people through salaries tax, profits tax or be spent on poverty alleviation and CSSA? Or this is not the case. It could be like this: After the Government has collected \$30 billion, probably only \$10 billion to \$20 billion would be earmarked for the above purposes. That means, the objective of the Government could be a pure concept of "generating revenue to be put into the public coffers". If the Government can make such an explicit clarification, the public may have some different viewpoints.

President, another point the Liberal Party would like to speak on is the allocation of funds to the cause of environmental protection. In fact, the Government has neither spoken nor spent too much on this subject. For example, with regard to the promotion of environmental protection, the Budget has only mentioned the introduction of a so-called plastic bag tax, and no other proposals on other aspects have been mentioned.

About air pollution, the Budget has only mentioned exempting electric vehicles from first registration tax for a further three years. I believe this will only bring about limited effects. We hope the Government can face the issue of environmental protection squarely. The Financial Secretary should support Secretary Dr Sarah LIAO by allocating more funds for the purpose, such as holding negotiations with the two power companies — this is within the policy portfolio of Secretary Stephen IP. In 2008, if the two power companies really continue to operate their franchised business, then in terms of environmental protection, that is, in desulphurization, can some financial incentives be provided to encourage them to reduce air pollution? The Liberal Party supports the Government in holding discussions with the two power companies on this.

President, another point I wish to speak on again is, for many years, we have repeatedly raised the issue of red wines on behalf of the tourism industry and hotel industry. Last year, the Financial Secretary said that he had studied the issue. At first, we thought that he would lower this duty, but eventually he did not. In the Budget this year, he has not mentioned the red wine duty at all. The Liberal Party would like to reiterate that, the red wine duty levied in Hong Kong is 80%, which is the highest in the world, not just one of the highest. This will in fact affect our tourism industry, catering industry and hotel industry to a certain extent. I hope the Government can consider this next year when circumstances permit. Please do not say that only the rich will drink the good red wines — I really hope that the Government would not consider the issue from this perspective. In fact, this duty will bring about adverse effects on the tourism industry and the hotel industry.

President, finally what I would like to say is, having put forward so many opinions, and having expressed disappointment over the Budget, how will we vote eventually? We feel that, on the whole — we cannot cut up the Budget into smaller parts and discuss one by one — since there are so many government initiatives which we do not support, it is only reasonable that we should vote against it. But on the other hand, the Liberal Party has conducted public opinion polls since the release of the Budget, and we have also been watching the outcomes of some opinion polls conducted by outside organizations. For example, the opinion poll conducted by the University of Hong Kong on 17 March — Oh, I am sorry, the opinion poll was conducted between 13 and 17 March. The findings show that 46% of the respondents support the Budget as a whole (not on a piecemeal basis), whereas 20% oppose it. As a matter of fact, the ratio between people who support the Budget and those who oppose it,

on an overall basis, is 2:1. And this ratio tallies with the viewpoints held by members of the Liberal Party in our internal discussions. Therefore, on the basis of the analysis of the Liberal Party as well as the opinions of the people, the Liberal Party will support the Budget of the Government. Thank you, President.

MR CHEUNG MAN-KWONG (in Cantonese): President, the Chief Executive has undertaken in his policy address not to slash expenditure on education. But the Budget of this year has breached the education pledge of the Chief Executive. A total of \$10.1 billion has been returned to the Treasury in three years — \$3 billion from this year, and \$7.1 billion from two previous years. So nominally, the Government has not cut its expenditure on education, but in fact it has. This year, the total estimated expenditure on education has been reduced by \$2.15 billion compared to that of last year, of which \$1.26 billion is recurrent expenditure. This is the largest reduction of education funding since the reunification, which is hardly acceptable to the education sector.

The Government has managed to reverse the fiscal deficit and Mr Henry TANG estimates that this year will see a surplus of \$5.6 billion, and the surplus is expected to increase to \$32.6 billion in five years. However, according to the estimation made by a reliable source in the financial sector, the surplus of this year will exceed \$15 billion, which is about three times as much as the figure estimated by Mr Henry TANG. Yet, the Government still insists on slashing education expenditure, which is a move beyond reasons and against public opinions.

The education reform has already been implemented for six years. However, in view of the fiscal deficit, there had not been any increase in education funding, resulting in the delinking of the salaries of university staff and the civil servants; the self-financing status of associate degree programmes; the financing of education reform in secondary schools by making use of savings achieved through the reduction of classes and scrapping of schools; the lack of progress in subsidization of pre-primary education; and the lack of reasonable support for integrated education. Consequently, the education reform can hardly achieve anything, whereas teachers are subject to tremendous pressure, and parents are making numerous complaints. TUNG Chee-hwa, who was in office at a time of fiscal deficit, still managed to maintain the same level of education

funding, though not without difficulties. On the other hand, Donald TSANG, who is in office while Hong Kong enjoys a fiscal surplus, allows a reduction of education funding. How can he claim that his governance is "people-oriented" and "for the people"?

The allocation of resources to education has not always been fair and equal — some enjoy higher priorities, while others do not. Pre-primary education has always been the underdog, which accounts for only 2.7% of the total education expenditure. This is prejudice against pre-primary education, rubbing salt into the wounds. With the drop in student population, 89 kindergartens have closed down over the past three years. Even being offset by the opening of some new kindergartens, the number of closures of kindergartens is enough to raise an alarm, and the number of kindergarten teachers involved is over 500. Even for those kindergarten teachers who are lucky enough to keep their teaching posts, they still have to take a major slash of their salaries. In recent years, the monthly salary of certain kindergarten teachers could be as low as \$3,500, which is comparable to those received by Filipino maids. This is really a shocking fact. Kindergarten teachers are the mentors of young children, and they will bring about far-reaching influence on the school children. But a salary of \$3,500 is really disgracefully mediocre. How can such a salary contain any outward drain of talents? How can the teachers pursue professional development? This is really the melancholy of pre-primary education.

The greatest shortcoming of pre-primary education in Hong Kong lies in the fact that our teachers' training lags far behind those of our neighbouring territories. At present, among kindergarten teachers in Macao, 25% of them possess qualifications up to the degree level, with all the rest having attained the diploma level. In comparison, only 23.8% of the kindergarten teachers in Hong Kong have attained the diploma qualification, and the number of kindergarten teachers with a degree is too little to be mentioned. However, the Education and Manpower Bureau has not regretted for such a miserable situation and made any special efforts to make up for the lost ground. Instead, it proceeds to slash the fully funded training places for kindergarten teachers. At present, the number of self-financed training places of kindergarten teacher diploma programmes has seen a slight increase, but the number of fully subsidized ones has been reduced from 414 in 2003 to 233 in 2005, which reflected a decrease of 44%.

President, kindergarten teachers receive low remuneration, and their career prospects are uncertain. It is quite unreasonable to ask them to pay more than \$10,000 in tuition fees for pursuing partly subsidized or self-financed diploma programmes. Arthur LI has recently allocated \$3.4 billion to alleviate the pressure of both teachers and schools, but the provision is all channelled to the primary and secondary sectors, without allocating a cent to pre-primary education. Is this fair? The Government must face the four major contradictions in pre-primary education, namely, the excessively low remuneration of teachers; excessive slow provision of teacher training; mediocre education expenditure; and too many school closures. May I urge the Government to stabilize the morale of kindergarten teachers, so as to retain the talents and strive to achieve excellence in pre-primary education?

President, the funding for higher education has dropped from 27.5% in 2001 to 25.9% in 2005. Yet, such funding has to fulfil TUNG Chee-hwa's ambitious plan of providing tertiary education for 60% of secondary school leavers. How can tertiary education become a magician who can provide more tertiary education for more students without the allocation of additional funding? The answer lies in the following facts:

1. The number of subsidized places remains at 14 500 a year. This number has remained the same without any changes for over a decade, so there is no need for increasing the funding;

2. The number of subsidized sub-degree places has been substantially slashed from 4 168 in 2004 to 2 150 in 2007. So it is a reduction of 2 018 places, which represents a decrease of nearly 50%;

3. The Government has divided tertiary school places into two categories: Students pursuing degree programmes receive subsidies, whereas those pursuing sub-degree programmes are self-financed. In this way, the Government can increase the number of tertiary students without allocating additional funding;

4. The money saved from the original subsidies to sub-degree places is now converted into loans made out to students, many of whom have to pay a high interest rate of 7% in order to complete their sub-degree programmes;

5. Universities have also borrowed from the Government to finance the construction of sub-degree teaching buildings. Such loans have to be repaid over a period of 10 years, the repayments of which are to be financed by tuition fees from students;

6. Over the past five years, the number of associate degree students has reached 66%, which exceeds the 60% target set by TUNG Chee-hwa. However, the supply of places exceeds the demand; with the lack of proper supervision, the quality of such programmes varies greatly;

7. There are more than 25 000 associate degree graduates annually, of whom, only 840 can be admitted to local degree programmes. As reported in local media today, even if the chance of furthering their education is doubled, it is still the narrowest bottleneck in the education system;

8. In order to survive, universities are keen to expand the provision of sub-degree places. In an attempt to fight for larger market shares, they will resort to lowering the tuition fees, engaging in vicious competition, slashing the salaries of university teachers and implementing large-class teaching;

9. While sub-degree programmes are market-oriented with the main emphasis on profit, the choices of subjects are limited. It is expected that the subjects offered are mostly those in the fields of business administration and science and technology; and

10. With the hectic increase in sub-degree places, the recognition accorded to such a qualification will be lowered. As such, the graduates of such programmes may have difficulties in finding employment. Individual graduates may experience difficulties in making repayments if they have borrowed heavily from the Government.

President, the original intention of offering associate degree programmes is to increase the number of tertiary students, so as to fulfil the aspiration of parents and the public. However, with the Government's reluctance to provide additional resources, universities are forced to operate such programmes on a self-financing basis, and students are forced to borrow money from the

Government at a high interest rate in order to pay for their tuition fees, and in order to survive, universities are forced to accept students to such programmes without conducting critical assessments of their abilities, thus leading to a general decline of standards. Please consider this: For government-subsidized sub-degree places, their unit cost is \$120,000 a year. But for a self-financing sub-degree place, the annual tuition fee is only \$50,000, of which one fifth has to be set aside by the universities for repaying the loans for erecting the teaching buildings. After all sorts of deductions, how can a self-financing sub-degree place at \$40,000 tuition fee be able to attain the same quality and level of the sub-degree place with \$120,000 subsidies provided by the Government?

Therefore, there are inherent defects as well as subsequent implementation problems with self-financing sub-degree places. Was it the original intention of TUNG Chee-hwa to see such changes in the nature of sub-degree places? Is it the kind of policies that should be continued by Donald TSANG? The most painful lesson of this associate degree policy is: With the increase in the number of places, their quality varies and eventually the worthiness of such degrees witnesses a collective depreciation. All along, quality is the first priority in university education. The failure to assure the quality of associate degree graduates and the continued emphasis on quantity instead of quality will become the Achilles' heel of the expansion of university education.

President, the worst contradiction that generates most conflicts in the education sector is the policy of scrapping primary and secondary schools. During the past five years, 38 primary schools have been closed down; 88 have already stopped enrolling Primary One students and are doomed to be closed; and another 88 have only one Primary One class, so they are also subject to the looming threat of closure. These three categories of schools add up to 214 schools, which account for nearly one third of all the primary schools in Hong Kong. It is breaking the hearts of 50 000 primary and secondary school teachers and students. With the implementation of education reform for five years, the wave of scrapping schools has first affected the rural schools, then schools in the new districts and the Year 2000 design schools; the wave has first affected the subsidized schools, then to the government schools and from primary schools to secondary schools. This is the most painful reality and the most tumultuous page of history in the education sector of Hong Kong. Who started all these in the first place?

The policy of scrapping schools saddens us all, but the policy of the Education and Manpower Bureau in "building schools while scrapping schools" is even more ridiculous. If the drop in population is the reason for scrapping schools, why have 80 primary schools and 35 secondary schools of Year 2000 design and nine "through train" schools been built during the past five years? Some of such scrapped schools are even located in districts hard hit by the drop in population. If there had been a drop in population, why were 135 000 school places added to create the situation of supply exceeding demand, and finally even Year 2000 design schools could not survive, thereby throwing hundreds of thousand dollars of public fund down the drain? With excellent school facilities, these Year 2000 Design schools will definitely affect the intake of students of other schools. Naturally this will speed up the process of scrapping older schools to make way for the newer ones. As a result, the education sector has been put on tenterhooks. Who started all these in the first place?

The student population has dropped significantly, with Primary One students dropping from over 80 000 to 40 000-odd. After deducting the school places in those schools already closed down, the number of vacant school places in government and subsidized schools has amounted to about 20 000 in a year. If the figures in Direct Subsidy Scheme schools and private schools are also included, the final number will amount to over 30 000. This is in fact the golden opportunity for implementing small-class teaching. However, the Government has taken the opposite course of action. It closes down the schools on the pretext of the drop in population; it closes down the schools through tightening the student intake requirements; it closes down the old schools by building some new ones and it makes use of the money thus saved from such school closures to finance the implementation of the education reform. As such, the Education and Manpower Bureau can pay the expenditure required for implementing the education reform without increasing the allocation of fund. However, the merciless and brutal policy of scrapping schools has quickened the process of changing the nature of the education reform, saddened many principals and teachers alike, thereby leading to the mass demonstration held by the education sector which was participated by over 10 000 persons. Who started all these in the first place?

At about the time when the mass demonstration participated by 10 000 persons was held, Arthur LI expended \$3.4 billion to implement various policies to pacify the teachers. This is a welcome move. But how did he find this \$3.4 billion? Arthur LI said this amount of funding was not new resources, but it was an allocation from the existing education envelope. However, how did we

obtain the funding from the envelope? A large proportion of the funding was obtained from the savings achieved through reducing classes, scrapping schools and slashing teaching posts. We could possibly find traces of blood, sweat and tears from such funding, which reflects much of the sufferings and difficulties of the education sector. However, these days should be over now. The authorities generated pressure on the teachers by scrapping schools, and now they proceed to relieve the pressure of teachers by allocating money saved from the scrapping of schools. All these will eventually work to undermine the education reform and bring about a change in the nature of the education reform. Who started all these in the first place?

Speaking on behalf of the education sector, I am making the following requests to the Government: Stop implementing the policy of scrapping schools; implement small-class teaching; steer the education reform back to the proper course of development; and relieve the pressure of teachers, so as to enable them to do a good job in educating the students. Teachers and principals are the major driving forces of the education reform and they should be regarded as the partners of the Government; they are the stabilizing force. May I request the Government to withhold the axe of scrapping schools and re-establish its partnership with the teachers. The teachers and the principals must have a stable teaching environment before they can concentrate on their teaching with a relaxed mind. If the teachers' jobs are insecure, their career prospects are uncertain and the schools are struggling for survival, how can they implement the education reform? How can they concentrate on teaching? I sincerely hope that, after the teachers' mass demonstration, the Government can hear the voices of teachers, so that it can stop the chaos caused by the scrapping of schools, thereby bringing about the major reconciliation in the education sector, which will be conducive to the implementation of a healthy education reform, proper respect for teachers, love and care for students and a people-oriented approach to education.

President, I so submit.

DR KWOK KA-KI (in Cantonese): Madam President, I have to express my extreme disappointment with the Budget this year.

Even after returning from his visit to Beijing last year to report on his work regarding the constitutional reform, the Chief Executive still has not

understood what Premier WEN Jiabao meant by "deep-rooted problems". In order to make preparations for a second term of office, the Chief Executive has cold-shouldered both his aides and advisers. It is said that he did not even want to "hand out candies" in the Budget this year. He would not be upset about the constitutional crisis that took place in the past, nor would he worry about whether today's Budget will be passed. Possibly what he wants to do right now is to reserve all the goodies for next year, so that his election campaign can be launched with all the splendors.

As the Financial Secretary of the SAR Government, has Mr TANG got the messages from the Central Government, and has he listened to the "emotional appeal" from the Premier? Just now a number of colleagues in this Council have highlighted the success of the National People's Congress (NPC) and the National Committee of the Chinese People's Political Consultative Conference (CPPCC) meetings. After the two meetings had been concluded, Premier WEN, in response to media inquiries in a press conference marking the end of the NPC meeting, said that during the three years of his leadership, he had been most delighted to have the support of the people, but he had been most upset to see that the four major social issues, including medical and health care, education, housing and security, had remained unresolved. He said unequivocally, "We need to reflect on China's opening up and reforms." He went on to quote from *The New History of Tang Dynasty*, "Think of the possibility of dangers, safety will be attained. Think of the possibility of chaos, and order will be maintained. Think of the possibility of the demise of the country, its survival will be ensured."

Has the Chief Executive or Financial Secretary Henry TANG ever reflected on this question: Where do Hong Kong's deep-rooted conflicts lie? The Chief Executive appointed certain officials with the objective of assisting him to win a second term of office; very often he might even use some emotional wordings. From these, we can see that he will do anything in order to attain the goal of gaining a second term of office. As for Financial Secretary Henry TANG, though he had heard some derision or dissatisfaction, surprisingly he responded by quoting a famous saying of a former President of the United States Benjamin FRANKLIN (sic), "In this world nothing can be said to be certain, except death and taxes." His response makes us feel that he is rather heartless and merciless.

When Hong Kong faces confusion and bewilderment, I believe neither the Financial Secretary nor the Chief Executive has ever intended to identify ways of solving such deep-rooted conflicts. Premier WEN Jiabao once said, "The Premiers of China always know of a truth: If you already know that a certain task is difficult, then it will not be really very difficult for you eventually; all you have to do is to face the difficult task bravely, and though you know it is difficult, you should still move forward to tackle it and you should never retreat and you should never admit defeat." Unfortunately, neither Financial Secretary Henry TANG nor other officials of the SAR Government would readily accept such advice from Premier WEN. The Chief Executive likes and cherishes the Japanese carps in his fish pond very much, whereas Financial Secretary Henry TANG naturally enjoys his favourite red wines. But actually how much time they have spent on understanding the grievances of the people?

The Financial Secretary is the Chairman of the Commission on Poverty. As we examine the Budget, we find that he has been really too "generous" — he has allocated \$100 million to the task of poverty alleviation. I think this is the funniest joke in the world. He is the highest-ranking financial official in the SAR Government, and he too understands the significance of poverty alleviation as it will contribute greatly to social stability and is conducive to the future economic development of Hong Kong. As such, it is really a task of great significance. But, to our amazement, he has only allocated such a mediocre \$100 million and he thinks that the sum is sufficient for demonstrating his determination in alleviating poverty. From this, we can see how feeble his determination is.

One of the most significant contradictions in Hong Kong today is the great wealth gap between the rich and the poor and the stagnant economic situation. Ever since the '80s, the great disparity between the rich and the poor has become increasingly serious. At present, the Gini Coefficient has risen to 0.52 in Hong Kong. A responsible government must seriously commit itself to the work of poverty alleviation, so as to build up a good and sustainable social security mechanism. However, it seems that the Financial Secretary has not done that. His famous saying is, "There are inevitable events in our lives, namely, birth, ageing, illness and death." (sic) The Financial Secretary may not know that there are a lot of poor people in Hong Kong. He often says, "Only 36% of the people have to pay salaries tax in Hong Kong." However, what he has not said is, there are 64% of the people who want to pay tax, but they cannot. I believe

many wage earners hope to pay tax — as long as they can find a good job. If the job is so good that it necessitates the payment of salaries tax, no one would be unwilling to pay it. The question is: Can they have the opportunity to find a job? Has society created employment opportunities for them?

Hong Kong is facing many problems, including those in the fields of health care, the environment, safety, avian flu, and so on. We cannot simply sit back and wait quietly for the occurrences of certain events. We need to introduce reforms, and among them, I attach the greatest significance to the health care reform, which the SAR Government must face squarely. In the speech I delivered on last year's Budget, I had already said, "One of the greatest problems faced by the Government now is the sustainability of the medical and health care system." Though the Secretary for Health, Welfare and Food has said that the medical and health care system in Hong Kong has already developed the early stage of cancer, though the Government has pledged to implement the health care reform, everyone would realize that the limelight of the issue of health care reform will soon be shifted to some other more significant subjects that may emerge this year or the next. And I believe everyone would understand that the issue the Government finds most significant right now is how to extend the governance of this government for another term.

During the past few years, there has been a reduction in real terms, instead of a real growth, in our health care expenditure. Under the Enhanced Productivity Programme (EPP), the Hospital Authority (HA) has reduced its expenditure by 10% over the past few years. It is only until this year that the Government has stopped implementing the EPP. Apart from the recurrent provision of \$650 million, an additional \$300 million is available this year. However, this \$650 million is basically the funding for handling communicable diseases, including avian flu. Besides, this amount of money has already been used up, so there is actually no new funding to speak of. With regard to the \$300 million, insofar as the HA is concerned, it is just the exact amount required, or it is even insufficient, to meet the payment for the annual increments of staff. Therefore, we can see that the Budget is virtually short of any new development in the scope of medical and health care service. Elderly persons who want to get an appointment in an elderly health centre find that they are caught in a very long queue, and it takes a very long time just to be allotted a queuing chip. Poor people have to wait for up to several months before they can see a doctor. Why is the SAR Government indifferent to such conditions? Furthermore, the

SAR Government has not introduced any fundamental changes to its medical and health care policy, so the problem has become even more serious.

We all know that the public medical and health care service of Hong Kong is not sustainable over the long run, so last year after the Financial Secretary had unveiled his Budget, I submitted a number of proposals to him for consideration, and these proposals include the establishment of a Medical and Health Care Personnel Training Fund; the provision of tax rebates to the middle-class people who have used medical and health service in the private sector or who have taken out medical insurance on their own; and the provision of adequate support for health care financing. Regrettably, the Budget prepared by the Financial Secretary has given absolutely no response to all these proposals, and the Government has remained non-committal to the idea of tax rebates for medical insurance taken out — the most straightforward option, which has been the aspiration of the middle class for a very long time.

We are all aware that the discussion or the implementation of any financing proposals will take a very long time. This means that our public health care service will continue to face great difficulties in the next few years. From what we can see now, front-line medical staff in the public health care sector are subject to enormous pressure and serious morale problems. We are all aware of the litigations against the HA which had been filed by junior medical doctors earlier on. Although the Court has passed a verdict, it has not resolved the problems of low morale and excessively long working hours which have been plaguing the junior medical and health care staff. These problems have originated from the lack of any long-term health care financing plan and a proper financing plan. While the Financial Secretary should have enough vision and capability to come up with a novel prospective on health care financing, he should even adopt measures or initiatives to implement such financing options. However, he appears to have abandoned his own role. He seems to have made up his mind that no major changes should take place, and that the *status quo* should be maintained.

It is evident that, while the pressure of front-line medical staff keeps piling up, the quality of health care service offered to members of the public keeps deteriorating. I am worried that, should this be allowed to continue, the quality of health care service provided to the people, in particular the disadvantaged groups, such as the elderly and the low-income people, cannot be assured in

future. The new increment scheme put forward by the HA should be able to boost staff morale, but, from what we have seen, only a meagre sum of \$10 million has been earmarked for this so-called new proposal. Regarding ways of addressing such problems as inadequate training and insufficient resources for front-line personnel, no mention has been made in this aspect.

During the past few years, the actual expenditure on health care has kept dwindling. Yet, whenever we raise questions on the costs for the provision of public health care service, we can never obtain any actual figures or data with which we can do any calculation. The Financial Secretary once said that he would not sweep the health care financing plan under the carpet, and that he would stop and prevent abuse. However, I believe the levy of medical charges is not the only way of proceeding with a financing scheme. If we cannot find out the actual costs for the provision of health care service, we can never make the public understand the financing schemes or participate in proposing any financing schemes. That explains why I have reiterated time and again that any health care insurance or any measures that could help alleviate the burden of the middle class (including an education allowance for children) are worth implementing. But once again the Financial Secretary has let us down.

It seems that the Government's philosophy of public finance management cannot depart from the old thinking, that is, "to cope with ever-changing circumstances with established practices". Besides, it also hopes to leverage on the market force. Speaking of this, I do have some personal feelings. The Financial Secretary seemed to have met with the media yesterday. He mentioned two points. When the media asked him to comment on how the Tamar site should be used, he said while he would also like to reserve more recreational space for Hong Kong, money was still the most significant factor to him. Therefore, a very strong signal was given out. According to him, with the building of the new Government Headquarters at the Tamar site, it is highly likely that the old Government Headquarters will be sold to real estate developers.

I feel most sorry that the Government should have adopted such a short-sighted vision. The standard of town planning has always been very low in Hong Kong throughout its development, which is something that has attracted a great deal of criticism from both professionals and the general public. Yet, it appears that the Government has not learnt any lesson. It continues to eye on,

in a short-sighted manner, the sale of land for generating more revenue. What is more, it seems that the most important task of the Government is to create endless business opportunities for real estate developers. Now, even the construction of the Government Headquarters, a planning issue by itself, is linked to whether business opportunities can be created and whether profits can be made.

On the other hand, I can also see that the Government has not formulated any policies to help the disadvantaged groups; yet, there has been no lack of generosity towards the rich. For example, the abolition of estate duty was passed last year. This is mainly beneficial to people who own lots of assets. However, with regard to our demand for the introduction of a progressive profits tax, it appears that the Government has remained indifferent.

The Financial Secretary may think that the findings of some so-called opinion surveys on the Budget provide enough reasons to make him feel complacent. It is because certain opinion surveys conclude that he has the support of over 60% of the respondents. So this has made him feel rather complacent. As such, we heard him say something nasty yesterday. He said, "If any Member opposes this, he would be like stepping on dog stool." I once thought that the Budget should be considered in a solemn manner, but since the Government treats it as some "dog stool", I can only express my regret. Yet, all in all, given that the Budget is unable to resolve the medical and health care problems in Hong Kong, nor can it address Hong Kong's future and foreseeable problems, I cannot find any reason to support it.

I so submit. Thank you, Madam President.

MS MIRIAM LAU (in Cantonese): This year, Madam President, the Financial Secretary has used four major points, namely recovery, enhancement, commitment and sharing, to explain his Budget. I would also like to respond by using the same points.

Recovery

With an improved overall economic situation, it is indisputable that Hong Kong's economy has evidently recovered in 2005. Although individual sectors

might have felt the benefit brought about by the improving economy, a number of sectors, particularly the transport industry, have not yet been benefited by the economic revival.

The reasons for the persistently adverse business environment facing the transport industry vary according to vehicle types. For instance, taxis and public light buses are competing with mass transit carriers, the viability of non-franchised buses is being curbed, dumpers and grab-mounted trucks are experiencing the problem of under-provision of work because of less construction works, container trucks are competing with our neighbouring ports, and so on. Although the reasons may vary, these vehicles have a common enemy — oil prices.

Oil prices have remained high in recent years. The latest pump price of diesel oil is \$8.26 per litre, higher than the \$8.06 per litre when the motion on "Reducing and remitting the duty on ultra low sulphur diesel" was passed in this Council late last year. With the pump prices of diesel getting higher and higher, the transport industry has found it generally harder and harder to operate business. The Government has, in its progress report submitted early this month on the motion, merely reiterated that the effective period of the duty concession for ultra low sulphur diesel has been extended. Meanwhile, it has also reiterated that a consultancy study has been commenced to study the competition situation in the motor fuel market and whether local oil companies have engaged in any anti-competitive conduct. The relevant study has yet to be completed. Nevertheless, even if certain oil companies are confirmed to have engaged in anti-competitive conduct, and even the Government decides to enact competition legislation for the petroleum industry, it might take years for the entire procedure, from the completion of the consultancy study to enactment of legislation, to complete. How far can the transport industry, which is pressed by high oil prices every day, be helped? As the saying goes, distant water will not put out a fire close at hand, not to mention that the industry has no idea at all whether it will get water that can really put out a fire or it is simply a mirage.

The transport industry therefore hopes that the Government can immediately review the diesel duty to determine the level of duty, level of reduction or introduction of a full waiver. I have repeatedly pointed out that the revenue generated from diesel duty is approximately \$700 million per annum. Even if diesel duty is abolished entirely, the economic value to be created in the

interest of people's livelihood and the logistics industry will definitely be higher than \$700 million.

Enhancement

Actually, a matter of constant concern to the freight transport trade has gradually emerged. In recent years, the throughput at Shenzhen's container terminals has registered a double-digit growth per annum. By contrast, Hong Kong's container throughput has merely registered a low single-digit growth. As revealed by statistics, Shenzhen's container throughput already surpassed that of the Kwai Chung Container Terminal in the past two years. Meanwhile, Hong Kong ports have been the world's number one in terms of container throughput for years. However, Hong Kong was overtaken by Singapore last year.

Hong Kong ports are losing their competitiveness, mainly because of the generally high transport costs. The Government has in recent years injected substantial resources into enhancing the efficiency of cross-boundary trucks by, for instance, the construction of a new bridge linking Lok Ma Chau and Huanggang, which was already opened for use early last year. The Hong Kong-Shenzhen Western Crossing will also be opened to traffic late this year or early next year. Furthermore, such requirements as the "four-up-four-down" and "one-truck-one-driver" rules have been relaxed. The Guangdong authorities have also agreed to gradually extend the customs clearance hours on the Mainland according to the freight volume and the actual needs of different places.

While upgrading freight transport efficiency is important, the competitiveness of Hong Kong's ports can still not be effectively enhanced, if the freight cost problem cannot be tackled directly, despite the introduction of more measures. The Financial Secretary has proposed some measures, including lowering port charges, and so on, in the Budget just published. Given that port charges can be lowered, why did the Financial Secretary not waive diesel duty altogether to enable land freight costs to be lowered as such costs are, after all, the major factor undermining the competitiveness of the Hong Kong port?

Even if the gap between the charges of Hong Kong and its neighbouring ports can be narrowed, Hong Kong must still resolve the co-ordination problem of the berths in the container ports in the Pearl River Delta (PRD). This is because if cargo growth cannot catch up with the growth in the number of berths

in the entire PRD, both Hong Kong and its neighbouring ports will suffer in the end. In this connection, the state has recently in its 11th Five-Year Plan included Hong Kong for the first time to demonstrate its concrete support for Hong Kong's development of its logistics industry. This will not only produce a positive impact on Hong Kong as a logistics hub, it is also a good beginning. On this basis, I expect Hong Kong to strengthen its collaboration with mainland ports and step up its campaign for the Central Authorities to attach more importance to Hong Kong's role in its overall planning to avoid the emergence of vicious competition between Hong Kong and mainland ports.

Before leaving this topic on logistics, I would like to say a few words on the resources injected by the Government into the promotion of logistics. Mr SIN Chung-kai has, to a certain extent, aired the grievances of the logistics industry in his speech earlier by commenting that the allocation given to the Hong Kong Tourism Board amounted to \$700 million. Here, I would like to thank him for his concern for the logistics industry. Nevertheless, I would also like to point out that there is no conflict at all between logistics and tourism, for both of them are among the four major economic pillars of Hong Kong. Of course, the logistics industry would like the Government to allocate more resources to specifically meet its needs. In all fairness, however, the Government has specifically allocated resources for the development of the logistics industry. For instance, the Government has recently allocated resources for the Digital Trade and Transportation Network (DTTN) system. However, I find it most strange that the plan has not been supported by the Democratic Party in this Council. As I mentioned earlier, the Government has injected quite a lot of resources into improving the customs clearance facilities at control points. Recently, it has also injected resources into the research and development of the information system to be installed on lorries. I expect the Government to, in the days to come, inject more resources into assisting the development of the logistics industry.

Incidentally, I would like to mention here that the Government injected resources amounting to \$10 million to promote the logistics industry last year, with \$5 million going to the freight transport industry and another \$5 million to the logistics industry. Yet, no such allocation was made this year. It was only after my repeated questioning that I was told by the Secretary that promotion would still be conducted, and internal resources would be allocated if a plan is conceived. However, I would like to point out that, in order to truly strategically promote the logistics industry, a lump sum is indispensable. I

believe it is two entirely different approaches, in terms of vigour and the degree of attention, if it is said that resources will be allocated internally when a plan is conceived and if a lump sum is earmarked in advance then a plan is formulated according to the amount of the money allocated. Of course, nothing can be done to change the situation this year, and resources cannot be allocated separately for promotion work. But still, I hope the Government can satisfy the demand for promoting logistics externally with its internal resources. As for next year, I hope the Government can hear what I have said today and, in the Budget next year, allocate specific funds to assist the logistics industry in promoting to the Mainland and the rest of the world our excellent logistics services.

Commitment

While I have no doubt about the Government's determination in promoting environmental protection, I am sceptical as to whether the Government will truly be committed to environmental protection. On the surface of it, the exemption of registration tax on electric vehicles demonstrates the Government's strong determination in promoting environmental protection. However, due to technical problems, and such like with matching facilities, electric vehicles remain unpopular in Hong Kong, at least up till now. Therefore, it seems that the environmental protection policy, which the Government is very keen to promote, can benefit just a handful of people. Although the Government has declared loudly that it is determined to promote environmental protection, the coffers' commitment in this respect translates into only hundreds of thousands of dollars in annual tax loss. By contrast, several models of hybrid vehicles powered by petrol and electricity are already available in the market. In theory, these vehicles should be more popular, especially they are technically superior to electric vehicles. However, the Government is still reluctant to commit itself to providing tax concessions for this type of vehicles. It has merely kept repeating that when more models are put on the market to offer more choices, the Government will actively examine switching to these vehicles and consider proposing measures to encourage public use. I have asked more than once why the Government has always emphasized that demand should be led by supply, but not *vice versa*. I believe more demand will be generated if concessions can be offered now. This will in turn encourage the import of more models of hybrid vehicles. Hence, the public will have more choices and the benefit brought by environmental protection can be achieved faster.

As regards promotion of environmental protection, the Government is prepared to legislate on the implementation of a producer responsibility scheme within this year. Under this scheme, a tyre tax will be levied on producers and consumers as a subsidy for the industry to recover tyres for recycling. However, the Government has yet to come up with any specific proposals on such issues as charging, responsibility sharing, methods of recovery, and so on. I hope the Government can expeditiously come up with a proposal and consult the relevant industries and organizations.

In my opinion, all green industries must first of all be commercially viable or, in other words, profitable. Furthermore, all green taxes or charging proposals should seek merely to promote, but not subsidize, the development of green industries. By the same token, if tyre recycling is already commercially not viable or not profitable from the outset, the Government's hasty decision to levy a tyre tax on the transport industry will merely make the transport industry subsidize the development of the tyre recycling industry and, as a result, the latter will rely on the former. In the end, a vicious cycle will emerge. This means that if the tyre recycling industry is not profitable, the transport industry will have to continue to pay a even higher tyre tax.

Sharing

It has been a long-standing practice that each passenger departing on sea is required to pay an embarkation fee to the Government. It was \$25 per person in the past. After intensive lobbying by the industry, the Government reduced the embarkation fee to \$18 per person in 1998. It was only after repeated lobbying by the industry that the Government finally agreed to reduce the embarkation fee from \$18 to \$15 per person, with effect from 2 December 2005.

While passengers taking ferries from the terminals to the Mainland and Macao have to pay an embarkation fee of \$15, tourists or citizens travelling through land control points or on cruise liners are not required to pay any fees. This kind of arrangement is indeed unfair. As such, sea departure passengers demand that they be treated the same as land departure passengers so that they will not be required to pay any fees. I think this request is reasonable.

Actually, if the Financial Secretary has a good memory, he should remember that the reason for the Government's decision not to introduce the

Boundary Facilities Improvement Tax (BFIT) was that Hong Kong was part of China, and also an important economic city, and thus hurdles affecting the integration of both places should be minimized by all means. Does the embarkation fee not affect integration? Since the Government has decided not to implement BFIT, it should abolish the embarkation fee as well to facilitate integration between Hong Kong and the Mainland.

Madam President, I so submit.

DR JOSEPH LEE (in Cantonese): Last year, Madam President, the funding for public health continued to be slashed. As such, last year's Budget failed to help transform Hong Kong into a healthy city. Can this year's Budget achieve a breakthrough in the development of the city's health in general?

With the recovery in Hong Kong economy, health expenditure has increased 2% over last year's revised Budget. This move is welcomed, for it means that the Hospital Authority (HA) can then receive more funds to ameliorate its fiscal deficit problem and meet the needs of its services. Actually, the HA's cumulated fiscal deficit is still extremely serious. Though the funding allocated this year can certainly ease the HA's fiscal deficit problem, it will still be somewhat difficult for the HA to balance its books and maintain the standard of its services, given its limited resources and enormous fiscal deficit problem. Therefore, the HA has to continue with its reforms and repositioning, engage in collaborative efforts with the private sector and assume a different role in providing health care services. In the long run, the Government should expeditiously announce the outcome of its public health care charging review and come up with a timetable for a specific health care financing programme. We also hope that the Government can, while ensuring people can receive health care services and a safety net be suitably offered to people with financial problems and hardship, listen to the voices of the middle class and, having regard to their affordability and adhering to the principle of "those who have the means pay more", implement reasonable health care reforms as early as possible.

The concept of "prevention is always better than cure" is integral to a comprehensive health policy and health care regime. We greatly welcome the Budget's move to implement a proposal in the policy address regarding the diet of school children through promotion by the Department of Health (DH) of

healthy eating among children to raise their awareness of a good diet since young age so as to help them grow in a healthy manner. The problem of obesity among school children will actually produce a definite impact on school children and Hong Kong society in the long run.

With the implementation of whole-day schooling, the dietary problem of school children, especially as lunch boxes are growing increasingly popular at school, and the nutrition value of lunch boxes have become a matter of concern to us. In this connection, we welcome the DH discussing co-operation with schools, dieticians, suppliers, and so on, to enable school children to develop a healthy diet and, through altering their style of living, enable them to lead a more healthy life.

Furthermore, we also welcome this year's review of the immunization programme for children and the initiative to conduct a comprehensive physical and intellectual evaluation of children with development problems. With the changes in epidemiology and immunization practices, it is indeed essential for the DH to review whether the vaccines offered under the programme are compatible with international developments and whether proper preparations have been made. Furthermore, a multi-disciplinary approach should be adopted in conducting the comprehensive evaluation of children with development problems, and more proper epidemic prevention efforts should be made.

Moreover, the crucial role played by the health services team in the implementation of the policy of giving equal emphasis to prevention and cure must not be overlooked. However, given the current acute shortage of nurses, we can see that nursing manpower resources are in great trouble. There are serious shortages of nurses in public hospitals, private hospitals, as well as homes for the aged. The announcement in the policy address that the social welfare sector this year will train additional registered nurses does demonstrate that the Government is short of a clear blueprint. Furthermore, it still adopts a stop-gap approach in resolving the problem of nursing manpower shortages. We hope the Government can implement its nursing manpower planning and make better efforts in this regard. Despite its commitment that more university places will be offered to first-year nurse training in 2006-2007 or 2007-08, the University Grants Committee has yet to allocate "new money" to the universities. As a result, the universities can rely merely on their internal deployment of resources. The effectiveness of this is indeed questionable. What is more, it is extremely unsatisfactory that the training of psychiatric nurses should rely on self-financing programmes. In the long run, therefore, we hope the

Government can provide details of planning or details of implementing nursing manpower planning within this year so that we can have a clear manpower indicator for reference.

The Budget has also mentioned that the HA will facilitate the development of family medicine for the promotion of community-oriented health care services. In principle, I greatly welcome this development. However, it would be grossly inadequate if, in the course of promoting the concept of family medicine, emphasis is placed merely on training family doctors while the contribution possibly to be made by other health care professional teams is disregarded. Despite the Government's intention to promote family medicine, the Budget has merely revealed that 60 medical graduates will be recruited to receive family medicine training, whereas not a single word has been mentioned about the training of other health care professionals. With the number of nurse clinics being maintained at 13, the determination of the Government in promoting family medicine is indeed doubtful. Actually, under the concept of family medicine, a community-oriented health care service model should embrace the participation of family doctors as well as pharmacists, nurses, therapists, dieticians, and so on, to enable them to help the community with their expertise in health promotion and health education promotion with a view to jointly delivering the philosophy espoused by family medicine and making contribution to society.

As regards prevention and control of communicable diseases, we agree that the Government should strengthen training of health care personnel and provide more communicable disease facilities. We can see that the Centre for Health Protection (CHP) has been performing quite satisfactorily in terms of its prevention work in communicable disease control, including its drills and surveillance system. Even its purchase of 26 million doses of flu prevention drugs in excess is still acceptable. But generally speaking, we can see that the Government has been quite weak in strengthening promotion and education through the CHP. We hope that funds can be allocated next year to support the CHP enhancing education on civic awareness to boost public confidence in preventing outbreaks of communicable diseases.

Next, Madam President, I will briefly express my views on the Budget's proposal of setting up a Centre for Food Safety (CFS). According to the reply given with respect to Expenditure Estimates, the newly set up CFS will establish within 2006 a Food Safety Committee (FSC) to, with reference to international practices, trends and developments, advise on formulation of food safety

measures and review food safety standards. While its foresight certainly merits our recognition, the Department has, at the present stage, still failed to finalize its topics in relation to the scope of review of the FSC. Neither has it come up with any guiding indicators in respect of work targets and effectiveness. Whether the FSC will eventually turn into a discussion forum indulging in empty talk warrants our attention.

The FSC is responsible for perfecting the function of the Food and Environmental Hygiene Department in examining food safety subjects. Besides, Members often seek its assistance when they put questions in this Council appealing to the Government to examine certain food safety issues of more immediate concern. Although the high-risk food nutrients have already been regulated by the Mainland, it is a great pity that the Department is still reluctant to include more testing and inspection items to update food safety standards for the reason that the Codex Alimentarius Commission has yet to come up with a specific guideline. The Government has always been lacking foresight. When it is in trouble, it will introduce initiatives hastily to plug loopholes. Backyard poultry is a case in point. Sometimes, discussion will go on and on without decision. In the case of central slaughtering, for instance, the Government has been alternating between central slaughtering and regional slaughtering. Both the industry and the public find it very difficult to cope with such a wavering policy.

Madam President, before the FSC can come up with any specific goal and way forward, we urge the Government to expeditiously draw up a scope of review for the FSC in relation to food quality and quantity as well as food safety, and establish clear and specific work targets and effectiveness indicators. We hope the Government can act in a more proactive manner by making better use of the FSC as a discussion platform to actively promote the relevant studies. Furthermore, the CFS should establish an interactive relationship with the Mainland and other food suppliers for proper source management and to enhance the transparency of food safety protection in Hong Kong to protect food safety within the region.

As regards food sample testing, the Government has undertaken in the policy address that sample testing will be strengthened for food sold in the market. Moreover, resources have been deployed in the Budget for this purpose. Nominally, the Government will perform more random tests to safeguard food safety, and resources will be pooled to handle these cases.

However, the change in its random testing policy is merely a superficial gesture. We can see that the target number of tests conducted in 2005 was approximately 120 000 food samples, 16 000 more than the number anticipated for the year. However, the target number of food tests for 2006 is estimated to be 10 000 less than that in 2005. It is thus evident that the total number of cases anticipated to be dealt with in 2006 will be reduced rather than increased. We can see that the Budget has in effect failed to do anything to dovetail with the policy address's commitment of providing more resources to strengthen the vigour of random testing. The Government has merely, at best, redistributed its resources, which is just a deceptive tactic. Actually, no additional resources have been provided for new items to enable the regular number of tests to be conducted. It is even harder to expect more tests to be conducted for enhanced food safety.

Madam President, as the number of tests continues to shrink, how can the Government ensure that the objective of strengthening analysis services can be achieved? How can the Budget assist the Government in delivering the policy address's commitment of strengthening food sample testing? Actually, the funding for government laboratories has risen 23.1% this year over 2005-06. We hope that the Budget can deploy more resources to enable more tests to be conducted and the funding be well spent.

As for elderly services, Madam President, we have seen that the Budget has allocated more funding for elderly services to ease the current situation in which supply is exceeding demand (sic). The Government has spent approximately \$52.8 million on a transformation programme for elderly homes and placements to convert the existing 10 700 places in elderly homes and residential care homes for the elderly into approximately 6 200 care and attention home places. Although better care is provided in care and attention homes, the number of places for the elderly will actually be reduced by 4 500, from 10 700 to 6 200. The waiting period of the elderly to be admitted to care and attention homes will undoubtedly be lengthened as a result.

According to the data provided by the Social Welfare Department in late February this year, around 21 000 elderly people on the central waiting list for long-term care services are currently waiting for admission to various types of subsidized hostels. Compared to January this year, the number has not only risen, the average waiting period has even increased from 24 to 37 months. It is evident that the demand of the elderly for residential care homes is still keen.

Therefore, more resources should be allocated in the Budget for initiatives in this respect.

The subsidization of residential institutions in recruiting nursing manpower has now posed a serious problem. At present, the amount of subsidy is calculated on the basis of the median ratio between the numbers of enrolled nurses and registered nurses. Such a calculation method merely emphasizes the daily living conditions and the demand of inmates for care while neglecting the fact that relatively complicated skills are required for the provision of institutional care services at present. As a result, the funding received will be slightly cut. We hope this method can be reviewed again with a view to strengthening the existing manpower of care institutions and enabling staffing of registered nurses to cope with the services required by inmates of residential care centres so that the latter can lead a more relaxed and comfortable life, and the existing residential care problems can be resolved.

Actually, we welcome the proposal of allocating more resources for the supervision of elderly services by boosting the manpower for the Licensing Office of Residential Care Homes for the Elderly and contract management. In doing so, we hope that the supervision of elderly home services can be tightened for the recurrence of elderly abuse incidents in elderly institutions must not be permitted. The Government must explicitly stipulate that heavier penalties will be imposed on non-compliant institutions in order to achieve a deterrent effect.

Generally speaking, insofar as the elderly policy is concerned, we hope that the Government can, in addition to reviewing its mode of funding and subsidization for the elderly, expeditiously come up with such elderly policies as allowing the money to go with the elderly. We hope the Government can make proper use of social resources, implement and sustain its elderly policy to enable the challenges brought about by the ageing population to be met more easily.

Madam President, insofar as housing affairs are concerned, the expenditure on funding for housing has fallen by up to 70%, from \$329.5 million in 2005-06 to \$88.8 million this year. Even if the amount of approximately \$165 million given to the Lands Department subsequent to its taking over of the squatter clearance and control duties is deducted, the funding for the Housing Department this year has in effect been cut by 30%, or approximately \$50 million.

Actually, in addition to the greatly slashed expenditure on funding for the Housing Department, squatter residents in general have been marginalized, for the authorities have failed to pay special attention to them and offer them housing assistance. Under such circumstances, the disadvantaged might not receive proper care in housing transfer. For instance, mismatch has become increasingly common, with the phenomenon of elderly and young people living together being reported frequently. The housing policies are very often quite confusing. We hope the current reduction in expenditure will not actually impact on the people with housing needs so that they can expeditiously be allocated their preferred accommodation and live and work happily thereafter.

Madam President, insofar as environmental protection is concerned, we see that the problem of air pollution has been ameliorated. But still, we think that the Government should implement different measures to further ameliorate the problem. We support the proposal raised by the Government in the Budget of exempting the first registration tax on electric vehicles for three years for this could encourage the public to consider switching from petrol vehicles to electric vehicles. Actually, we propose that the Government consider lowering taxes to encourage the public to switch to green vehicles.

In sum, Madam President, we can see from last year's Budget that the funding for education has continued to be slashed. There were doubts about our health care services as to whether the Budget can sustain Hong Kong as a healthy city. Despite an increase in the funding for health services, food safety and care for the elderly in this year's Budget, the attention given by the Budget to the disadvantaged is still inadequate. We hope the Government can increase its funding in this year's Budget to give the disadvantaged better care.

Although the Budget has yet to be able to help free the public, we hope the Government can better implement its principle of financial prudence in next year's Budget when the economy has truly recovered and, better still, give the public a real surprise by lowering the salaries tax rates to the 2003-04 level.

Thank you, Madam President.

MR FRED LI (in Cantonese): Madam President, on behalf of the Democratic Party, I will express our views on food safety, environmental hygiene, the two power companies, and the allocation of funds to the Hong Kong Tourism Board (HKTB).

The Government has in recent years indicated that expenditure has to be tightened because of financial constraints. While we consider that there has been a lack of concern for the poor and the Government has responded slowly to the voices calling for tax cuts, we also find that the Government has been quite generous to some subvented organizations, such as the HKTB. In the coming fiscal year, the HKTB's estimated expenditure is \$739 million, representing 80% of the expenditure of the Economic Development and Labour Bureau. Our greatest concern is not the amount of money, but whether public money is properly monitored and put to good use. In addition to our concern about the use of public money, the Chief Executive has actually unknowingly, unconsciously mentioned that the HKTB has been spending lavishly with no control at all.

According to the Government's Estimates this year, the estimated expenditure for the Economic Development and Labour Bureau for the next fiscal year is \$930 million, with \$740 million going to the HKTB, a rise of 8.3% over the amount received by the HKTB in the last financial year. However, the Consumer Council, also under the Economic Development and Labour Bureau, will receive \$63 million only. The difference between the two is more than 10 times. Of the 300 employees of the HKTB, 10% are managerial staff. With each of these staff members receiving on average a monthly salary of \$40,000, the annual expenditure on salaries for these staff adds up to \$140 million. On the other hand, in its reply to me concerning my written questions on the Budget, the Economic Development and Labour Bureau pointed out that the HKTB had planned to spend \$9.5 million on upgrading its website in order to introduce a number of information technologies. However, I was advised by someone who was experienced in managing websites that the production cost of a website is only around hundreds of thousands of dollars a year. It is extremely rare to spend over a million dollars. It will be indeed too generous to spend nearly \$10 million on upgrading a website.

Earlier, for the purpose of raising its annual funding of approximately \$2 million, a concern group on female victims of sexual violence called "Rainlily" had to visit different places appealing for donations in the hope of continuing its essential service. If we compare the two organizations, we will understand what it really means by "behaving arrogantly because of financial strength". According to the HKTB, the \$400 million or so received in the last financial year has been spent entirely on the promotion of Hong Kong to the rest of the world. It is expected that an extra 1.2 million tourists and spendings

amounting to \$10.4 billion can thus be generated, which means that an investment of \$1 can reap a return of \$22. But the question is: How many tourists have come to Hong Kong because of the HKTB's publicity? Actually, the rapid increase in tourist arrivals after 2003 was entirely attributed to the sharp contrast to the tourist arrivals recorded during the post-SARS period. Furthermore, the continuous liberalization of the Individual Visit Scheme on the Mainland has swiftly propelled tourist growth. Both the Hong Kong Disneyland and Ocean Park have also produced a positive impact on tourism. How can the HKTB quantify all these results as an indicator of its performance? Although the Government's funding to the HKTB has kept increasing year after year, it is pointed out in an economic report compiled by the Government Economist that the revenue from tourism in 2003 was a mere \$29.3 billion, with its share of the Gross Domestic Product (GDP) falling from 3.6% in 1990 to 2.5% in 2003. I hope the Government can expeditiously present the Estimate of Expenditure of the extra funding used by the HKTB and the results thus achieved to the Audit Commission for a value-for-money audit in order to evaluate the performance of the HKTB.

Madam President, I wish to switch to the issue of the electricity market, a matter of great concern to us lately. The Government is requested to, in the latter half of this year, expeditiously come up with a proposal that can reduce electricity tariffs, strengthen interconnection, introduce competition and ameliorate the air pollution problem caused by power plants, with the ultimate goal of relieving the electricity bill of the public and improving our environment. The CLP Power Hong Kong Limited (CLP) has recently announced that its profit has substantially increased by 32% over last year, with its net profit breaking through \$10 billion to \$11.4 billion for the first time. Although the Hongkong Electric Company Limited (HEC) has earned less than it did last year, its profit is still close to 13%. Basically, the two power companies are operating a business that guarantees profits, thanks to the Profit Control Scheme (PCS), under which the two power companies are guaranteed a 13.5% rate of return. Originally, the permitted rate of return was just an "upper ceiling", not a guaranteed rate of return. Unfortunately, with the passage of time, coupled with the Government's lax policy, the two power companies have, on the contrary, turned the "upper ceiling" into "minimum assured rate of return". Under the existing PCS, the profits of the two power companies are calculated on the basis of their fixed assets. In brief, the higher their investment, the higher their income. In the past, the two power companies often reaped the maximum 13.5% profit through huge or excessive investment. At present, the

development fund of the CLP has a surplus of close to \$3.5 billion to \$3.6 billion. It can thus easily withdraw money from its development fund whenever it wishes to raise electricity tariffs. We therefore demand the CLP to rebate its development fund to the public before 2008.

We in the Democratic Party are now conducting a signature campaign throughout the territory calling on the two power companies to reduce electricity tariffs. The signatures collected will be handed to the Government later. As the Government is so fond of acting according to public opinion, we decided to support the Government with public opinion in negotiating with the two power companies in striving for a package in the best interest of the public.

Third, I would like to point out to the Government the food and environmental hygiene problem. In this year's Budget, the estimate for the Food and Environmental Hygiene Department (FEHD) will increase 15%, or more than \$500 million, over last year. For a government department, such an increase, mainly for the reorganization of its food safety framework, is quite prominent.

With the increased incidence of food safety incidents and the threat of avian flu in recent years, the Democratic Party considers the reorganization essential. We also agree with the major direction of the Government's restructuring. However, when it comes to the details, we have to ascertain whether the Government's proposal can effectively tackle the problem. We are concerned that the proposed framework might be just a political compromise which is not value for money. I am also afraid that public money will be wasted in the end.

According to the original idea floated by the Government in October last year, the FEHD and the Agriculture, Fisheries and Conservation Department (AFCD) will be reorganized to form the Department of Food Safety, Inspection and Quarantine (DFSQ) and the Department of Agriculture and Environmental Hygiene (DAEH). The FEHD and the AFCD will hand over all functions in food inspection, quarantine and regulation and all work relating to regulation of local livestock farms, mariculture farms, and so on, to the DFSQ. While a Centre for Food Safety (CFS) will be established within the DFSQ, other matters relating to environmental hygiene, development of the agriculture and fisheries industry and nature conservation will be taken over by the DAEH.

Actually, we consider this a suitable idea because efficiency could be markedly enhanced if all food safety incidents can be dealt with by a single department. However, because of the strong opposition from the AFCD staff, the Government has changed its mind and allowed the AFCD to "stay put" with no changes. At the same time, the Government has tried to muddle through by putting the CFS under the FEHD to put the matter to an end.

According to the Government's original idea, food safety incidents will be handled in a one-stop manner in the future. According to this compromise proposal, however, such incidents will be handled by an inter-departmental organ in the same way as they were before. We consider this solution not satisfactory. During the consultation, most academics, professional groups and a number of industry organizations expressed their approval of splitting the functions of regulating food safety and promoting the development of the industry. They shared the view that the separation of the regulatory and promotion functions is consistent with the food safety regulatory systems practised in many other countries. Allowing two independent organs to take charge of the regulatory and promotion functions separately is also the best method to protect the interests of consumers and the industry. It is a pity that the reorganization plan cannot proceed further due to overwhelming opposition from the AFCD staff.

At present, the Government is merely seeking to procrastinate the matter by conducting a one-year review of this framework. It is the hope of the Democratic Party that, under the prerequisite of protecting food safety, all departments can put aside their interest and all efforts relating to food safety can be integrated under a single department.

As regards the issue of central slaughtering, it seems that preparations are in full swing and actions can be taken at any time, and it has been indicated by the Government that central slaughtering can be implemented in 2009. However, according to the document submitted by the Government, no study has been conducted on the feasibility of implementing central slaughtering in Hong Kong. Should central slaughtering be implemented, the operators might, due to cost considerations, rather have live chickens originally earmarked for import from the Mainland slaughtered on the Mainland before being transported to the territory as chilled chickens. As a result, central slaughtering will only handle live chickens supplied by Hong Kong farms. However, an operator intending to bid for operating central slaughtering in Hong Kong will definitely ask the following two questions: First, will he be competitive enough as local chilled

chickens will definitely be sold at a higher price than those coming from the Mainland? Second, the Government has made it clear more than once that, once there is evidence showing the spread of a virus in local farms, just like the discovery of two H5N1 avian flu cases in which it was proved that humans could be infected, the Hong Kong Government will slaughter all the live chickens in Hong Kong and make it mandatory for the local live poultry industry to wind up their business permanently. Therefore, should there be an outbreak of avian flu after the introduction of central slaughtering, no live chickens will be available in Hong Kong for slaughtering. By then, the operators might even lose all of their capital. The risk to be borne is simply not proportional to the amount of investment. These concerns must be taken into consideration. As such, the feasibility of implementing central slaughtering in Hong Kong must be considered carefully from various aspects.

As regards genetically modified (GM) food, the AFCD has recently even mistakenly distributed GM papaya seeds to farmers. It is most frustrating that the farmers even include those engaging in organic cultivation, who are extremely upset about it. I consider this incident extremely serious. It is indeed inappropriate of the AFCD to use public fund to act in violation of the principle followed by the Cartagena Protocol on Biosafety (the Protocol). Given that the Chinese Government has already signed the Protocol, and the SAR Government has stated explicitly that the Protocol will be extended to Hong Kong, the precautionary principle spelt out in the Protocol must be taken seriously. Furthermore, the mandatory GM food labelling system should be introduced to protect local consumers' rights to know and to choose.

Lastly, I have the habit of saying a few words on the residents' general meetings convened by me on the Budget in my speech on the Budget every year. I have convened a total of nine such meetings in relation to this year's Budget in nine public housing estates in Kowloon East. The residents attending the meetings have raised the following three points: First, they do not support the introduction of Goods and Services Tax; second, they appeal to the SAR Government to review the rate of the Old Age Allowance as it has not been adjusted for more than eight years; and third, in view of the 11% reduction in the rates of Comprehensive Social Security Assistance for the elderly, the vulnerable, and the disabled, and the disability allowance, they appeal to the SAR Government to rebate the deducted amount to the elderly, the vulnerable, and the disabled in Hong Kong.

I so submit.

MR WONG YUNG-KAN (in Cantonese): Madam President, the Financial Secretary began his Budget speech by painting the rosy picture that the strong economic recovery in the past two years has indeed improved the overall mood in Hong Kong. Is the picture as rosy as the Financial Secretary has painted it? Insofar as the agriculture and fisheries industries, of which I am a representative, is concerned, I do not see any sign of recovery. Neither have I seen any improvement in the overall mood. On the contrary, the operating environment of the industries is worsening, and grievances against the Government are heard every day. The incessant demonstrations recently staged by farmers against the Government serve as the best proof. This morning, more than a hundred farmers petitioned the Agriculture, Fisheries and Conservation Department (AFCD) for early resumption of the importation of day-old chicken.

The agriculture and fisheries industries are dissatisfied with the Government mainly because they are not being taken seriously. The Government has still failed to formulate a sustainable development policy for the industries in accordance with Article 119 of the Basic Law and inject more resources into assisting their transformation for further development. On the contrary, the Government has kept heeding the advice of outsiders, particularly microbiologists, to strangle the industries through drying them up and leaving them to fend for themselves. In the past two years, the industries have kept shrinking, with the number of fishing vessels in the territory falling from 4 770 to 4 330, and farms from 2 600 to 2 260.

As regards the fisheries industry, the biggest problem confronting the fishermen in recent years has been the spiralling oil prices, which have doubled from some \$300 a barrel to more than \$700 a barrel within a matter of two years, thus leading to rising operating costs. Meanwhile, the fishermen are like working for fuel suppliers each time they go on a fishing expedition. Furthermore, their income has fallen substantially with the fisheries resources continuing to deplete in recent years. Last year, the Fisheries Protection Ordinance was amended to, *inter alia*, introduce a moratorium on Hong Kong waters. After consulting the organizations in the agriculture and fisheries industries, I have come to the conclusion that unless the problems confronting the fishermen during the moratorium in respect of their livelihood, and repairs and maintenance of their fishing vessels and gear can be resolved, it is inappropriate for the moratorium to be implemented for the time being. I hope the Government can carefully consider the views of the fishermen.

Owing to the depletion of fisheries resources in the South Sea and keen global competition among fisheries industries, local fishermen have to alter their traditional mode of operation by developing offshore fishing. In 2002, I started persuading the Government to support the industry developing offshore fishing by organizing fishing fleets to the Indian Ocean and the Pacific Ocean to catch tunas and all sorts of other fish. In this connection, practitioners in the industry and I went to the Mainland and such countries as Taiwan, Japan, Thailand and New Zealand for a field study. In view of the fact that Hong Kong is one of the country's administrative regions, the Ministry of Agriculture has even indicated that it is pleased to collaborate with Hong Kong's fisheries industry to organize offshore fishing fleets. Despite the commissioning of a consultancy study afterwards, the Government was paying lip-service only. It was simply not prepared to provide financial support for this project in its Budget Estimates. As a result, the industry cannot proceed any further. I would like to tell the Financial Secretary that had the Government been willing to provide loans in 2000, 2003 or 2004, our fleet should have reached there a long time ago. Now, we do not even have a chance to venture into the Indian Ocean. Therefore, the SAR Government must be blamed for this. We can see that in Shanghai, the loans advanced to offshore fishing syndicates amounted to more than \$730 million in 2003. In South Korea, 700 billion Korean Won will be injected in the next decade for the purpose of developing the country's offshore fishing industry.

Madam President, there are good prospects for the offshore fishing industry to develop ultra-low temperature tuna vessels. Let me cite two examples to illustrate that the annual production value can reach somewhere between US\$800,000 and US\$1.5 million. At present, more than 200 such vessels from Taiwan are fishing in the Indian Ocean, with an annual profit reaching US\$1 billion. Despite very slow progress, we have been discussing this matter with the Government, for we are after all heading in the right direction. However, let me tell the Secretary that since the new Director of Agriculture, Fisheries and Conservation took office, the discussion has been discontinued. We were greatly infuriated by the decision that mainland experts would be invited to Hong Kong to re-examine the possibility of further development before deciding whether or not to proceed. We were also given the impression that the AFCD, like a company enforcing the rule of man, is not institutionalized at all. I hope the Government can seize the opportunity to expeditiously formulate policies on such matters as offering low-interest loans to fishermen, training professionals, constructing steel hull fishing vessels and

adapting fishing vessel facilities to enable our fishermen to engage in offshore fishing activities. It is estimated that 2 000 job opportunities can thus be created.

When it comes to the agricultural industry, Hong Kong has been under the threat of inadequate land resources, environmental protection problems, the spread of epidemics, and so on, in recent years. Programmes launched by the SAR Government, such as the demerit scheme for farms and the voluntary surrender of farm licence scheme, have also brought the industry survival problems and the problem of maintaining an appropriate supply of fresh agricultural and fisheries produce.

In view of this, a group of farmers are contemplating developing special agricultural zones on the Mainland after surrendering their licences to the Government. In December last month and the middle of this, I led a group of farmers to Shaoguan and Meizhou for study tours and explored with the local governments the feasibility of setting up special agricultural zones. These barren mountaineous areas have been very keen in competing for our investment for the purpose of promoting their agricultural and economic development. As both cross-boundary and inter-departmental issues are involved, it will not be possible for the special agricultural zones programme to realize without assistance from high-level government officials of the two places, particularly the co-ordination efforts made by the Central People's Government. In this connection, I have recently presented the submissions on the programme to the Central People's Government Liaison Office and the Chief Secretary for Administration for their support. We hope the Government can respond to the programme because 4 August is the deadline for the voluntary surrender of chicken farm licences. If this programme could be realized, the SAR Government would be considered to have done a lot for the good of farmers in Hong Kong.

Madam President, in the policy address last year, the Government heeded the advice of the DAB to set up a Centre for Food Safety (CFS) to strengthen surveillance of food safety. At the same time, the entire food safety framework was reorganized. According to its initial proposal, the Government would obstinately split the function of regulating and supporting the agriculture and fisheries industries into two to be taken charge of by two different departments, without taking into account the concern of its staff and the industries, and the negative impact on promoting the development of the industries. We hope the

Government can understand that reorganization is different to putting building blocks together. Government departments cannot be split up and put together again indiscriminately; likewise, the problem cannot be resolved simply by putting the pieces together. Instead, the relations between the functions of various departments, the staff's response and the impact on the regulated industries must be rationalized. Most importantly, for the purpose of ensuring food safety at the source of breeding, in addition to inspection and regulation, the Government must offer excellent support to the farmers in respect of keeping and hygiene management skills. In other words, the Government must regulate and render support before the goal of monitoring food at source, that is, the focus of the Government, can be achieved.

Here, I would like to say a few words on the problems with three Rs (rural economy, rural development and rural demography), the issue repeatedly raised after the NPC and CPPCC meetings, as well as the last session convened by the National People's Congress. Today, I still believe the State will continue its effort in tackling this issue. Both the Minister of Agriculture and Vice-Minister of Agriculture visited the territory when the World Trade Organization (WTO) conference was held here last year. The problems of Hong Kong farmers and fishermen have been a matter of concern to them as they know that the agriculture and fisheries policy is not a focus of attention to the SAR Government. In this connection, discussions were held on this matter between the Vice-Minister of Agriculture, the Deputy Governor of Guangdong and me in January and March this year. The mainland officials have begun contemplating whether our farmers and fishermen can pursue development overseas to reduce competition for fisheries resources in the South Sea. If we are capable of pursuing overseas development, we should encourage our farmers and fishermen to do so. However, our Government has so far failed to pay any attention to this matter. Even the \$20 million said to be hard earned by the fishermen will have to be started anew. This is most painful to me. The industry also feels that the Government no longer takes it seriously and is unwilling to further develop the industries.

I have made this request to the Financial Secretary on different occasions. I am merely asking for a loan, not for the Government to support us like the Mainland does. Notwithstanding this, the Government still does not consider it necessary to offer the loan. Does it want local farmers to behave in the same way as the Korean farmers treat their government? I hope the authorities can think twice.

Madam President, concerning the reorganization of the food safety framework, I am most concerned about whether veterinary surgeons will be included in it. Medical practitioners, but no veterinary surgeons, are included in the 72 staff establishment at present. The current situation is: the more medical practitioners the better. Is there anything wrong with the Government? I hope the Government can pay attention to the inclusion of qualified veterinary surgeons in the framework. Moreover, we hope that not only microbiologists, medical practitioners and individual businessmen, but also the industry practitioners can sit on the advisory framework. How can the Food Safety Advisory Committee justify itself when there is not a single member from the industries? Hence, we hope the Government can reconsider our views during its reorganization exercise.

Madam President, I would also like to say a few words on the issue of freezing of market rentals. At present, the freeze on market rentals is reviewed annually or at a nine-month interval. As the Government should also be aware, 76% of markets have recently been designated as public markets due to the fall in the letting rate. During an earlier meeting with the Director of Food and Environmental Hygiene, Mr Gregory LEUNG, I learned that the Government would make a decision in April. Here, the DAB would like to request that the freeze on market rentals be extended. Moreover, the Government should come up with new arrangements so that the freezing period may last two or three years, instead of one year. In doing so, business operators would know how they should act. Should the Government not reconsider creating a favourable business environment for the operators in formulating its policy of freezing market rentals? I have also advised Mr LEUNG that our markets could be better operated. For instance, by introducing such sectors relating to banking, health care, repairs and customer service centres of public utilities providers, public markets can turn into diversified shopping centres to lure more customers, thus stimulating the flow of shoppers in the markets.

Madam President, the Government has continued to raise the proposal of central slaughtering lately. We have stated many times during our meetings that Hong Kong will shortly have a supply of chilled chickens of the same quality but sold at lower prices from across the river. Can the chilled chickens produced locally compete with these chickens? Furthermore, the Government's existing policy makes it very clear that all live chickens will be culled in the event of an outbreak of avian flu in two local farms. Should there be no live chickens, no one will use the central slaughterhouse, which will then be put aside

and end up like the slaughterhouse and chilling factory built in the Western District for geese and ducks. Is this idea feasible? I think the Government should separate the stalls in the markets. Of course, this is my personal opinion, but still I hope the Government can reconsider it. We do not want to see the Government end up getting no chickens for central slaughtering with the industry winding up all its operations, thus making the survival of practitioners of the industry increasingly harder, even after substantial resources have been injected. The industry (including chicken farmers at the sale, retail and wholesale levels) has already been "servile for survival". I do not want the Government to keep thinking about the existing problems. We have to resolve the problems with new thinking.

We certainly are extremely concerned about the avian flu problem. Both the industry and I are very concerned. I believe everyone here in this Chamber is as concerned as we are. However, the avian flu problem is not exclusive to Hong Kong. There are outbreaks of avian flu all over the world. I think the Government or microbiologists in Hong Kong should study how to prevent human infection of avian flu instead of we cannot possibly cull all the birds. As regards the problem of chickens, it has been the policy of the Mainland or even the whole world to resume business three months after the culling of chickens. This is the worldwide practice. Is it feasible for Hong Kong to adhere to its unique policy of disallowing the industry from continuing to operate? Is this policy reasonable? Is it people-oriented? It merely occurs to me that the Government is going completely against our original intention.

Madam President, I so submit.

MISS TAM HEUNG-MAN (in Cantonese): Madam President, according to Article 107 of the Basic Law, Hong Kong shall follow the principle of keeping expenditure within the limits of revenues in drawing up its budget, and strive to achieve a fiscal balance and avoid deficits. The basic direction of the 2006-07 Budget is right, for it is in line with the principle laid down in the Basic Law. However, there is a flaw in the Budget for some of the proposals put forward in it, particularly those relating to taxation policies, are quite disappointing.

Since the 1997-98 financial year, Hong Kong's public finances have been plagued by the fiscal deficit problem. It is only until the 2005-06 financial year, which is to end soon, that surpluses are once again seen in the Consolidated

Account and Operating Account. It can be said that our efforts have finally paid off. With the improving public finances, our top priority now is to preserve what has been achieved to ensure that public finances continue to achieve a balance between revenue and expenditure.

The fact that Hong Kong's public finances have recorded a surplus is indeed gratifying. After going through the financial restraints in the past couple of years, it should be time to relax. Nevertheless, we must not lose our head because of a momentary victory. We still have to stay on high alert to prevent our public finances from falling into the abyss of fiscal deficits again. Today, the ghost of avian flu is still haunting us, with the epidemic situation getting more and more rampant around the world. Furthermore, global oil prices remain at a high level, and the movements of interest rates are still uncertain. All these are the hidden worries of Hong Kong economy. We cannot afford to be complacent and should keep up our relentless efforts indeed.

Madam President, as Hong Kong economy still faces a lot of challenges, we must act prudently in dealing with the Estimates of Expenditure for the new financial year or adjusting our taxation policies. According to the Estimates of the Government, the 2005-06 Operating Account is expected to see a surplus of only \$5.8 billion. There is simply not much room for a substantial tax cut or substantial increase in public expenditure.

Some Members consider the Budget too conservative. In my opinion, it is essential to adopt a slightly conservative attitude in preparing the Budget, for the flexibility of our public finances can thus be enhanced. If our financial performance eventually turns out to be better than the Government's Revised Estimates, proposals for tax concessions or public expenditure increases can then be raised. I believe the Government will definitely not behave like a miser. Once the financial position improves and stabilizes, people in various strata will definitely see their wishes come true.

Madam President, I hope the Government can promise us that once the Government's finances improve further, various tax rates will be gradually reverted to the 2002-03 level. Comprehensive Social Security Assistance, other grants and subsidies for community service organizations should also be reverted to their levels before reduction. Furthermore, the Government should undertake to actively implement other measures for helping the poor, if the financial situation permits.

However, even if the surplus of the Government is rather limited, the aspirations of various sectors should still be met as far as possible. Affirmation in this aspect is warranted. Insofar as tax concessions are concerned, the Government has responded to the request for a salaries tax reduction by slashing the marginal tax rates. As regards ways to resolve Hong Kong's poverty problem, the Government has, in addition to increasing social welfare expenditure, undertaken to actively consider offering transport subsidies to poor people living in remote areas. I hope the Government can keep its promise and bring benefit to the disadvantaged in Hong Kong.

However, the proposals raised in the Budget in respect of several taxation policy areas are quite disappointing. Although Hong Kong is internationally renowned for its low and simple tax regime, we can absolutely not feel complacent as a result. I believe Members have all heard the fable about the race between a tortoise and rabbit before. If the Government does not take our taxation policies seriously, it will be difficult to maintain our leading position. It must be borne in mind that our rivals are not like the tortoise in the fable. They are very aggressive countries which have always regarded Hong Kong as their imaginary enemy. I hope more efforts can be made in various taxation policy areas.

To start with, the fact that the Government has finally made up its mind to launch a consultation exercise on a Goods and Services Tax (GST) does demonstrate its determination to widen Hong Kong's tax base and resolve the structural problem with our public finances. However, various major political parties seem to have a lot of reservations about the levy of GST. It is quite likely that once the consultation on GST commences, voices of opposition will be heard everywhere. Apparently, it will not be easy at all for the Government to lobby for the support of the community for the levying of the new tax. What can the Government do if the public really opposes the GST?

Today, apart from the GST proposal, the authorities are short of other initiatives to widen the tax base. The Government is now putting all its eggs into one basket. Should the basket fall on the ground, all the eggs would come to naught. By the same token, should the GST be rejected, nothing can be done by the Government. By then, widening the tax base would become just an empty slogan, and everything would have to start from scratch. In its Budget each year, the Government will stress the importance of widening the tax base. However, nothing has been done to prepare for the worst case scenario. How

can the Government convince us that it is really determined to widen the tax base?

Taxation review is also a subject of great concern to me. I am quite disappointed that the Budget has not mentioned a single word about it. The Government's response to my question as to whether additional resources will be allocated to review the Inland Revenue Ordinance is again disappointing, as the Government indicates that a taxation review will be conducted as usual and resources will be suitably deployed. This means that the taxation review will not be speeded up.

In May last year, this Council passed a motion calling on the Government to conduct a review of individual tax laws which are of concern to such sectors as the business sector, accountancy sector, and so on. I understand that many accountants and people in the business sector are sceptical of many tax laws. It is indeed imperative for the Government to speed up its review to further improve the business environment of Hong Kong. I also hope that the Government can allocate more resources and report to the relevant panels of this Council the progress of the relevant review.

The profits tax regime is also closely associated with the business sector. While there is nothing wrong for the Government to maintain the profits tax rates this year, it is disappointing that the two proposals regarding group loss relief and loss carry-back arrangements have been rejected. These two taxation concessions are offered by a good number of advanced taxation jurisdictions overseas. As there is a precedent to go by, it is indeed justifiable for studies to be commenced on these two concessions.

The Administration considers that introducing group loss relief will easily lead to tax avoidance. Actually, the Administration can refer to the experience of taxation jurisdictions which have introduced this arrangement to study the setting up of an anti-tax avoidance mechanism. If such a mechanism is really problematic, why is this arrangement still being practised in a number of countries? We can definitely not "trim the toes to fit the shoes". Similarly, when the loss carry-back arrangement is introduced, a tax rebate ceiling could be imposed to limit the loss in revenue as well as helping enterprises with operational hardship. Why has the Government rejected the proposals raised by the accountancy sector and people in the business sector without giving any thoughts to the proposals?

Madam President, besides taxation policies, I consider that there is scope for improvement on the part of the Administration in submitting information on the Estimates of Expenditure to Members. I have referred to the questions raised by Members with respect to the Estimates of Expenditure and found that a lot of the questions were targeted at the specific purposes of expenditure in various policy areas. Is it possible for more concrete Estimates of Expenditure and action plans to be provided along with the submission of the Budget next year? Furthermore, I hope the Administration can explain to us whether each department will start from the scratch on the basis of its action plan for the new financial year or conduct a review of the basis of its expenditure for the previous financial year in preparing its estimate.

The Administration should adhere to the principle of allocating resources where they are required in deploying public resources. To reasonably manifest this principle, the Administration should start from the scratch and formulate its Budget in accordance with its annual action plans and policy direction. If the Budget is prepared simply by adjusting expenditure for the previous year, all government departments will, near the end of each financial year, seek to expend their budget provision by commencing projects on various pretexts to prevent their allocated funds from being slashed next year, thus giving rise to lots of unnecessary expenses. Eventually, the principle of allocating resources where they are required would become exhausting all the funds by all means. This culture is absolutely not to be encouraged insofar as public finances are concerned.

Next, I want to express my views on the Estimates of Expenditure on home affairs services. To start with, a number of statutory organs, such as the Equal Opportunities Commission and the Office of the Privacy Commissioner for Personal Data, were last year alleged to have misused their resources and suspected of wasting public money. To a certain extent, their credibility in the people's minds has been damaged. I propose that various statutory organs be encouraged to review their financial management systems and enhance their operational transparency to allow direct public monitoring. In doing so, not only can the independence of various statutory organs be maintained, the Government can also ensure that the funds allocated to these organs are well spent.

Furthermore, a number of community facilities minor works left behind by the two defunct Municipal Councils are significant to raising the quality of life of the people. Given that the budget provision for infrastructure has yet been

exhausted, the pace of the minor works should therefore be speeded up. This could serve the dual purposes of expeditiously improving the living environment of the residents in various communities and providing employment opportunities for construction workers. I really hope that such facilities as community centres, libraries, football pitches, and so on, can be built in all communities for the physical and mental well-being of the public.

Madam President, we can see from the 2006-07 Budget that the Administration has exerted its best to balance the stability of public finances and the aspirations of people in all sectors of the community. Nevertheless, we still wish to strongly call on the Administration to undertake to, provided that the economy turns for the better, actively respond to the aspirations of all sectors regarding the taxation review and tax concessions in next year's Budget and, through increasing expenditure in appropriate social welfare policy areas, strive to assist the disadvantaged to become self-reliant and promote social harmony. For the sustainable development of Hong Kong economy, we must create a business-friendly environment to attract investors and maintain social harmony.

I so submit. Thank you, Madam President.

MR ANDREW LEUNG (in Cantonese): This year, Madam President, the Financial Secretary has continued to map out his policy blueprint based on the principles of "Market Leads, Government Facilitates, Prudent Management of Public Finances". Despite containing little surprise, the Budget can still be considered prudent and pragmatic. It demonstrates the commitments made by the Financial Secretary when he took office: First, to eliminate the fiscal deficit three years earlier to enable public finances to maintain balance between expenditure and revenue; second, to lower the ratio between public expenditure and Gross Domestic Product to below 20%; and third, to contain the size of the Civil Service to 160 000 by 2007. The Secretary has performed reasonably well in these three areas. In particular, in controlling public expenditure, he has adhered to the principle of "spend and save when necessary" and refrained from spending like a spendthrift. His performance has gained the general recognition of the business sector and the public.

In general, there are several areas in this year's Budget which the Government and business sector have to continue to watch closely. First of all, the Financial Secretary has proposed imposing "green" taxes in accordance with

the "polluter pays" principle, and planned to levy fees on plastic bags and tyres with a view to promoting environmental protection. In principle, we support these arrangements. Statistics have revealed that a staggering 33 million plastic bags are discarded by Hong Kong people daily. It is believed that the levy of a fee on plastic bags can act as an effective deterrent against indiscriminate giving away and usage of plastic bags. However, in view of the small gross profit made by the plastic bag industry, I hope the Government can, having regard to the operational hardship experienced by the industry, formulate the fairest and most effective way of levy to prevent the industry from suffering hard times.

However, the Budget has failed to give specific details on the levy of a fee on tyres. Even the industry responsible for the recovery and recycling of tyres is not defined clearly. How could the people in the transport industry stop worrying?

A report several days ago that a recyclable tyre collector without operating any plant in Hong Kong or the Mainland was awarded a contract by the Environmental Protection Department reflects that the implementation of the recycling and recovery policy has not been considered from various angles. How can the Government ensure that our precious waste will be recycled in Hong Kong instead of ending up in someone's hands? This incident demonstrates the genuine need for the Government to implement a comprehensive policy on green industries. Without a comprehensive policy, it will simply be impossible for a green market to come into being. How can green taxes be imposed then?

According to conservative estimates, the total value of the tyre recovery industry could reach \$200 million annually. The industry is indeed worthy of development. Furthermore, as Members should have known, green industries are considered one of the dominant industries in the 21st century. However, Hong Kong as an international city has lagged behind other countries in the promotion of environmental protection. Many places around the world have benefited from green industries a long time ago. Let me cite Germany, a pioneer in green industries, to illustrate my point. The production value of its green industries could reach \$430 billion per annum. Even in our Motherland, despite its relatively late start, its green industries can record an annual growth of more than 15% on average.

The Government may get double results if the green taxes collected can be used for promoting green industries and, in turn, propelling environmental protection and our overall economy. According to conservative estimates, green industries could create tens of thousands of jobs, as well as bringing in more than \$10 billion in economic benefits. It is thus evident that the green and recovery industries can offer infinite business opportunities. They provide an ideal channel for job creation as well. It is worthwhile for the Government to inject more resources and stimulate the economic development of these industries through introduction of high technology.

For the purpose of promoting environmental protection, I consider it most important to have a "one-stop" policy in place. The Government should begin from waste recovery and separation, the most complicated component, by formulating initiatives to assist in the separation of domestic wastes and wastes produced by various trades and industries, make arrangements for the transfer of these wastes to collectors of recyclable materials, and assist the recovery industry through its policy in developing the market. For instance, tyre particles can be used as material for covering the floor of children's playgrounds or a certain percentage of government roads may be required to be paved with recyclable materials. These initiatives may help the recovery industry achieve balance in supply and demand and find its way out. The local recovery industry may also be promoted through taxation policies, such as the levy of green taxes, and so on. Naturally, the recovery industry can succeed should an all-directional "one-stop" policy be adopted to facilitate its development.

The Government should set an example by taking the lead in procuring more green and recyclable products. The Federation of Hong Kong Industries (FHKI) has always proposed that various government departments should take the lead in promoting the green atmosphere in the community by fully implementing a "green procurement policy".

Madam President, "environmentally-friendly vehicles" simply cannot be missed out whenever environmental protection is mentioned. As Members should be aware, green vehicles such as hybrid vehicles consume 50% less petrol and produce 40% fewer emissions than petrol-only vehicles. This could greatly help ameliorate the photochemical smog problem experienced by Hong Kong at present. In the view of the Liberal Party, however, the Government's failure to propose specific proposals on such green vehicles reflects the very little attention paid to the deteriorating air pollution problem experienced by the territory.

The Budget mentions that the Government will consider using such vehicles itself more extensively when further options are available in the market. At present, we can already find five models and at least two brands of hybrid vehicles on the streets of Hong Kong, with a number of these models being parallel imports. The Hong Kong Government should realize that the main reason for the failure of hybrid vehicles to be used extensively in Hong Kong is their high prices because of limited supply. In addition, the profit of selling this type of vehicles is comparatively low. Therefore, they are not vigorously promoted by all agents. I think the authorities may consider offering First Registration Tax concessions through, for instance, remitting taxes on imported vehicles and the first-time registration fee and licence fee for green vehicles, thus providing the public with more options with a view to stimulating the demands for this type of green vehicles. The authorities should expeditiously formulate a comprehensive package of policies for vigorous promotion.

Madam President, small and medium enterprises (SMEs) have indeed made a lot of contribution to Hong Kong's remarkable achievements today. The Liberal Party has always believed that SMEs, accounting for more than 90% of the total number of companies in Hong Kong, are an important pillar of Hong Kong economy. However, only little has been said about SMEs in the Budget this year. Obviously, the assistance offered by the Financial Secretary to the SMEs is inadequate. For years, as a representative of the industrial sector, I have been lobbying the Government to improve the local business environment to stimulate the research, development and investment of enterprises. In recent years, the FHKI has repeatedly proposed to the Government to offer triple tax reductions to enterprises in respect of their expenditure on design and scientific research.

As pointed out by the Chief Secretary for Administration the other day, Hong Kong must face the problem of marginalization. Furthermore, according to an announcement of the Chinese Academy of Social Sciences, Hong Kong has lagged far behind many other cities. Therefore, the Hong Kong Government should inject more resources into scientific research. Offering triple tax reductions can not only attract local companies and overseas technological companies with competence to invest in the setting up of research and development centres in Hong Kong, but also nurture the local innovative and technological culture and attract more talents to join the high value-added industries. Furthermore, the authorities can encourage enterprises to invest

more in research and development and develop high value-added and innovative industries through offering assistance. Nevertheless, the Government must map out a "one-stop" policy in this regard, and strengthen the training of talents on scientific research and design in tertiary institutions.

As rapid economic development continues to push up the operating cost in the Pearl River Delta, we cannot deny that Hong Kong is losing its competitive edge in production costs. Therefore, to develop its own innovative brands has become the major direction of development for the territory in international markets. Actually, a good number of brands created by the local industrial sector are enjoying a high reputation internationally. Madam President, with the sharp acument and the rich, creative ideas of Hong Kong people, I am convinced that Hong Kong's manufacturing industries will enjoy irresistible development. I hope the Hong Kong Government can speed up reviewing the pace of the relevant industrial policies and make more efforts in actively assisting the industries through promotion, training and providing loans or matching funds.

The automobile components industry is also an emerging industry with great potentials. At present, a number of Hong Kong businessmen are supplying a wide range of internal and external accessories to automobile assemblers overseas. The total export value of these parts and components is quite remarkable. Last year alone, their total export value reached \$12.4 billion. I believe if priorities can be given to developing the automobile components industry in Hong Kong, its prospects can be boundless.

Madam President, I would like to say a few words on one of Hong Kong's four economic pillars, that is, the development of the logistics industry. Premier WEN Jiabao earlier stated that the strength of Hong Kong as an international financial, shipping and trade centre is not only conducive to its own development, but also plays an important and irreplaceable role in the development of the Mainland. The State's support for and attention to the development of our logistics industry is thus evident.

Unfortunately, although the logistics industry has been directly benefited by the enormous export and entrepot figures driven by the operation of factories on the Mainland by some 80 000 Hong Kong enterprises, Hong Kong's status as an international shipping hub is seriously threatened as a result of the robust growth of the ports in Singapore and Shenzhen. Let us look at the throughputs of the ports in Hong Kong and Shenzhen. Last year, the throughput of the

container terminals of Hong Kong reached 22.4 million TEUs, registering a mere 2% growth over 2004. Yet, the throughput of the ports in Shenzhen reached 13.39 million TEUs in the first 10 months of last year alone, which represents a growth of up to 19.6%. This shows that the status of Hong Kong as a logistics hub is already in jeopardy.

As we all know, there are two factors leading to the falling competitiveness of the terminals in Hong Kong: First, there is a staggering gap of more than US\$200 in TEU charges between Hong Kong and its neighbours; and second, customs clearance across the boundary is not smooth. The industry considers these two factors a fatal blow to our logistics industry. The Hong Kong Government must lower land transport costs and upgrade customs clearance efficiency before our logistics industry can see the first signs of dawn. A major improvement was made last year after the relaxation of the "four-up-four-down" rule and the abolition of the "one-truck-one-driver" rule. We hope the Hong Kong Government can exert yet again greater vigour in actively developing ancillary facilities for infrastructure, ports and road networks, and assist in the development of the logistics industry. It must be noted that more than 60 000 local job opportunities are directly related to the logistics industry. Should the territory fail to maintain its leading position, not only will the territory lose its strength as a pooling centre, the job opportunities available in Hong Kong will be directly undermined as well. The logistics industry, as one of the four pillars in Hong Kong, will also go down the drain.

Lastly, I would like to say a few words on the economic and trade co-operation between China and Hong Kong. Since the reunification, there has been increasingly frequent economic and trade co-operation between the two places. In recent years, collaboration between Guangdong and Hong Kong has also become more frequent than before. In particular, Shenzhen, only separated from Hong Kong by a river, can complement Hong Kong in many areas. According to recent reports, Shenzhen will expand its boundaries with a view to further complementing the development of Hong Kong. The expanded development of Shenzhen will facilitate collaboration between the two places in such areas as scientific research, logistics, trade and finance, and so on, and greatly help Hong Kong integrate into the economic core of the region, thereby achieving integration of Shenzhen and Hong Kong. In doing so, not only can Hong Kong consolidate its established advantages, the two places can also serve and complement each other. In the days to come, I hope the Government can continue to actively promote matching measures for the collaboration between

China and Hong Kong to enable the two places to complement each other's strengths for shared prosperity.

Anyhow, Madam President, we must bear in the mind that although Hong Kong still enjoys plenty of strengths in regional development, these strengths will dwindle with each passing day, with one region gaining advantages at the expense of another. Therefore, in the face of challenges, we must strive to make self-improvement, otherwise, we will be overtaken by others, like the fable about the race between a tortoise and a rabbit.

With these remarks, Madam President, I support the motion.

DR RAYMOND HO: Madam President, it has been years since both the Operating and Consolidated Accounts of the Government recorded a surplus. Obviously, the improved state of public finances comes as a great relief to the Government. However, I am not certain if the same can be said for members of the public, particularly those working in the construction sector. Many professionals, including the engineers and workers in the sector, have not yet enjoyed the positive effects of strong public coffers, although they have been amongst the worst hit during the economic doldrums. This is most unfair.

In the past few years, many practitioners have suffered severe economic hardship accentuated by the belt-tightening measures taken by the Government. Despite the fact that the Government has repeatedly indicated its commitment to initiate more infrastructure and building projects to revitalize the flagging sector, many of its promises have never come through. Just to name a few, numerous projects of the two defunct Municipal Councils remain on hold, and the promised release of recurrent consequences and funding for preliminary studies and design of public works projects is making little headway until recently. These also explain why the volume of Category B and Category C work is decreasing, and the work made available to the private firms of the sector has dwindled to such an extent that even many of our university engineering graduates refuse to join the engineering profession. Maybe this is what the Financial Secretary wanted us to do when he asked us on 17 March last year to change to another profession if we found no work.

The Government was simply too preoccupied with its cost containment efforts. Its callous disregard to the desperate needs of the public left me no

alternative but to vote against last year's Budget. Indeed, my position was overwhelmingly supported by members of my constituency.

Despite the fact that the overall economy is improving, the construction sector is still struggling. While the overall unemployment rate has decreased to the recent low of 5.2%, the unemployment rate of the construction sector still stands high at 11.0%, which is double the overall unemployment rate! The construction industry is yet to recover from the declining public housing production, the stagnant private housing sector and the slow progress of our railway programme.

Impact of the promise made by the Financial Secretary in paragraph 60 of this year's Budget on \$29 billion infrastructure expenditure per annum over the next five years must not be exaggerated. Indeed, it is no more than a reiteration of the commitment made by the Government. In other words, there will be no increase in government expenditure on infrastructure. It remains at \$29 billion on average per annum as previously committed. On the other hand, railway projects, such as the Sha Tin to Central Link, West Island Extension and South Island Line, have yet to receive a signal to proceed in order to make an impact on the labour market. Indeed, the Sha Tin to Central Link has been dragging on for years and its implementation is still not in sight. We have heard that this ill-fated project, whether or not it can go ahead, will be hinged on the proposed merger of the two railway corporations. It is incredible that the situation has remained uncertain for so long!

Nevertheless, as an improvement over last year's Budget, some positive notes can be found this time. In paragraph 60, it states that, I quote, "We (it means the Government) will speed up delivery of the outstanding projects of the former Municipal Councils and other minor works projects. We will, as soon as possible, commence the major projects under planning, such as the North Lantau Highway Connection to the Hong Kong-Zhuhai-Macao Bridge and the Central Government Complex and LegCo Building at Tamar." (unquote.)

The Financial Secretary also points out in paragraph 61 that, I quote, "increasing investment in infrastructure will not only promote economic development and bring more job opportunities, but also make our living environment more pleasant and enhance our competitiveness." (unquote.) Indeed, these are what I have been telling the Government over all these years. I am happy that the Financial Secretary is in agreement with my line of thinking. He goes further to indicate in the end of the paragraph that he is in support of

pushing ahead with infrastructure development and is prepared, if necessary, to increase the estimate of expenditure for this.

I hope that the development of cross-boundary infrastructure facilities is among those on the mind of the Financial Secretary. Despite being highly publicized for years, construction of the Hong Kong-Zhuhai-Macao Bridge is still not on the horizon. Comparatively speaking, the Guangzhou-Shenzhen-Hong Kong Express Rail Link has fared better. At least, the Executive Council has asked the KCRC to proceed with the detailed planning of the Hong Kong section, despite our disappointment that the Guangzhou-Shenzhen section has already commenced and we still have not had a clear decision to proceed with the project on this side of the border.

There are worries that different train specifications between the Mainland and Hong Kong will pose a serious challenge to the interface between the two railway systems. Among the potential problems, the mainland trains would not be able to run at full speed on tracks of the existing West Rail which forms part of the route of the Hong Kong section under planning. Personally, I strongly object to such a planning of the alignment of the route. Related technical problems must be resolved as soon as possible so as to avoid any delay in the construction of the Express Rail Link. Also, the Government must lose no time to start planning other cross-boundary crossings and transport facilities to meet the growing vehicular and passenger traffic, in view of the rapid commercial and industrial co-operation between the two sides of the border.

Certainly, financing infrastructure projects is always a major consideration on the part of the Government. In this connection, I have urged the Government time and again to finance new infrastructure projects by issuance of bonds. Financing infrastructure projects by bond issuance is totally in line with the practice of other governments, including those of the developed countries.

In 2004, the Government did raise \$26 billion from the sale of bonds and securitization of five government-owned tunnels and one bridge. But the proceeds were ultimately used to finance those projects already earmarked under the annual \$29 billion infrastructure expenditure. As expected, the impact of the exercise was limited.

Given Hong Kong's strong economic fundamentals and improved public finances, the Government should consider raising the amount of public

borrowing to at least \$50 billion. The revenue so raised must be used to finance new projects in order to make a real boost to the economy. Hong Kong must invest in its infrastructure facilities to maintain our competitiveness and avoid losing out to the neighbouring economies.

Let us move to another subject: the tax burden of middle-income earners. They have been facing an array of problems, including negative equity, job losses or insecurity and pay cut since 1997. Even so, they still have to bear an unfair share in bailing the Government out of its fiscal deficit. Now, fiscal surpluses re-emerge once again, all they get in return are a very meagre cut in the marginal rates of salaries tax and an extension of three years for salaries tax deduction for home loan interest. As I suggested previously, even following the principle of the Financial Secretary's prudent management of public finance, he should at the very least raise the maximum annual deduction for home loan interest from \$100,000 to \$200,000 and extend the limit for the deduction to a total of 20 years. I am sure the Government can afford to do so with the current state of its finances.

It is understandable that the Government needs to broaden the tax base of Hong Kong. I suggest the Government should launch the public consultation on Goods and Services Tax (GST) in the middle of this year. I will widely consult members of my constituency when the Government's proposal surfaces and encourage them to give their views on the subject. However, the Government must assess the pros and cons of the GST. The experiences of other countries tell us that there is a tendency for the Government to keep raising the GST rates after its introduction. Take the United Kingdom as an example, the current rate of its Value Added Tax, its GST equivalent, is 17.5%. The tax becomes a very heavy burden to most of its citizens.

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

MS LI FUNG-YING (in Cantonese): Madam President, as we all know, the Financial Secretary is also the Chairman of the Commission on Poverty (CoP). The work of drafting the Budget should be closely related to poverty alleviation. However, after listening to the Financial Secretary deliver the 2006-07 Budget, I cannot see any elements suggestive of poverty alleviation. What can be seen in the Budget are nothing but moves that will reinforce the development of the market. On the one hand, the Budget avoids dealing with the extremely critical

danger brought about by the great wealth gap between the rich and the poor in Hong Kong, and on the other, it simply leaves the predicaments of the disadvantaged groups to the market. The Budget consists of four main points: Recovery, Enhancement, Commitment and Sharing. And I shall put forward my opinions on these four aspects.

In the part on Recovery, the Financial Secretary has presented lots of figures, including the decline of the unemployment rate from 8.6% in 2003 to 5.2% in recent days; the declining numbers of both Comprehensive Social Security Assistance (CSSA) recipients and low-income persons are sufficient evidence to prove that the economic recovery of Hong Kong has benefited the various sectors, thereby testifying that his emphasis on the market in his philosophy of public finance management is well justified. In my opinion, the emphasis on the positive effects of the economic recovery is, similar to the Financial Secretary's philosophy of public finance management, biased. With certain conditions at work, the economic recovery may improve the livelihood of the people. With the economy regaining vigour, it brings about more employment opportunities. The greater manpower demand in the market may stimulate the wages to rise in general. However, there is a blind spot in the improvement of the people's livelihood which is propelled by the economic recovery. Such a blind spot is particularly evident, insofar as Hong Kong's population structure is concerned. As pointed out by the Report on Manpower Projection to 2007, for members of the workforce with junior secondary education or below, there will be an excessive supply of 133 500 persons in this category over the demand by 2007. For those with senior secondary education, there will be an excessive supply of 98 000 persons over the demand. The livelihood of these excessive members of the workforce cannot be improved as a result of the economic recovery. For people belonging to these two categories, even if they are still employed, their wages will not see a significant improvement as a result of the economic recovery because their supply exceeds the demand in the labour market.

Paragraph 7 of the Budget says "As the employment situation improved, wages and income also moved up gradually. The average wage of workers in the middle to lower segments of the market increased again in 2005 after falling for a number of years. With the additional job opportunities, the income of many grass-root families also rose noticeably." While I would not criticize the Financial Secretary for having given an inaccurate description, at least such a description is incomplete and has failed to reflect the facts fully in the labour

market. With such an incomplete description, the Financial Secretary is able to shirk his responsibility in poverty alleviation. According to the statistics provided by the Social Welfare Department (SWD), in January 2006, there were 18 127 applications for CSSA submitted by low-income persons, which was a 10.5% increase over the corresponding period of last year. The SWD also estimates that, the total number of CSSA cases will increase by 10 000 cases in 2006-07. The category of CSSA applications that shows the largest increase is the low-come cases, which has increased by 18 000 cases. In the CoP's policy document on assisting the low-income employees, it is pointed out that there were 140 000 full-time workers earning less than \$5,000 a month in the third quarter of 2005. According to this document, these 140 000 full-time low-income employees could have been low-income persons for a long time and their situation really warrants our special concern. These statistics constitute a supplement to an omission by the Financial Secretary, deliberately or otherwise, in the part on Recovery in the Budget. I think this supplement to the omission is rather important.

In the part on Enhancement, the Financial Secretary proposes that enhancing innovative and value-added capabilities are the directions for our development. Such a conventional direction can basically be summarized into four words, that is, reliance on the Mainland. This includes the expansion of the scope of Renminbi (RMB) business and the provision of a fund-raising platform for mainland enterprises and capitals; the development of the tourism industry through lobbying the mainland authorities for the opening up of more cities to join the Individual Visit Scheme to Hong Kong; the promotion of the development of the logistics industry; stepping up the cross-boundary infrastructure projects and adopting measures to pool more talents in Hong Kong by implementing the Quality Migrant Scheme, and so on. I have no objection to these measures proposed by the Financial Secretary. The question is: Do these measures really represent the future development directions of Hong Kong? With the development of the country, Hong Kong's role in acting as the bridge between the country and the world is not really irreplaceable. On the other hand, internally, the Budget has not provided any effective solutions to address the incompatibility of Hong Kong's population structure with the development of knowledge-based economy; instead, it just strives to boost employment opportunities by promoting the development of the tourism industry, and adopts it as the solution to the employment problem of Hong Kong workers. I have reservations about the effectiveness of such a strategy mainly because the marginal benefit from developing the tourism industry will be diminishing.

When resources injected into promoting the tourism industry have reached a certain extent, the increase in the number of visitors coming to Hong Kong will slow down no matter how much additional resources are injected for the purpose. After the Government had launched a major publicity campaign to promote the tourism industry in 2004, the number of tourists visiting Hong Kong had increased from 16 million in 2003 to 22 million. In 2005, though the number of tourists still showed an upward trend, the increase had slowed down substantially to only about 23 million. If we look at this issue from the perspective of the body of the workforce that can be absorbed, the point in question would have been better illustrated. According to the information provided by the Census and Statistics Department, if we compare the situations in such industries as wholesale, retail, import and export, catering and hotel, we can see that the workforce in September 2005 has only shown an increase of 20 000 persons over that in the corresponding period in 2004, whereas there are 4 000 additional vacancies. When these figures are compared with the latest unemployment rate of 5.2% and an unemployed population of some 170 000 persons, they are obviously negligible. These figures serve to illustrate that the unemployment problem cannot be solved by a simple reliance on the tourism industry and other related trades to absorb the unemployed population.

However, I take comfort to note that the Financial Secretary has mentioned that the Government should strive to protect labour rights, and this is listed as one of the elements of Enhancement of Hong Kong — if these are not the frills for decorating the Budget, and that they do contain some substance. If the Government really intends to strive to protect labour rights, it must conduct a comprehensive review of the entire set of labour legislation, so as to make it compatible with the latest economic conditions. In this context, the minimum wage and standard working hours are indispensable elements.

Last year, when I presented my opinions on the Budget to the Financial Secretary, I stressed that future challenges and uncertainties should not constitute excuses for him to delay the implementation of initiatives to improve social services, in particular, the livelihood of the grass-roots people. However, unfortunately all these excuses have fitted nicely into my predictions in the part on Commitment in the Budget. After revision, the Government has recorded a consolidated fiscal surplus of \$19.6 billion. But it has only set aside \$100 million this year as expenditure on aiding the disadvantaged groups, about \$46 million for poverty alleviation and employment assistance. All these add up to an expenditure accounting for less than 1% of the revised surplus of the

Government, and this is the new commitment of the Financial Secretary in assisting the disadvantaged groups. I think this is the sharpest sarcasm to the office of the Chairman of the CoP. The Basic Law stipulates that Hong Kong shall follow the principle of keeping expenditure within the limits of revenues in drawing up its budget, and it shall strive to achieve a fiscal balance and avoid deficits. The Financial Secretary has failed to make an accurate estimate of its revenue, having mistaken the surplus of \$19.6 billion as \$4.1 billion, thus leading to an inappropriate allocation of funds for expenditures. Now, when there is a surplus of \$19.6 billion, he still refuses to increase the expenditures, then he has actually failed to achieve a fiscal balance. If the Financial Secretary does not strive to avoid deficits, he will be accused of having breached the Basic Law principles of managing public finances. Likewise, if he does not do his best to avoid accumulating a substantial surplus, then he should be guilty of the same offence.

Madam President, employing extreme measures will definitely enable us to achieve the goals, or even to achieve the goals ahead of schedule. The same logic can be applied to the fiscal surplus. Likewise, we can do the same with streamlining the establishment of the Civil Service. In a recent government document on employing non-civil service contract staff, it is pointed out that, even for some posts with long-term needs, as long as the posts can be offered in other service modes, non-civil service contract staff can also be employed to fill such posts. It is said in the Budget that, subject to operational requirements, the Government will retain existing temporary jobs in the public sector. In reality, even when there are operational requirements, the Government may not necessarily change the contract or temporary jobs into permanent ones. This is exactly an act of depriving the employees of their job security, and these measures are creating the situation of "same work, unequal pay" in the Civil Service, thereby enabling the Government to attain the goal of streamlining the civil service establishment to 160 000 within this financial year.

In the part on Sharing, the Financial Secretary has not introduced major tax relief or rebate measures. I had not, in the first place, supported the introduction of major tax relief or rebate measures in the Budget. Given limited resources, we have to make choices. And the ones who have to be taken care of with priority are undoubtedly the disadvantaged groups. But now, I have some reservations about the approach adopted by the Financial Secretary because the Government's policy of not reducing the tax burden of taxpayers is not attributable to the need for making greater commitment towards the

disadvantaged groups. Besides, the present nearly across-the-board measure of lowering the marginal rates by 1% will enable people earning over \$600,000 annually to save several thousand dollars in salaries tax. But the difference of several thousand dollars in salaries tax payment will not substantially affect the livelihood of these high-income people. However, it will mean a loss of public revenue of nearly \$700 million.

In fact, the entire set of sharing measures in taxation is just a reflection of the trickling-down economic theory. Those who can derive more benefits in the economic recovery will enjoy more benefits from such sharing measures, while those who cannot derive any benefit in the economic recovery are excluded from such sharing measures. Hong Kong is the economy that has the largest wealth gap between the rich and the poor among developed economies in the world. The taxation measures in the part on Sharing will further aggravate the wealth gap in Hong Kong. I think this is not appropriate.

Madam President, in less than half a month after the Financial Secretary had released this Budget, a Ms WONG, the parent of a single-parent family died suddenly at work. She had taken up two cleaning jobs concurrently to earn \$5,000 a month. Her death has exposed the paleness and helplessness of the wordings of the Budget. Such wordings as "Recovery", "Enhancement", "Commitment" and "Sharing" actually mean nothing to the grassroots because they have never really caught the attention of the Financial Secretary.

Madam President, I so submit. Thank you.

MR FREDERICK FUNG (in Cantonese): President, this Budget of the Financial Secretary is bland, like a glass of water. In all the major policy areas, a very shallow and superficial response is made. No clear and definite direction and goal for development have been stated in this Budget. Conflicts in society remain unresolved. A feeble attempt is made to alleviate poverty. Nothing is done to address social problems and conflicts and foster greater harmony in the community.

Despite the continual upturn in the local economy, plus the optimistic forecast made by the Financial Secretary that the GDP this year will rise by 5% and the Composite Consumer Price Index will also rise by 2.3%, there are as

many as 170 000 working poor households in Hong Kong. The breadwinners of these households toil more than 10 hours a day, in return they do not get any basic protection for their living. Nor can they make the living conditions of their families any better even as they work very hard. It is therefore unfortunate that this Budget fails to offer any help and support to those working poor households. The so-called transport subsidy for people living in remote areas is very small in amount and it is estimated that only about 1 500 people may get this one-off subsidy of \$1,500. Strictly speaking, this is more of a minimal incentive for the unemployed to look for a job than a transport subsidy.

The Hong Kong Association for Democracy and People's Livelihood (ADPL) interviewed 623 people this month to gauge their views on poverty assistance efforts made by the Government and how they would assess these efforts. Findings show that close to 70% of the interviewees said that the Government should set aside more resources in the Budget to help the poor and socially disadvantaged groups. In the survey, close to 70% of respondents with a primary, secondary or post-secondary and beyond level of educational attainment respectively urged the Government to allocate more resources to help the poor and socially disadvantaged groups. It can be seen that this is a consensus of people from all social strata. The Government should make a positive response in the Budget. As for promoting poverty assistance work, the ratings show that the Government failed. Results of the survey show that out of a total of 10 points, the Government only scored 4.5.

The Budget proposes that the marginal rates of salaries tax be reduced and that the eligibility period for home loan interest deductions be extended. These proposals would mean a loss of public revenue of some \$2.7 billion per annum. But funding on poverty assistance in the coming year would only increase by \$230 million. This shows government commitment to poverty alleviation is grossly insufficient. At the same time, the Government does not have any specific measures to boost employment. On the other hand, its efforts to accumulate fiscal reserves have become excessive. Over the next five years, there will be a deliberate compression of public expenditure, making it go down from the previous 20% of the GDP to only 16%. A budget like this will never alleviate the people's hardships but will only serve to aggravate this gap between the rich and the poor. The Government cannot afford to go on compressing public expenditure forever. A bottomline should be set to keep public expenditure at around 20% of the GDP or so.

Last month, a survey conducted by The Chinese University of Hong Kong showed that in the view of the public, the factor which would most affect social harmony in Hong Kong is the disparity between the rich and the poor. What the Government has been doing in upholding labour rights and the rights of the lower class is far from being satisfactory. If government efforts in poverty alleviation remain below acceptable standards, the living standards of the poor and socially disadvantaged groups will never be improved. This will continue to undermine social harmony, which is last thing we wish to see.

The Government now stresses self-reliance as the direction for its poverty alleviation efforts. But there is no support and matching actions in policy terms. There are, on the contrary, long-standing efforts to besmear and exaggerate CSSA fraud cases. This would only produce more and more pathetic stories. We do not want to see more poor people collapse, get injured or die as they are overcome by sheer fatigue in the course of work, or people who are forced to eat canned food long past their expiry date and people who cannot get what they need to meet even the most basic requirements in nutrition and hygiene. This "couldn't-care-less" mentality of the Government is forcing the poor people to use their life and blood to press for a change in policy or values.

President, the Government must allocate more resources in the Budget to enhance support for the poor and socially disadvantaged groups. These measures may include expanding the transport subsidy scheme for people living in remote areas to families affected by working poverty, setting up a development fund for children, establishing a sound second safety net to support families affected by working poverty and strengthening support of poverty alleviation work at the district level by implementing district-based poverty alleviation initiatives.

President, last week a group of Legislative Council Members, including me, met with the Financial Secretary to discuss the Budget. At that time, we raised two points in the hope that the Financial Secretary may consider them. First, raise the level of CSSA payments for the elderly and the disabled to the level in 2003. Second, some Members and I stressed that the Government should offer a transport subsidy to people with a low income. A starting point for this scheme can be in remote places like Yuen Long, Tuen Mun, Tin Shui Wai and the outlying islands. The estimated expenditure for this scheme would be around \$300 million.

I hope the Financial Secretary would not see that discussion as a show down. It was only an attempt by Members to share their views on some issues after he had delivered the Budget. It was only a response to the priority of issues that should be dealt with. Furthermore, this recommendation is a resolution passed unanimously at the Subcommittee to Study the Subject on Combating Poverty of this Council. As the Chairman of the Subcommittee, I think I have the obligation to urge the Financial Secretary to launch this incentive.

In addition, after the Financial Secretary has delivered the Budget and if Members have any opinions and if these are beneficial to society and found to be necessary and if these are within the financial means of the Financial Secretary to take forward, then I think the Financial Secretary should consider accepting them. Actually, it is estimated in the Budget that there will be a surplus of \$600 million in the coming year and so it is perfectly within the Government's financial means to use \$300 million to ease the pressure of transport expenses on 54 000 families. So I hope that the Financial Secretary can accept this idea and if he can really do so, then it can be said to be the first time when both the executive and the legislature have joined hands in poverty alleviation work.

President, in the remaining part of my speech, I would focus on the question of a sales tax. In the Budget this year, the authorities propose to conduct a consultation exercise on the subject in the middle of this year to make way for the introduction of a sales tax. As we all know, a sales tax is a kind of retrogressive tax and it is very unfair. People of all income brackets are required to pay at the same rate. Thus it is a violation of the principles of "those who have means pay more" and a simple and low tax regime. This will undermine our business advantage. According to findings of the latest opinion poll conducted by the University of Hong Kong released yesterday, 66% of the interviewees opposed the introduction of a sales tax. The Government must not pretend that it does not see the fact that wealth in Hong Kong is highly concentrated in a small number of people and there is a glaring gap between the rich and the poor. Therefore, the ADPL firmly opposes the introduction of a sales tax.

President, those people in favour of a sales tax, including the Government, like to argue for the introduction of a sales tax for reasons of the narrow tax base in Hong Kong, that is, salaries tax and profits tax are paid largely by a small number of taxpayers and big businesses. This so-called argument points exactly

to where the problem lies and that is, the acute problem of the disparity between the rich and the poor. We can see this from the changes in the Gini Coefficient in Hong Kong which rose from 0.476 in 1991 to 0.525 in 2001. Hong Kong tops the world in this aspect and it shows that the problem of the wealth gap is worsening all the time. Those who benefit from economic prosperity are always a small number of people or the large companies. They reap the greatest benefits, while the common people will not get any share of the fruits of economic prosperity. This situation is best reflected in tax revenue. Those who earn more will pay more tax and in such a situation of a great disparity between the rich and the poor, the tax burden will naturally fall on a small number of people. Not only has the Government not recognized this objective reality, but it is also going exactly in the opposite direction. It has not taken any positive action to bridge the wealth gap and is trying to introduce a sales tax so that all the people, be they rich or poor, will have to pay the tax at the same rate. Though the Government says that the introduction of a sales tax will expand the tax net, actually it will only aggravate the problem of the disparity between the rich and the poor. This is really putting the cart before the horse, and the Government has failed to nail the problem.

The Government is indulging in false hopes that the introduction of a sales tax will solve the problem of a narrow tax base. Actually, and on the contrary, I think what the Government should do now is to change this tilted financial management strategy and try to approach the problem of a narrow tax base from the perspective of diversified economic development. As an illustration, the Government has always stressed economic development and resources are put into those so-called high value-added areas, but it must also take into account the labour market situation and develop other kinds of labour-intensive industries in order to offer a way out for the low-skilled workers.

In these few years, the ADPL has stressed in its submissions on the budget to the Financial Secretary that the Hong Kong economy must move ahead in the direction of diversified development. The Government should engage in in-depth studies into the possibility of reviving labour-intensive industries in Hong Kong. An example is the environmental protection industry which is fast developing throughout the world. Moreover, the river loop area at the borders may be designated as an industrial zone and incentives in terms of tax and land can be offered to attract the environmental protection industry and other labour-intensive industries to move in. This will in turn lead to new work types

and industries to absorb more workers with low skills and educational attainment. Other measures like providing infrastructure and setting up a loan fund will foster the growth of such industries.

The government response to such ideas is lukewarm and it just puts up the arguments of a market-led economy and active non-intervention as excuses for non-action. What I wish to say is that to help solve the problem of a narrow tax base, we must start with the existing economic structure and change the situation whereby income and wealth are concentrated in a minority of people. The Government must show a determination to initiate a paradigm shift in the economy, instead of resorting to unorthodox ways like a sales tax. President, some of the solutions are diversified economic development and renewed efforts to develop the local industries. These will serve to reduce risks for the economy as a whole and offer jobs to the low-skilled workers, improve the lot of the grassroots and trickle wealth into the pockets of the lower class.

Besides, the Government also puts up an argument that proceeds from land sales are not stable and so a sales tax should be introduced. This is in fact an extremely near-sighted approach to the problem. President, will public revenue become stable after the introduction of a sales tax? Will the Government have no need to sell land after the sales tax has been introduced? Will the Government have no need to rely on revenue from land sales after this sales tax has been launched? Will the Government do away with the high land premium policy that it has been upholding all the time after the launch of this tax?

Now the tactic employed by the Government is to follow the footsteps of its predecessor. The high land premium policy that was upheld in the colonial times is now employed again to keep land prices at a high level. Proceeds derived from such a policy will continue to figure strongly in revenue policy in the foreseeable future. Can the Government make a pledge that once this sales tax is introduced, the high land premium policy will be abolished? We all know that the Government will not do it or make such a pledge. The introduction of a sales tax will only increase public revenue but will not ease the hardship of the low-income group and grassroots. The Government hints that salaries tax may be reduced with the introduction of a sales tax. In my opinion, this is only some sort of bait or sugar-coated poison used to induce the middle class and Members into accepting this sales tax. It would only serve to add fuel to the fire on this problem of the disparity between the rich and the poor. As for the low-income

persons, their expenses will increase with the introduction of a sales tax whereas for those with a high income, the rate of increase in their expenses will be relatively small. If the Government really slashes the salaries tax, those high income earners will be able to accumulate more income and in the end, the poor will become poorer and the rich will become richer. So in fact, what the Government will have done is to add a powerful and destabilizing factor in society.

President, I often emphasize that whenever the Government wishes to launch any new policy, it must ask itself a question or use this yardstick to measure: Will the problem of the disparity between the rich and the poor aggravate as a result? This is the same case with sales tax. In the previous Legislative Session, when I moved a motion on "Expectations for the Commission on Poverty", I proposed that in order to offset the possible aggravation of the disparity between the rich and the poor as a result of any new policy, the Government should draw reference from the system of sustainable development assessment and set up an assessment mechanism to assess the impact of a policy on the disparity between the rich and the poor. And for any new policy or plan to be introduced, should there be any apparent or far-reaching impact on the poverty situation in Hong Kong, then the abovementioned assessment should be undertaken. If the policy concerned cannot pass this assessment, the department concerned must make adjustments as necessary or withdraw the policy in order to avoid aggravating the problem of the wealth gap. I believe if such a mechanism is set up, then silly policies like the introduction of a sales tax will certainly be withdrawn and will never be launched and there will be no need to carry out those so-called studies or consultations. All in all, both the ADPL and I are opposed to the introduction of a sales tax.

President, I so submit.

DR LUI MING-WAH (in Cantonese): President, the Government's fiscal policy involves public interest and distribution of social resources. The Financial Secretary has the power to control the finances of Hong Kong. He has to tap new sources of revenue and cut expenditure for public finance, and he must also distribute resources reasonably while striking a balance among the demands of various strata in the community. He must even take into consideration the long-term interest of the community of Hong Kong. This third Budget of

Financial Secretary Henry TANG in his term of office is down to earth in its contents. It is strictly in line with the principle of fiscal prudence and fully manifests a style of good reasoning and pragmatism. This is proof that Financial Secretary Henry TANG is a competent and sensible official overseeing financial matters.

Indeed, being the most senior official in charge of financial matters in the Government, Financial Secretary Henry TANG must rack his brains in preparing the Budget every year, finding reasons to increase various taxes in order to increase the revenue to the Treasury to cope with the ever increasing infrastructure expenditure as well as public expenditure in other areas, and also finding reasons to introduce new tax types, with a view to stabilizing the revenue to the Treasury in future. On the other hand, Financial Secretary Henry TANG must leave no stone unturned to reduce expenditure. He hopes to generate as much revenue as possible for the Treasury during years of economic prosperity, and reduce the fiscal deficit to the lowest possible level in times of economic downturn. This seems to be the ultimate objective of the Budget and a routine "gesture" made every year.

However, the 7 million people of Hong Kong have even higher expectations of the Government. Members of the public hope that the Government will display foresight and vision, and that the policies must be aggressive, so as to lead the Hong Kong economy to scale new heights. They hope that people can have jobs and their lot will be improved. It is not their wish to see the Government sticking to the old rut, refusing to make improvement, resting on its laurels, lacking vision, taking no initiative to strive for improvement and feeling complacent over the fact that Hong Kong is ranked the freest economy in the world.

If Hong Kong is a large business enterprise employing 7 million employees called the "HK Inc", the management should have noted from the annual reviews that Hong Kong have many strong competitors and the products that Hong Kong can sell has become less in number. Added to this is the increase in cost and a large pool of redundant staff, and without a new development strategy and an awareness of crisis, we can never be optimistic about the future. Indeed, as an economic city, Hong Kong will be marginalized, and as a special administrative region in China, we would become a burden to the country if the economy continues to be in the doldrums.

Let us take a look at the actual circumstances. While the service industry is the pillar of the economy of Hong Kong, the logistics industry is facing fierce competition from the Pearl River Delta Region and its future development is not optimistic. Given limitations in terms of geographical environment, infrastructure facilities and transport, the tourism industry does not have the capacity to receive inbound visitors indefinitely and its growth potentials are, therefore, limited. The financial services industry is still very competitive, but it is inadequate for one industry alone to support the development of the economy. Even if economic growth resumed to a limited extent and a balanced budget achieved in public finance, it is still impossible to remain unaffected amidst all the ever changing external fluctuations and the shadow of crisis will still be looming. According to an assessment made by the Chinese Academy of Social Sciences, Hong Kong is ranked the first country-wide in terms of overall competitiveness but the 198th in terms of growth momentum. This is a strong signal of crisis and gives us the feeling that it is not our time anymore. This is the strongest of all warnings.

To facilitate sustained economic development in Hong Kong, we must understand that the Hong Kong economy is, in substance, an independent economy led by the service industry. The structural weakness of this type of economy is that it is vulnerable and highly passive. Over the past eight years, these features have been demonstrated thoroughly in the performance of the Hong Kong economy. To reverse this very unfavourable situation, the Government can employ the fiscal policy to take forward industrialization, thereby improving the economic structure and enhancing the activeness of the economy. This will require a new mentality, objective and policy on the part of the Government towards economic development, and the Government must take forward the economy with a scientific development perspective. The Government used to emphasize its role as an "active market enabler". It has failed to notice that this is a role expected of it in the last century. Now, the Government should assume the role of a "leader of economic development", and I urge the Government to bear this in mind. Thank you, President.

MISS CHOY SO-YUK (in Cantonese): President, I would like to speak on behalf of the DAB on issues related to environmental protection and home affairs found in the policy address.

First of all, on environmental protection issues. On promoting environmental protection work, the policy address can be said to have very little on this and there is nothing new about the ideas put forward in this respect. There are only two paragraphs and three minor points on the subject. There is nothing new about the contents and they are too conservative. These are either those which have long been announced or those which everyone can guess. These include: first, the Product Eco-responsibility Bill which will be introduced to this Council later in the year in which products to be regulated will include tyres and plastic bags; second, long-term plans to introduce legislation prohibiting the free distribution of plastic bags and to levy a tax to deter their use; and third, to propose yet again to exempt electric vehicles from First Registration Tax for a further period.

President, admittedly, all these measures will have some results, but they are too trivial to be useful. For Hong Kong which has now reached a critical stage where any second of delay in improving the environment means a lot, the pace of implementing these measures is too slow and the scope they cover is too narrow. What we want is a fundamental and comprehensive plan.

In view of this, the DAB proposed to the Financial Secretary during the consultation on the Budget that a green budget be introduced. One of the goals is to set up a green GDP for Hong Kong. Unfortunately, nothing is said in the Budget on this and no funding is set aside for this kind of study. Apparently, the authorities fail to notice the importance of this concept and we are very disappointed.

As a matter of fact, there is a great deficiency with the conventional GDP in its over-emphasis on economic activities. There is no consideration for environmental resources which may deplete and the cost for replenishing them. As the saying goes, one should sharpen the tools before doing the job. In the absence of any objective standards for reference by the Government or the public, it is not surprising to see that Hong Kong has all along been dominated by a desire to reap profits and all it knows is this relentless drive for growth in the conventional GDP to the neglect of maintaining sustainable development in society.

Since environmental pollution and destruction made to the ecology cannot be measured in terms of concrete figures, countries in Europe, the United States, Japan and even some developing countries have long since introduced green

GDP. The idea of green GDP is to use GDP after deduction of resources put in and environmental costs incurred during economic activities as a supplement to the conventional GDP. In February 2005, the Environmental Protection Bureau of China announced that 10 provinces and municipalities including Beijing, Guangdong, Tianjin, Hebei, and so on, had been chosen as testing grounds for green GDP and green GDP would be made one of the criteria used in assessing the performance of officials.

The DAB thinks that introducing the green GDP into Hong Kong is not only necessary but will also help the Government and the public understand the situation of sustainable development in Hong Kong. At the same time, it can induce both the Government and the business sector to take environmental factors into full account when making policy decisions. When a comprehensive and clear-cut set of criteria is in place, the public can be encouraged to play a more active role in public affairs.

Of course, we cannot expect such a concept to be put into practice at once and a lot of related studies and preparations must be made in advance. It is because of such reasons that the SAR Government should put in more resources at the soonest to launch related work. The DAB urges the Government to instruct the Commission on Sustainable Development, the Environmental Protection Department and the Census and Statistics Department to study into launching a green GDP audit system. Reference should also be taken of the pilot scheme currently launched on the Mainland, especially in Guangdong Province, so that data from both sides can be matched and cross-referenced.

President, as for the idea proposed in the Budget to legislate to include tyres and plastic bags into the producer responsibility scheme, the response from DAB is that while these measures are workable, the result they can achieve in actual terms is quite limited. As we have repeatedly emphasized, any real solution to the garbage problem must embrace waste reduction and recovery and recycling, accompanied by comprehensive matching measures.

The DAB wishes to reiterate that we strongly oppose the practice of the Government to burn and bury garbage once and for all. What must be done instead is that the authorities should take active steps in separating wastes at source and single out useful materials. A district-based system should be set up to collect and separate wastes for recovery. This is the most effective way to

reduce wastes destined for disposal at the landfills. It can also provide a steady source of raw materials for the recycling industry and thus avoid the occurrence of the absurd situation of Hong Kong being relegated into a collection centre for foreign garbage because of the insufficient supply of local waste matters.

According to our estimates, through the separation of wastes at source and district-based recycling facilities for waste separation, at the end of the day, there will be less than 20% municipal solid wastes that need to be sent to the landfills or the incinerators. This will in turn save as much as \$2.4 billion for the Government in handling waste at the landfills or a few billion dollars on incineration while more than 100 000 jobs for low-skilled workers can be created each year.

I have actually repeated such remarks again and again in my speeches on the Budgets for many years in a row, but to this date I am still baffled as to why the Government will reject this multi-win, workable and simple idea. I think members of the public are likewise baffled.

President, the Budget is silent on energy conservation. However, the DAB thinks that putting more efforts in this area will help alleviate the problem of air pollution which is worsening while also reduce the emission of greenhouse gases and hence fulfil our international obligations. Thus this is killing many birds with one stone. Among the numerous ideas on energy conservation, an important one is to promote energy-efficient buildings. There are some estimates that power consumption in an ordinary office building may be four or five times more than an energy-efficient building. So if this idea is taken forward, the result gained could be remarkable.

In addition, studies overseas have proved that a green rooftop on low-rise buildings with a large area like schools, hospitals, community halls and sport complexes, and so on, is very effective in that it can reduce room temperature by 1 to 8 degrees. By conservative estimates, this will mean a saving of electricity used in summer by 5% to 15%. If green rooftops are used extensively in a city, the temperature in the entire city will be reduced. In Germany, a green rooftop is already made a statutory requirement. The Japanese Government is stepping up its efforts in greening its rooftops and walls. In Tokyo, the city has announced that it will use green measures to reduce the temperature in Tokyo by 1 degree. In Beijing, the aim of the government there is to add 250 000 to 350 000 sq m of green rooftops in the city each year.

Looking back at Hong Kong, work in this respect remains blank and if we do not work hard to catch up, allocate funds and commence work on studying into how green roofs can be introduced, can we still call ourselves a world city?

President, now I would like to turn to the topic of home affairs.

It is a frequently reported matter that couples quarrel because of the efforts made by one party to recover alimony from the other. This is evidence that there are lots of difficulties in the recovery of alimony. As early as in end 1999, this Council urged for the formation of an alimony authority in a motion moved by me with the aim of assisting the aggrieved to recover their alimony. Unfortunately, the idea has not received any serious attention from the authorities. What have been done so far are only repeated efforts to mend the loopholes in law: the Attachment of Income Orders (Amendment) Bill 2001 was passed in 2001 and the Interest on Arrears of Maintenance Bill was passed in 2003. This year, in a reply given to a similar question asked by me, the authorities still said that the laws would be amended this year and that \$300,000 would be set aside to finance some NGOs to launch a community project, and so on.

The DAB thinks that the present system has too many problems and the result would be very limited no matter how much is done to mend the laws or improve the procedures. This is because even if the Court has ruled in favour of a maintenance order, the helpless and aggrieved party still have to spend a lot of time and efforts and make numerous visits to different departments and the Courts and negotiate and wrestle with the party defaulting on payment before the alimony owed can be recovered. The lengthy process would have made the aggrieved party mentally and physically very exhausted before recovery of the alimony due.

In view of this, the DAB urges the Government to address the problem at root and rethink the setting up of an alimony authority to collect and recover alimony on behalf of the recipients so as to eliminate the difficulties faced by divorced persons in the collection and recovery of alimony.

Earlier on the Government decided to scrap the West Kowloon Cultural District (WKCD) project and start it all over again. This gives the public time to ponder over the software with respect to the WKCD project. I would now want to point out the issue of the regulation of museums. Work in this aspect is rather backward in Hong Kong and there is no law on museums as such to

regulate private museums. This has of course something to do with the local history but the issue has become more and more pressing. The DAB urges the Government to consider the formulation of comprehensive regulations on museums and impose regulation on the standards of museum facilities, administrative framework and qualifications of management staff, and so on. This will not only be beneficial to the development of private museums and exhibitions of artifacts, but it will also solve problems such as the following: some organizations may wish to arrange for an exhibition of some articles or artefacts from overseas in Hong Kong but such efforts fail because they cannot take out any insurance for these articles or artefacts on display. The people therefore miss the opportunity of going to an exhibition on these objects.

President, lastly I would like to talk about the issue of animal rights which is likewise not mentioned in the Budget. In recent years there has been a spate of horrifying cases of cruelty to animals and these have made animal lovers furious. In a Chief Executive Question and Answer Session held earlier on, I made a special request that the SAR Government should amend the laws to impose heavier penalties on acts of cruelty to animals and that a sound policy on animal welfare be formulated. The DAB has drawn reference from animal protection laws in the United States, Britain, Canada and Taiwan and plans to announce some recommendations in early April with the aim of achieving a greater deterrent effect on acts of cruelty to animals and controlling the number of stray animals and hence reducing the number of animals that have to be put down each year.

Summing up, we think that heavier penalties should be imposed on acts of cruelty to animals and a new offence of aggravated cruelty to animals as well as penalties for repeated offences should be added to the existing legislation. The scope of cruelty to animals should be expanded too. In addition, the Road Traffic Ordinance should be amended to stipulate that traffic accidents involving cats and dogs must be reported to the police. As for eradicating the problem of stray animals, the problem should be approached from many directions such as encouraging pet owners to de-sex their pets, setting up a pet registration system, and de-sexing stray cats and dogs instead of the present practice of putting them down. Other measures include undertaking studies on imposing heavier penalties on acts of wilful abandonment of pets and enhancing education efforts on animal rights, and so on.

President, I so submit.

MR HOWARD YOUNG (in Cantonese): Madam President, the 2006-07 Budget recently announced by the Financial Secretary contains only very plain propositions. Although the Government has recorded a fiscal surplus this year, the Financial Secretary has not proposed any major exemption or concessionary measures, such as reducing salaries tax which has already been mentioned by many Members today. However, I would like to raise one point, that is, he has not lowered the duty for alcoholic beverages. From the perspective of the tourism industry, I feel disappointed about this.

Since this year has been designated as the "Discover Hong Kong Year", in the hope that more business travellers can be attracted into staying longer and spending more in Hong Kong, I believe that by lowering the duty on alcoholic beverages, we can strengthen Hong Kong's reputation and status as the "Gourmet's Paradise". This will help attract more high-spending travellers to visit and spend money in Hong Kong and promote the development of the tourism industry.

With the continuous expansion of the Individual Visit Scheme to cover more mainland cities, together with the good performance of the long-haul travel markets, the total number of visitors reached a record high of 23 million last year. The Hong Kong Tourism Board (HKTB) estimates that this year's figure could further increase to 27 million. This is a very ambitious target. However, regarding the question of whether the number of inbound visitors can increase as many as estimated by the HKTB, we must not overlook the threat that could be brought about by an avian influenza epidemic as mentioned by the Financial Secretary in paragraph 50 of the Budget. Recently, some isolated incidents that happened in the Mainland do have an impact on the tourism industry, and I hope the Government can do its best to prevent the possible outbreak of an avian influenza epidemic and step up its publicity campaign overseas to tell the world that Hong Kong has already made all the necessary precautions to guard and fight against any possible outbreak of the epidemic. I agree with the Government's move in setting up body temperature detectors at border control points and it is believed that it will bring about some cautionary effect to make others feel that Hong Kong has done its best in implementing preventive measures to stop visitors with fever from entering Hong Kong. As the outbreak of an avian influenza epidemic would incur serious losses in human lives and will make our economy and our tourism industry suffer enormously, the Government should take all the necessary precautionary measures and should never underestimate the gravity of such an outbreak.

Regarding the comment that Hong Kong's tax base is too narrow, I would say I agree with it. The Government claims that the purpose of introducing the Goods and Services Tax (GST) is for widening the tax base, so as to make the Government's financial conditions more secure. However, many people of the industry worry that the introduction of a GST will affect the competitiveness of Hong Kong and deal a blow to both the tourism and retail industries.

The Government has mentioned the introduction of a tax rebate scheme for tourists, in order to minimize the possible impact of GST on the tourism industry. However, as the proposed rate of GST in Hong Kong is just between 3% and 5%, it is simply not as high as the one implemented in Britain which is 17.5%. Suppose the tax rate is just 3%, it is estimated that it can only bring about \$15 billion to the Treasury. Can the Government guarantee that the tax revenue so collected is sufficient for offsetting the administrative costs incurred in processing the tax rebates? No one would like to see this: Even though the workload has increased tremendously, the tax revenue so collected is so negligible that it cannot even pay for the administrative costs.

Apart from this, the Government must ensure that the tax rebate arrangements must be good, simple, quick and clear, so as to avoid causing unnecessary confusion. I still recall that passengers taking cross-boundary ferries are exempted from the airport departure tax, and this year, the tax is allowed to be returned immediately to the tourists in cash over the counter. However, most tourists did not know anything about this, and in addition, the design was not comprehensive enough, thus causing dissatisfaction among tourists regarding the tax rebate arrangements. I hope the Government can learn from its experience in providing tax rebates to passengers taking cross-boundary ferries, so that when the issue of tax rebate arrangements does arise upon the implementation of GST, the Government can conduct full consultation with the industries involved.

The Financial Secretary undertakes in paragraphs 38 to 41 to continue injecting resources into further promoting the sustainable development of the tourism industry. The tourism industry generally supports this proposal. In the face of the rapid development of our neighbouring territories, Hong Kong must keep enhancing our infrastructure, introducing new ideas and launching diversified tourist facilities if we want to maintain Hong Kong's status as the tourism centre of Asia. Through the introduction of diversified tourist facilities,

not only will it enhance the competitiveness of our tourism industry, but it will also expand our sources of tourists and divert the tourists to different sight-seeing attractions, so that it can prevent the occurrence of incidents such as the one in which tourists were refused entry to a tourist venue due to the overcrowded conditions there at that time.

We hope the Financial Secretary can expeditiously implement the tourism infrastructural projects already proposed and strengthen the provision of matching facilities, such as the Concept Plan for Lantau, the development of golf and spa facilities, Aberdeen tourist facilities, the construction of a new cruise terminal, the large-scale performing venues at the West Kowloon Cultural District and a permanent heliport, and so on. In order to make Hong Kong's tourism industry more diversified, the Liberal Party has always advocated that the Government should adopt an open attitude in considering establishing a comprehensive entertainment and leisure centre on Lantau with some restricted elements of gambling — to put it more frankly, a casino. Apart from this, I hope the Government can expeditiously open up the border restricted area in Sha Tau Kok, and the opened up area should also be extended to Chung Ying Street, so as to stimulate the development of the tourism industry and the economy of the district. The Government should also expedite the implementation of the "co-location of immigration and customs facilities", so as to further facilitate both the goods and passenger flows between the two sides of the boundary.

Ever since the signing of CEPA, Hong Kong travel agencies may start business on the Mainland if they can satisfy certain specified conditions. Although the threshold of starting an operation in the Mainland has already been relaxed under the Phase III of CEPA, the scope of their business is still limited to mainly operating local tours in the Mainland. Therefore, I hope that the Government can actively lobby for the relaxation of the relevant restrictions, so as to enable Hong Kong travel agencies to operate travel services outside the Mainland, such that they can actively continue participating in and promoting the co-operation in the Pearl River Delta Region.

Although people generally hold an optimistic view of the development of the tourism industry, the industry has been operating under very difficult circumstances as the competition is very keen in the industry. So the Government does have the responsibility of providing a good business environment for them. As the Government has successfully reduced the costs

of providing public services through its Enhanced Productivity Programme, I hope the Government can study whether there is the room for lowering the various kinds of licence fees, including the licence fees for travel agencies. Besides, the Government should also review and reshuffle the administrative procedures of various government departments, and it should be more proactive in listening to the views of people from different sectors in society, so as to improve the licensing systems, such as the procedures of applying for licences for new tourist coaches. The Government should also cope with the increased demands of both the industries and the market by shortening the time for approving applications.

In order to cope with the sustained increase in the number of tourists, the number of hotels has gone up, and the hotel industry is now experiencing a manpower shortage and a lack of management talents. In recent years, many large hotels have commenced their operations in Macao. As a result, many of the local talents in the hotel industry have been recruited to work in Macao with very attractive remunerations, thus creating a succession problem in the management staff in the local hotel industry, which has sounded a alarm for the demand for talents of the hotel industry. Therefore, the industry welcomes the Government's newly proposed initiative of importing talents, and hopes that the initiative can be implemented as soon as possible, so as to alleviate the possible manpower shortage faced by various industries including the hotel industry. With regard to the details announced earlier on, the Government has just briefly introduced the scheme. I hope the Government can expeditiously announce the details of approving such applications and the date of implementing the scheme, and it should consider awarding priority to industries that are in great need of talents, so as to enable us to use the new talent migrant scheme to alleviate the talent shortage faced by the various sectors.

Finally, with regard to the Government's determination in implementing measures to cut expenditure and success in containing public expenditure within 5% of Gross Domestic Product (GDP), this should be encouraged. In order to implement the policy of "big market, small government", the Government should continue streamlining its structure, regularly review the establishment of the Civil Service, abolish obsolete work types and allowances, and carry on with the work of cutting expenditure. However, in order to implement the policies properly and carry out effective governance, the Liberal Party in principle does not oppose the Government's introduction of certain essential services that can

neither be provided by private organizations nor outsourced, and the suitable applications for additional resources or the creation of new posts. For such situations, the Liberal Party will objectively assess the benefits that can be brought and take the practical circumstances into account before adopting an approach that is both objective and pragmatic.

I so submit.

MS AUDREY EU (in Cantonese): President, the Budget is not just a pile of figures. It is not as simple as that. Apart from the provisions in Article 107 of the Basic Law, there are three expectations from the public. First, the Government must make accurate assessments so that Members and the public can comment on policies and resource allocation correctly. Second, the Budget should estimate funds needed for the coming year, allocate resources properly and strive to manifest the focuses of government administration. Third, the Budget should demonstrate the Government's vision on long-term planning and development.

However, the Budget this time fails in these three aspects.

First, the most obvious thing is that the Government has failed to gain public confidence with respect to even the most basic assessment work. Actually, many accounting firms had estimated beforehand that government surpluses would be around \$10 billion to \$20 billion. But when the Budget was delivered, it was stated that the estimated surpluses for 2005-06 would only be \$4.1 billion. It was very disappointing to the public. But the Financial Secretary still said that other people's estimates were not as accurate as his. A few days later, the Financial Services and the Treasury Bureau issued a press release that said that a surplus of \$19.6 billion had been registered in the first 10 months of this year. As a result, a sum of \$25.6 billion was added to the fiscal reserves which rose to \$315.6 billion as a result. Now it is near the end of March but the Government has not yet released the figures for February.

While a budget can never be 100% correct, this kind of making excessive high estimates on expenses and making low estimates on surpluses is in fact repeating year after year. When such a yawning gap exists between promises and reality, and when officials often cry wolf, the result is an erosion of public

confidence in the Government and people will be deprived of a correct basis to discuss government policies to see if they are fit and proper.

Second, the attempt by the Government to underestimate surpluses will highlight the problematic proposals made in the Budget on resource allocation. This applies in particular to the lack of care and attention for the disadvantaged groups which many Members have spoken today. Mr Ronny TONG and Dr Fernando CHEUNG who is going to speak tomorrow will discuss the same problem.

Third, what is disappointing is that the Budget lacks long-term commitment. As Hong Kong faces a lot of hardship — or challenges as it is put more positively, such as in an ageing population, economic restructuring, a narrow tax base, and so on, all these problems cannot be solved overnight and we must be well-prepared in all aspects and lead the people to face such challenges through a proper allocation of resources and the setting of clearly-defined goals.

Let us see how we can equip ourselves with respect to the question of nurturing talents to cope with economic restructuring.

The estimates on education this year fall for the third year in a row and when compared with three years ago, they have fallen by 7.5%. At a time when the Government was beset by serious fiscal deficits, education spending was increased nonetheless. But now as the financial position has improved, education spending falls instead of rises.

As seen in the Budget, only three measures are proposed with respect to education, namely, injecting funds into the Language Fund, increasing the enrolment of non-local students in the universities, and adding the hostel places for these overseas students. While these measures should be supported, they smack too much of piecemeal measures and lack any long-term policy commitment.

Affected by reduction in the number of classes, school closures and other factors, actual education spending by the Government over the past three years, that is, from 2003-04 to 2005-06, was less than estimated. There is an accumulated surplus of as much as \$10.1 billion. If this surplus of over \$10

billion is ploughed back into primary and secondary school education, the Government would be able to implement small-class teaching without having to put in extra resources at all. According to government estimates, an additional spending of \$3.1 billion would be required each year if small-class teaching is implemented from Primary One in 2005-06 onwards and to be completed in 2010-11. However, the amount of money we save each year is more than this sum. It is commonly thought in the education sector that small-class teaching is a prerequisite for quality education. But unfortunately, the Government lacks long-term commitment and so this policy which would be conducive to the sustainable development of society is not implemented.

With respect to university education, the funding this year is \$11.3 billion and it shows a continuous decline for a fourth year, representing a 16% drop from the year 2002-03. With this persistent cut in university funding, the quality of teaching has long been compromised. In a bid to get more resources, the universities are all offering courses that suit market demand to the neglect of the long-term manpower development of society. On the other hand, the associate degree programmes keep on moving in the direction of self-financing and the number of places offered in these programmes is more than the demand for it. The Government should undertake a review of these self-financing programmes, with respect to their quality, the number of articulation places and student finance, and so on.

Teacher workload has become a popular topic of concern recently. Of late the Government made one move and set aside \$1.7 billion to ease teachers' workload. Support measures include converting teachers on specialized teaching school curriculum leaders to the permanent establishment, improving the student guidance officer-to-class ratio and increasing the capacity enhancement grant, and so on. However, most of these measures are already in place in the schools and what is being done now is just to make them permanent. Will these really reduce the workload of front-line teachers? So these measures may sound more important than they actually are and there may not be any marked improvement to teacher workload as a result. At this time of a sound financial position, the Government should embark on long-term planning such as hiring more teachers and auxiliary teaching staff, putting into practice the proposal of paid study leave, reducing class size and the number of lessons per day, and so on. These are long-term commitment and I hope they can be put into practice soon.

More resources should be put in to enhance the qualification of pre-school teachers. When countries like Britain and the United States have adopted the policy of requiring all kindergarten teachers to be degree holders, Hong Kong still has 6 000 serving kindergarten teachers who do not have a certificate in child education. But as there are only 1 000 places in the training programmes, if all kindergarten teachers are to undergo this kind of training, it would have to take six or seven years to complete. The time required is even longer than the waiting time for allocation of a public housing rental unit.

Now I would like to turn to the topic of environmental protection which is an equally disappointing area.

The Budget this year does not have much to say on this and the people are just told to wait. There are only two paragraphs which talk about this topic. Air quality is a cause of common concern. According to figures from the observatory, in 2002 there were 34 days with low visibility and there were 101 days in 2005, representing a three-fold increase. The Government has set emission targets for 2010 but it just says that it will do its best. And the two power companies have yet to make a pledge to meet these targets.

A recent survey conducted by Friends of the Earth show that close to 50% of the tour guides think that air pollution in Hong Kong is serious and they have received complaints from tourists for that matter. Not only tour guides but most members of the public and the businessmen who invest here are of the view that the most pressing task now is to improve air quality. It has even been reported in the press that a long-distance runner decided to leave Hong Kong for this reason. Mr James CUNNINGHAM, United States Consul-General in Hong Kong, said that many American businessmen were leaving Hong Kong because their children had developed respiratory tract problems. In the second round of consultations on the electricity market held recently, the concern of Members was on the tariffs, but we should actually be more concerned about the issue of environmental pollution, that is, how in the coming review attention can be accorded to environmental protection in our consideration for regulation of and legislation on power supply.

We all know that a clean environment carries a price tag and the Government, the business sector and the public are all responsible. However, apart from the principle of "polluter pays", with respect to addressing the environmental protection problem, we fail to see any substantial efforts by the Government to promote the long-term development of environment protection.

The Government has of late set aside \$35 million for the Environment and Conservation Fund to cover the expenses of the Fund for two years. However, many green groups will apply to this Fund to finance their waste recovery campaigns. In contrast, the funding for another promotional activity lasting for a similar period of two years, that is, the Discover Hong Kong Year, is \$440 million. This is 12 times the amount of money injected into the Environment and Conservation Fund. There would be a facelift of the Ocean Park at a cost of \$5.5 billion. Thus, in stark contrast, the efforts put into environmental protection are so meagre.

Another example is renewable energy. The Government may say that this is the responsibility of the two power companies, but looking around the whole world, we can see that developing renewable energy is given tremendous support by the governments of other places. But in Hong Kong, what has been done is so very little. The percentage we are talking about is only 1% or 2%. Is this the direction we should go if we just know how to pile up our money in the reserves but spend nothing to ameliorate the ever-worsening problem of air pollution?

Ever since I was returned to this Council, every year when I met the Financial Secretary, I would urge him to consider introducing a green tax, for the reason that this is not just a question of revenue but it can also enhance our environmental protection awareness. But the Budget of each year is disappointing. Last year mention was made of a duty on plastic bags actually and a lot of applause was won. But the duty is nowhere to be seen even after a long wait. It is raised this year again. As for subsidies on hybrid vehicles, despite a strong consensus in this Council, the Government refuses to consider the idea.

Paragraph 40 of the Budget mentions the Concept Plan for Lantau. But it is put under the section "Developing Tourism". Put nicely, this is a kind of eco-tourism with a cultural element. My view is that whenever the Government contemplates any development of Lantau Island, it must consult all sectors across the community and the plans should undergo stringent environmental impact assessment.

I would also like to talk about what I think of health care issues in the long run.

This year the Government has provided new resources to the Hospital Authority (HA). The one-off grant of \$650 million last year is converted to recurrent funding. Apart from that, the Government has made it clear that the recurrent provision will rise by \$300 million per annum over the next three years. These are meant to cope with the pressing financial problem of the HA and prevent it from going bankrupt soon. However, just by pumping money into HA every year, there can be no long-term solution to the financial problems in the health care system.

Currently, the Government subsidizes more than 95% of the costs of public health care services and this makes people worry whether there can be any sustainable development. The stringent resources add greatly to the pressure of the health care personnel and it is common to learn from news reports that medical and nursing staff of the HA and Department of Health have to work long hours and there is a serious drain of talents.

Two days ago, there was a report that the number of nurses in the child intensive care unit at Queen Elizabeth Hospital had dropped from 30 to 25 and the number of beds increased from eight to 11. Previously nurses had to be on overnight duty once every five days, but now they are required to be on night shift every four days or even two days consecutively. As a result, there have been cases that some nurses almost gave the wrong drugs to the patients because they were overcome by fatigue. Luckily, the mistake was discovered early and no accident resulted.

The Budget also points out that as many experienced doctors in the dermatology department of the Department of Health left last year, there has been a significant drop in the target of treating 90% of new dermatology cases within 12 weeks to just 61%.

In fact, since the "Rainbow Document" of 1993, discussions on health care reform and health care financing have been going on for 13 years. But all we have are just talks and nothing is done. The longer we sit on the problem, the worse it will develop. I have much expectation for the next consultation paper on health care reform and I hope discussions can commence soon so that there will be no more delays to the problem.

Another important issue in health care reform is the affordability of the public for health care services. Dr Fernando CHEUNG will speak on this tomorrow.

From the policies proposed in the areas of education, environmental protection and health care as discussed above, I can find no long-term planning by the Government as seen in this Budget. In the final analysis, it can be attributed to the structural problems in the political system. In the absence of a stable, open and democratic system, what the Government and the officials see is only their five-year term. Hence what they will do in their term of office are only some short-term and effective measures, that is, those quick fixes that work like fast relief drugs and while the fire is quickly put out, there is no long-term planning.

We hope there can be vision in the Budget and the people of Hong Kong will not only look at the Budget for the year to come, and apart from feeling happy as the deficits are turned into surpluses, they hope to see that the Government has greater and longer-term commitment so that our next generation can live in peace. Thank you, President.

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

(No Member indicated a wish to speak)

SUSPENSION OF MEETING

PRESIDENT (in Cantonese): No Member wishes to speak. I now inform Members that 35 Members in total have spoken today. I now declare the meeting suspended until 2.30 pm tomorrow.

Suspended accordingly at ten minutes past Six o'clock.