

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 24 January 2007

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.

THE HONOURABLE ALBERT HO CHUN-YAN

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

THE HONOURABLE LEE CHEUK-YAN

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

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, G.B.S., 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 LEUNG YIU-CHUNG

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 EMILY LAU WAI-HING, J.P.

THE HONOURABLE CHOY SO-YUK, J.P.

THE HONOURABLE ANDREW CHENG KAR-FOO

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, S.B.S., J.P.

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

THE HONOURABLE VINCENT FANG KANG, J.P.

THE HONOURABLE WONG KWOK-HING, M.H.

THE HONOURABLE LEE WING-TAT

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

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

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

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

THE HONOURABLE 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

PROF 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

MEMBER ABSENT:

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

PUBLIC OFFICERS ATTENDING:

THE HONOURABLE MICHAEL SUEN MING-YEUNG, G.B.S., J.P.
SECRETARY FOR HOUSING, PLANNING AND LANDS

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

THE HONOURABLE STEPHEN LAM SUI-LUNG, J.P.
SECRETARY FOR CONSTITUTIONAL AFFAIRS

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

DR THE HONOURABLE YORK CHOW YAT-NGOK, S.B.S., J.P.
SECRETARY FOR HEALTH, WELFARE AND FOOD

CLERKS IN ATTENDANCE:

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

MS PAULINE NG MAN-WAH, ASSISTANT SECRETARY GENERAL

MRS JUSTINA LAM CHENG BO-LING, ASSISTANT SECRETARY
GENERAL

PRESIDENT (in Cantonese): Clerk, please ring the bell. There are only 21 Members here and a quorum is not present.

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

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

TABLING OF PAPERS

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

Subsidiary Legislation/Instruments	L.N. No.
Official Languages (Alteration of Text under Section 4D) (References to Citation of Various Items of Legislation in Chinese) Order	7/2007

ORAL ANSWERS TO QUESTIONS

PRESIDENT (in Cantonese): Questions. First question.

Operation of Hong Kong Wetland Park

1. **MRS SELINA CHOW** (in Cantonese): *President, regarding operation of the Hong Kong Wetland Park (HKWP) since its opening in May 2006, will the Government inform this Council:*

- (a) *of the respective monthly attendance of HKWP since its opening; how these figures compare to the original forecasts; and whether the HKWP authority can cope with the above attendance in terms of venue management and crowd control;*
- (b) *whether it has systematically sought visitors' views on HKWP; if it has, of their overall comments; and*

- (c) *given that there were complaints during the initial period following HKWP's opening that some visitors smoked in the open area of HKWP and left behind cigarette butts, whether the situation has improved so far; and of the measures adopted by the HKWP authority to comply with the no-smoking requirements of the Smoking (Public Health) (Amendment) Ordinance 2006, which has come into operation since 1 January 2007?*

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

- (a) The Hong Kong Wetland Park (the Park) received 900 000 visitors from its opening in May 2006 to end December 2006. The average monthly visitor number is over 120 000, with about 2 000 to 3 000 on weekdays and 8 000 to 10 000 during weekends and public holidays. Patronage so far has been encouraging, which is higher than the estimation of 540 000 per year made in 2002, indicating that this world-class conservation, education and tourism facility has been well-received by the public.

Since the opening of the Park, we have, in the light of our operational experience, continued to enhance and improve the Park's service and facilities. Measures include increasing coach drop-off spaces, improving the drop-off and pick-up arrangement at the entrance area, increasing ticketing counters during weekends and public holidays, deploying additional manpower to maintain cleanliness of the surroundings, erection of additional information signage in the Park, and planting of more trees and placing temporary marquees in the outdoor areas to provide more shelters for visitors. For the convenience of visitors to the Park, more pedestrian and vehicle direction signs have been installed, and more are planned to be installed in the vicinity of the Park. Moreover, we have been liaising closely with the travel industry through seminars and briefings to enhance the trade's knowledge of the Park's facilities and conservation concepts as well as to collect user feedback and discuss ways to refine tour admission arrangements so as to improve crowd management. We consider that the current

venue and crowd management measures adopted by the Park is adequate to meet public demand.

- (b) The Park has been conducting visitor surveys by means of questionnaires, and using the survey results as reference for improving its operation, service and exhibits. As shown by the survey, over 85% of the respondents indicated that they were satisfied with the Park's facilities and would visit it again; over 90% of the respondents would introduce the Park to their family members and friends; some 60% of the visitors spent two to four hours in the Park. The most popular facilities in descending order were Mangrove Boardwalk, Wetland World Gallery, Bird Hides, Wetland Challenge Gallery and Human Culture Gallery.
- (c) During the initial period after its opening, the Park did receive reports that smoking and cigarette studs were found in the outdoor areas. Apart from encouraging the visitors not to smoke, the Park has promptly erected additional advisory notices, stepped up patrolling, and strengthened publicity and education efforts in this regard. The situation has improved considerably. So far, the Park has issued summons to 12 visitors for littering or plucking plants.

Since 1 January 2007, the Park has been designated as a no-smoking area. Following the guidelines of the Tobacco Control Office under the Department of Health, the Park has drawn up and issued operational manual to all staff responsible for taking enforcement action. Moreover, posters and notices have been placed at prominent locations of the Park to remind visitors of the no-smoking requirement.

MRS SELINA CHOW (in Cantonese): *President, I am very glad to hear the Secretary say that the patronage so far has been higher than the estimated number and this proves that this investment by the Government is a great success.*

May I ask the Secretary, in gauging the views of the visitors, whether any complaint has been received about visitors watching birds being disturbed by

children making noises? This is the response we have actually learned from the media. May I ask what the Secretary has done in this regard to prevent such things from happening? Does it include more preparations before the children are admitted, that is, before they enter the Bird Hides, so that such undesirable conduct can be prevented?

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): The answer is yes. We did receive such complaints from visitors about children making a lot of noise while watching the birds as they might be too excited. In response to these complaints, we have increased the number of volunteers in the Park. I think Members will know that there are some volunteers in the Park to conduct guided tours to inform members of the public of matters related to natural conservation and what should they do when they watch birds. We also hold bird-watching classes too. The most important thing is that we have increased the number of volunteers in response to these complaints and staff of the Park will also give reminders to visitors in the vicinity of the Bird Hides. And visitors are reminded of that when they enter the Park.

MR JAMES TIEN (in Cantonese): *President, I am glad to know that the estimated number of 540 000 visitors a year has turned out to be 120 000 visitors a month, that is, some 1.4 million visitors a year. Since the number of visitors has increased by such a large margin and as the Secretary is also in charge of labour matters, may I ask since job opportunities in Yuen Long, Tin Shui Wai and such like places are not that many, and since the residents there can work in Central only if they are given a travel allowance, whether the Government has acted in response to this good news and considered the fact that since 60% of the visitors spent two to four hours in the Park and they would spend time also in the nearby areas, that more can be done by the Secretary in creating employment, that is, by taking forward the idea of developing the local community economy?*

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): We have in fact considered the proposal made by Mr TIEN and the District Council of Yuen Long has also given thoughts to that idea. Before the opening of the Park, the Yuen Long District Council had been keeping in touch with us and discussing with us issues of this sort. We joined hands with the

housing estates in promoting the Park and we also worked with the District Council. As a matter of fact, we carry some promotion in the leaflets on the Park in which visitors are encouraged to go to Yuen Long after visiting the Park. I think Members know very well that Yuen Long has got restaurants and places like the heritage trail. We have always been promoting heritage tourism, fine dining and such like activities and we will also help out in the promotion.

MR WONG TING-KWONG (in Cantonese): *It is reported that not very long after the Park was opened, damage was caused to some facilities in the Park because visitors did not use these facilities properly. May I ask the authorities through the President whether these facilities have been repaired recently and the visitors are now using these facilities properly?*

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): Thank you, Mr WONG Ting-kwong for being so concerned about these facilities. As I have said in the main reply, since the opening of the Park, we have in the light of our operational experience done a lot of work. Actually, we are now considering the problem of parking spaces, for example, whether some land nearby can be set aside for conversion into temporary car parks.

In addition, as I have said, we have also placed more temporary marquees and such like things and installed more pedestrian and vehicle direction signs. As I have just said, the facilities as currently provided are quite adequate.

In addition, during the initial period after the Park's opening, as some visitors knew that many of the plants there were in fact herbs used in Chinese medicine, and as I have said, that is why the Park has issued summons to six visitors for plucking plants. They were actually plucking Chinese herbs. However, I can say that such violations have not been found after we have issued summons. Members can see that since the opening of the Park, we have issued summons to 12 offenders. However, as I have just said, the situation has improved as a result of the help and hard work of the volunteers and staff of the Park. Now improvement has been made to the facilities and visitors are found to have behaved better.

MR CHAN KAM-LAM (in Cantonese): *President, the Secretary says in the main reply that the Park is a world-class wetland world and it is a great success. Actually, there is another good place called Inspiration Lake and it is also a beautiful place. There are many visitors to the Park because the publicity efforts are adequate but it seems that not much publicity has been conducted with respect to the Inspiration Lake. Will the Government consider conducting more publicity on the many parks we have, especially those with greenery, the Botanical Garden, and so on, so that more people can use such venues with greenery?*

PRESIDENT (in Cantonese): Mr CHAN Kam-lam, this main question is about the Wetland Park and if you ask about publicity for the Park, then you are asking the right question. But you are asking a question about other parks, I would give you some time to think about it and you may ask your question later. Would you like to think about it?

MR CHAN KAM-LAM (in Cantonese): *All right.*

PRESIDENT (in Cantonese): I will ask you to raise your question later. All right?

MR CHAN KAM-LAM (in Cantonese): *Yes.*

PRESIDENT (in Cantonese): I will invite other Members to raise their questions.

MR HOWARD YOUNG (in Cantonese): *Madam President, about the question of patronage being more than expected, I am sure Members all feel happy about it, including those Members who paid from their own pockets to help the Government promote this activity two years ago. Has the Government ever examined the proportion of local visitors and overseas visitors? Based on these figures, the Government may arrive at some new thinking about the strategies to be employed in streaming or for the facilities.*

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): Thank you, Madam President. Thank you, Mr YOUNG for paying for your expenses in joining our overseas promotional activities and helping us in promoting the Park.

At that time, we estimated that the number of visitors to the Park would be some 500 000, of whom 150 000 would be tourists. As I have said, the actual figures are more than those expected. Our figures show that about 90% are local residents and the other 10% are foreign visitors. As the actual figures are more than expected, the number is close to 100 000 for the first seven months this year. In other words, the number for the year will certainly be more than 150 000. We will keep up with our publicity efforts.

MISS CHAN YUEN-HAN (in Cantonese): *I think the Government can call this hardware and this hardware can be considered quite successful, in that this Park idea has been well-received by visitors including the people of Hong Kong. I wish to ask the Government about the present conditions of the Park. I think the reply which the Secretary has given to Selina, that is, in parts (a) and (b) of the main reply, is very superficial. In fact, we suggested to the Government initially that a beautiful path be built near the Park so that visitors could walk on this path with greenery to the Park after they had parked their vehicles. Now the car park is situated near the Park and that would cause pollution. We raised this question with the Government at that time. May I ask the Government, now as the Park is so successful, if some other things can be built in places nearby? If this can be done, then we do not have to go there by vehicles and we can just walk to the Park from the housing estates nearby and the people can use these as well. I hope very much to ask the Secretary if any thoughts are being given to building these.*

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): These things are currently underway, that is, beautifying the accesses and stepping up greening work. As I have said just now, we have discussed with the relevant departments in the hope that land which is not in use for the time being can be converted into temporary car parks. However, I wish to emphasize that the Park is very large, being 60 hectares in area. I think once in the Park, visitors will not be able to ride on vehicles and they must walk. In this respect, we will encourage visitors to walk by all means and so I would agree

with what Miss CHAN has said, that work on, for example, beautifying the accesses and stepping up greening work, should be carried out.

Besides, with respect to coaches, we have increased the drop-off and pick-up spaces for coaches and more signs are installed in the hope that visitors will find it more convenient.

MISS CHAN YUEN-HAN (in Cantonese): *The Secretary has not answered my supplementary question. I have said that many people like the Park and we did raise that point during the initial period and pointed out that if vehicles were to be parked, they should not be parked in the vacant land outside the Park but in some places farther away. Those farther away places would mean some public housing estates with car parks. Would the Government engage in construction with a comprehensive approach so that visitors can park their vehicles in the outskirts of the Park and then walk to it, instead of driving to the Park? I really hope that the Secretary can really learn the lessons.*

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

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): Even if I am to add anything, I will just be repeating the information given earlier on. Of course, we think that since people do not go there so often, they may as well walk a little bit after arrival and see the natural scenery. As for vehicles, I think Members may think that parking spaces outside are not enough, but I wish to stress once more that we will carry out beautifying and greening work in the vicinity.

MS AUDREY EU (in Cantonese): *President, the Secretary says in part (a) of the main reply that this world-class conservation, education and tourism facility has been well-received by the public and that over 85% of the respondents to a survey indicated that they would visit it again. May I ask the Secretary whether this achievement serves to prompt the Government to put into practice a demand from the Legislative Council, that is, to set up an independent conservation fund to develop eco-tourism, including heritage tourism?*

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): On the conservation fund, well, why am I here today to give a reply to this main question? This is mainly because the main question relates to tourism and conservation. I think Members all attach importance to conservation. Madam President, I will discuss with the relevant departments after the meeting and then give a written reply. (Appendix I)

MR CHAN KAM-LAM (in Cantonese): *President, the Secretary has said very clearly in the main reply that the Park is well-received by the public. I think the Government should learn from this experience and apply the experience to other parks so that the many parks in Hong Kong will share the special features of this Park and more people can use the recreational facilities there.*

PRESIDENT (in Cantonese): If that is what you think, then what is your supplementary question?

MR CHAN KAM-LAM (in Cantonese): *Will the Government apply this experience to other parks with greening.*

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): We agree with Mr CHAN's point, though other parks may not necessarily be wetlands and they can be other parks and other facilities, we hope that after we have learned from this quite successful experience, we can do better in other recreational facilities.

PRESIDENT (in Cantonese): We have spent more than 17 minutes on this question. Last supplementary question.

MR LAU KONG-WAH (in Cantonese): *President, the success of the Park shows that the people of Hong Kong are very interested in eco-tourism. I wonder if the Government has got other brands in stock to be launched. However, with respect to the Park, we have heard many members of the public say that there are just too many visitors. Although the Secretary has said that*

more places for parking vehicles can be found, the immediate problem cannot be readily addressed by this future solution. Can the Government take some action as appropriate in staff deployment, booking, and so on, so that visitors to the Park will not be disappointed for not being able to enter it?

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): As Mr LAU has said, there are many visitors during weekends and public holidays, especially those on group tours. What was the previous experience? If many visitors on group tours arrived at the Park on vehicles, after all of them had got into it, the crowd would be quite large and all sorts of problems would arise. In the light of our operational experience and as I have said in the main reply, we have been keeping close contact with the tourist industry and we have discussed some arrangements. Therefore, starting from February, we would make some changes and we will not sell same-day tickets for Sundays and public holidays to groups. Groups must book tickets in advance on-line or by fax. We expect the crowd problem to improve after implementing this arrangement.

As I have said, more volunteers and staff would be deployed if necessary.

PRESIDENT (in Cantonese): Second question.

Accuracy of Fuel Dispensers

2. **MS MIRIAM LAU** (in Cantonese): *Madam President, regarding inaccurate measurement of a fuel dispenser at a fuel station and the enforcement of the Weights and Measures Ordinance, will the Government inform this Council:*

- (a) *whether the Customs and Excise Department (C&ED) has taken the initiative to conduct spot checks on fuel dispensers at various fuel stations in Hong Kong in the past three years so as to ensure the accuracy of fuel dispensers; if so, of the details; if not, the reasons for that;*

- (b) whether the authorities will specify clearly the maximum permitted margin of error for fuel dispensers; if so, of the details; if not, the reasons for that; and
- (c) whether the C&ED takes the initiative to inspect and check the accuracy of the weighing or measuring equipment used in various trades, so as to safeguard the rights and interests of consumers; if so, of the details; if not, the reasons for that?

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

- (a) To ensure that the correct amount of petrol is supplied by public filling stations, the C&ED has conducted spot checks on the fuel dispensers installed at filling stations throughout Hong Kong in the past three years. Details are as follows:

Year	Public Filling Stations (no.)	Fuel nozzels (no.)	Maximum discrepancy found after investigation (% of fuel supplied less than or in excess of amounts shown)	-% discrepancy (no.)	0% discrepancy (no.)	+0% discrepancy (no.)
2004	5	98	0% to + 0.3%	0	89	9
2005	1	8	0%	0	8	0
2006	6	156	0% to + 0.8%	0	131	25

- (b) Pursuant to the requirement of the Weights and Measures Ordinance, all weighing and measuring equipment must be accurate. If any measuring equipment is found to be inaccurate, Customs officers will consider the circumstances of the case and all relevant factors when handling such a case. These factors include: whether the defect is due to fraud or tampering, whether there is any unavoidable mechanical error, and whether the trader has exercised due diligence and taken precautionary measures to avoid any

inaccuracy. The C&ED has met the oil companies and reminded them to strengthen their internal controls and to ensure the accurate supply of fuel.

- (c) The C&ED is responsible for the enforcement of the Weights and Measures Ordinance, which aims to ensure that goods are sold according to correct and standard weights and measures. In general, when enforcing the Ordinance, the C&ED will send undercover officers to visit shops that have been the subject of complaints. On completion of a transaction, the officers will disclose their identity and re-measure the goods they have purchased, using their own measuring equipment. They will also check the accuracy of the weighing equipment in the shop in question.

The C&ED also conducts spot checks on shops in different districts to ensure that the weighing equipment being used for trade is accurate. If it is found that a shop supplies goods in quantity less than that purported, or uses defective weighing or measuring equipment for trade, the C&ED will take into account the circumstances and evidence of the case and consider whether to take prosecution action in accordance with the Weights and Measures Ordinance.

MS MIRIAM LAU (in Cantonese): *Madam President, the Government has not answered part (b) of the main question regarding whether the maximum permitted margin of error for fuel dispensers will be specified clearly. The Secretary has merely reiterated that all weighing or measuring equipment must be accurate pursuant to the requirement of the Weights and Measures Ordinance. However, it has actually been found that a fuel nozzle at a fuel station has supplied less fuel, and yet it seems that no prosecution action will be taken other than the Commissioner of Customs and Excise, Mr Timothy TONG, publicly requesting oil companies to be "more generous" in filling. However, there has been no positive response from the oil companies. Given that the Government has not specified the maximum permitted margin of error and taken prosecution action, whereas the oil companies have not responded to the Government's request, are there other ways to protect the interests of consumers?*

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): I have stated in the main reply that the C&ED has formulated some internal guidelines for its front-line officers. However, I also wish to emphasize that those guidelines are not golden rules, for the circumstances of a case have to be taken into account. We cannot say prosecution action will or will not be taken when a certain discrepancy is reached. In principle, in handling every case, the authorities will consider relevant factors in examining the discrepancy, such as whether the discrepancy involves fraud. If fraud or tampering is involved, prosecution will definitely be considered, regardless of the extent of discrepancy. The Government will also consider other factors, such as whether there is any unavoidable mechanical failure. In other words, a number of factors will be considered by the Government. I believe it is inappropriate for Ms Miriam LAU to ask us at such an early stage whether prosecution action will be taken. Actually, the C&ED is gathering evidence in connection with the case she mentioned earlier and will consult the Department of Justice before deciding whether prosecution action will be taken.

Furthermore, I have stated in the main reply that the present situation is not as serious as imagined. For instance, after the incident, the C&ED conducted spot checks on 301 nozzles. I can say from the outcome of the spot checks that 135 nozzles did not reveal any discrepancy. Thirty nozzles were found to have supplied less fuel, though the discrepancy was primarily less than 0.4%. The number of nozzles found to have supplied more fuel was relatively higher. One of the 110-odd such nozzles was found to have supplied more fuel by 3.5%. The numbers of nozzles found to have supplied more fuel by 0.4%, 0.6% and 1% were 29, 20 and seven respectively. As I pointed out just now, one nozzle was found to have supplied more fuel by 3.5%.

MS MIRIAM LAU (in Cantonese): *Madam President, the Secretary has not answered my supplementary question. Although he has tried very hard to provide us with lots of figures, my supplementary question was not about why no prosecution action was taken by the Government, for this is not the point here. The Government has to consider a number of factors in deciding whether prosecution action should be taken. Numerous spot checks have to be conducted too. The problem is that there is now short filling of fuel. May I ask the Government, faced with such circumstances, and given so many considerations, whether there are other ways to better protect the interests of consumers? The Secretary should answer "no" if the Government says "no".*

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): I have pointed out in the main reply that the C&ED has immediately met with several oil companies and reminded them that they are obligated to ensure the accuracy of their equipment and the volume of fuel supplied must not be less than that purported. I have explained in such great detail just now because we have, after the meetings, taken the initiative to conduct investigation to examine the situation. The investigation reveals that the majority of the nozzles have actually supplied more fuel. As stated by Ms Miriam LAU, it is most important to examine whether the rights and interests of consumers have been undermined. Insofar as the relevant case is concerned, compensation has been made by the oil company. As I believe Members are already aware, I will not repeat here. We will continue to step up our spot checks. As I pointed out earlier, prosecution action will definitely be taken if there is sufficient evidence.

MS LI FUNG-YING (in Cantonese): *It seems from the Secretary's main reply that the spot checks conducted in the past three years were quite random. The number of spot checks conducted in 2005 was just one, or close to zero. May I ask the Secretary whether such frequencies of inspection can ensure the accuracy of the volume of fuel supplied by filling stations? Furthermore, is it necessary to improve the percentage of spot checks conducted by the C&ED on its own initiative?*

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): I believe frequent inspections are possible but, first of all, additional manpower will definitely be required. I wish to emphasize, as I have always maintained, that since 2004, or even now, the cases of supplying more fuel was greater than those of supplying less fuel. Members have also noticed that the figures are alarming, for there were cases in which 3.5% more fuel had been supplied. Members can also see that the number of cases in which less fuel was supplied is actually extremely low. The weighs and measures unit is responsible not merely for monitoring filling stations. Many other aspects, such as markets, have to be monitored too. We have to examine whether members of the public have been cheated when buying food. The number of cases handled per annum in 2004, 2005 and 2006 exceeded 600.

Madam President, I believe the problem lies in deployment of resources. Though it is possible for us to conduct spot checks frequently or daily, manpower has to be increased substantially. After evaluating the outcomes of the spot checks conducted, we have found that more fuel is supplied in most of the cases. In this regard, we therefore consider that there are no circumstances warranting special attention for the time being, but we will certainly continue with our effort. Most importantly, once a complaint is received, we will definitely take follow-up action and continue to take the initiative to do so.

MR FRED LI (in Cantonese): *President, I understand from the Secretary's earlier remark that the number of cases in which consumers were benefited is basically greater than those in which consumers were cheated. This is why the Government has not conducted frequent spot checks. However, President, it is clearly specified in legislation in many countries that the allowance is plus or minus 0.5%. Yet, it is not specified in the Weights and Measures Ordinance. I really have no idea under what legislation the Government is conferred with the power allowing it not to take prosecution action even when discrepancies are spotted (as not a single case has been prosecuted so far). Has the Secretary considered, like other countries in Europe and the United States, prescribing a limit in percentage, such as 0.5%, in legislation because many countries act in this way so that law enforcement can be more explicit?*

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): I have actually pointed out earlier that the internal guidelines have made reference to overseas practices. The international standard adopted overseas, such as the 0.5% discrepancy quoted by Mr LI earlier, is very common. According to the C&ED's internal guidelines, the discrepancy allowed is 0.6%. However, as I pointed out earlier, this figure is not a golden rule, because this is applicable to fuel but not in other areas.

In the light of this case, the C&ED also shares the view that it is time to conduct a comprehensive review to examine if it is best to lay down such standards. Actually, is there a need to stipulate such figures as 0.5% and 0.6%, as suggested by Mr LI earlier? Alternatively, given the small number of such cases, will it be even more appropriate for the authorities to examine, in the light of each individual case, whether such irregularities as fraud, tampering or

improper maintenance are involved and, after considering various factors, determine the approximate amount of money or value incurred as a result of the losses caused by the discrepancy before submitting all information to the Department of Justice to decide whether prosecution should be taken on a case-by-case basis? In this regard, the C&ED will conduct a review in the light of the experience gained from the case.

MR JEFFREY LAM (in Cantonese): *The Secretary mentioned earlier that all equipment must be accurate. I understand that nozzles used to be mechanically operated. With the introduction of new technology, they are now electronically operated. I believe this will enhance the accuracy of the volume of fuel. May I ask the Secretary whether there are examples overseas indicating higher discrepancies and more prosecutions than in Hong Kong?*

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): Thank you, Mr LAM. I am afraid I do not have the prosecution figures from overseas. However, I would like to emphasize again that, according to the spot checks conducted in past years, and as I pointed out earlier, except for the case in Tuen Mun, it is revealed that the cases of over filling of fuel far outnumber those of short filling of fuel, and the rate of discrepancy is very small.

MR JEFFREY LAM (in Cantonese): *I have pointed out earlier that the equipment is now electronically operated. May I ask the Government whether there is any more advanced equipment that can reduce the discrepancy to zero?*

PRESIDENT (In Cantonese): Is this part of the supplementary question raised by you earlier?

MR JEFFREY LAM (in Cantonese): *This is part of the question.*

PRESIDENT (In Cantonese): Secretary, please reply.

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): Madam President, I think this has nothing to do with whether or not the equipment is advanced because, pursuant to the Weights and Measures Ordinance, we must ensure that all scales used are accurate, even if they are not too advanced. I am not concerned about whether the equipment is electronically operated. Most importantly, it must be accurate and capable of indicating the exact quantity of fuel. In this connection, we will continue with our spot checks.

MR WONG YUNG-KAN (in Cantonese): *President, I heard the Secretary say that only six spot checks were carried out in 2006. May I ask the Secretary whether the spot checks include filling stations at sea? In other words, will these filling stations be included?*

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): I believe the spot checks are not conducted on filling stations at sea for the time being.

MR WONG YUNG-KAN (in Cantonese): *If the filling stations at sea are not included, will people requiring refilling at sea feel strongly? There will be a problem if even the Secretary is not clear about this. Will efforts be made in this regard?*

PRESIDENT (in Cantonese): Mr WONG Yung-kan, you have raised a very good question. However, you should raise it jointly with your supplementary question. As I cannot allow you to ask a question in this manner, please wait for another turn.

MR TOMMY CHEUNG (in Cantonese): *President, the Secretary indicated in the document that the C&ED took the initiative to conduct spot checks on filling stations, and the issue of manpower was mentioned too. However, I see that the C&ED has merely conducted spot checks on five, one and six filling stations in 2004, 2005 and 2006 respectively. Let us put aside the number of nozzles, for a particular filling station may have more nozzles. If it is said that the C&ED*

takes the initiative to conduct spot checks, the public can hardly have confidence that the C&ED can serve as a gatekeeper for only one, five and six filling stations have been checked. Although the outcome of the spot checks show that most of the filling stations supply more fuel, is the number of filling stations checked by the C&ED too small, as only 10-odd stations have been checked in three years? Is it possible to conduct more spot checks on filling stations supplying different brands of fuel?

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): Thank you, Tommy CHEUNG. I have actually pointed out earlier that not only filling stations are monitored by the unit responsible for weights and measures in the C&ED, other areas have to be monitored too. As I explained earlier, for instance, more than 600 spot checks were carried out in other areas in a year, and yet there were only eight staff members. Therefore, we have to consider the circumstances found in previous spot checks for this is very important. This explains why I kept emphasizing earlier that the outcome of the spot checks had revealed that the vast majority of the discrepancy found involved the supply of more fuel. Insofar as the data collected in this regard are concerned, the risk is not considered too high. In the light of such circumstances, Members see that the number of spot checks conducted on filling stations is relatively low. Notwithstanding this, if Members consider it worthwhile for additional manpower to be deployed to conduct more spot checks, we will certainly consider it. I have pointed out earlier that a review will be conducted in the light of the experience gained this time, including the discrepancy mentioned earlier, and additional manpower will be required if the spot checks are to be extended to cover filling stations at sea, as suggested by Mr WONG Yung-kan earlier. We have to consider whether there is a need to deploy additional manpower to conduct more spot checks on all fronts, and a review will be conducted on this.

PRESIDENT (In Cantonese): Mr Tommy CHEUNG, has your supplementary question not been answered?

MR TOMMY CHEUNG (in Cantonese): *President, the Secretary has not answered the question concerning the C&ED's role as a gatekeeper. Given that only 12 filling stations have been randomly checked in three years, will it not give*

the public an impression that the authorities can simply not play its role as a gatekeeper? Should more spot checks be conducted? The Secretary has not answered this part of the question. I was not referring to the issue of manpower, for he may deploy manpower on his own. However, is it the case that the authorities cannot give the public confidence in its role as a gatekeeper?

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

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): Madam President, I will only repeat myself if I have anything to add. I will still tell the Honourable Member that the situation is not very bad. Of course, it is possible for more efforts to be made, but additional manpower will be required. We will be very pleased to conduct a review on this.

PRESIDENT (in Cantonese): We have spent more than 17 minutes on this question. Last supplementary question now.

DR KWOK KA-KI (in Cantonese): *President, I do not understand why the Government has been adopting a tolerant attitude towards oil traders for they can not only raise prices, but have even supplied less fuel in the case we are talking about. In answering the supplementary question, the Secretary said that it was found after investigation that filling stations had supplied more fuel. Does the Secretary know what is meant by "mobilizing the troops after the robbers have fled"? The investigations conducted by him afterwards were all carried out after the disclosure of the incident. Basically, I have no idea how to verify whether or not there is any tampering. Therefore, may I ask the Secretary how he can tell us or prove that none of the incidents involved tampering or fraud? How can he speak in such a confident manner?*

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): I believe Dr KWOK Ka-ki made such remarks probably because he has just entered the Chamber. We were actually not talking about "mobilizing the troops after the robbers have fled". We were referring to the outcome of the spot checks conducted in 2004, 2005 and 2006, before the occurrence of the

incident, not that of the spot checks currently conducted. I would like to reiterate that, for instance, 156 nozzles were inspected throughout last year, and no short filling of fuel was found — while there was no discrepancy in 131 nozzles, 25 nozzles had supplied more fuel. As I stated just now, even if spot checks are conducted again, the cases of over filling of fuel will still far outnumber those of short filling of fuel. I believe there is no need for oil traders to "falsify the accounts.". If they do, they may give their customers an exact amount of fuel, instead of an extra 3.5%. Therefore, we are definitely not trying to be good to oil traders. It is our hope to ensure that, pursuant to the Weights and Measures Ordinance, oil traders or anyone else provide goods in the same quantity as that purported. However, I believe the filling of more fuel is acceptable to consumers, unless we are asked by Honourable Members to instruct the oil traders to stop doing so.

DR KWOK KA-KI (in Cantonese): *President, the Secretary has not answered my supplementary question. I wish to ask him what makes him so confident. Does his reply imply that customers will not be cheated so long as there is a filling station supplying a bit more fuel?*

PRESIDENT (in Cantonese): This is not part of the supplementary question raised by you just now. Maybe you should repeat the part of the question not answered?

DR KWOK KA-KI (in Cantonese): *President, the supplementary question I put to the Secretary is very simple. How can he tell us confidently that no fraud is involved? He answered that he is confident that there is no fraud on the part of oil traders because they have supplied more fuel. President, may I ask the Secretary to clarify if it is the case that the filling of a bit more fuel by filling stations means that no fraud is involved?*

PRESIDENT (in Cantonese): The Secretary has actually answered the question at the beginning. However, for clarity's sake, I hope the Secretary can answer the question one more time.

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): Fine. As Dr KWOK Ka-ki said that the supplementary question he raised is simple, I shall now give him a simple answer. Whether fraud is involved has to be judged on the merits of each case. Our colleagues in the C&ED have to investigate each case because the circumstances of each case have to be examined. I believe we will have to judge whether a short filling of fuel involves fraud or deliberate tampering on a case-by-case basis, right?

PRESIDENT (in Cantonese): Third question.

Commenting on Constitutional Development of Hong Kong

3. **MR LEE WING-TAT** (in Cantonese): *President, on 31 December last year, community groups in Hong Kong and Taiwan jointly organized a video forum entitled "New challenges to the development of democracy in Taiwan and Hong Kong". On the same day, the Government of the Hong Kong Special Administrative Region (SAR) made a statement that the "constitutional development concerns the affairs of the SAR under 'one country, two systems', and is a matter for the Central Authorities and the SAR to deal with in accordance with the Basic Law; those in Taiwan have no role in this". Also, the Xinhua News Agency reported on the next day that officials of the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region (the Liaison Office) had criticized the authorities of Taiwan for "colluding with certain political organizations in Hong Kong and sowing discord between the compatriots of Hong Kong and the Central Government". In this connection, will the Government inform this Council whether:*

- (a) *it knows the basis for the criticism made by the officials of the Liaison Office that the authorities of Taiwan are colluding with certain political organizations in Hong Kong; if so, of the details;*
- (b) *the SAR Government disallows any organization or individual from Taiwan to comment on Hong Kong's constitutional development; and*
- (c) *it has assessed the consequences of the SAR Government making the above statement, including whether a shadow of official interference*

will be cast over normal academic exchanges between community groups in Taiwan and Hong Kong; if an assessment has been made, of the results?

SECRETARY FOR CONSTITUTIONAL AFFAIRS (in Cantonese): Madam President, in response to the question raised by Mr LEE Wing-tat, our reply is as follows.

- (a) The SAR Government will not comment on the statement made by the Liaison Office.
- (b) Constitutional development concerns the affairs of the SAR under "one country, two systems", and is a matter for the Central Authorities and the SAR to deal with in accordance with the Basic Law. According to Annex I and Annex II to the Basic Law, any amendments to the electoral methods shall require the endorsement of a two-thirds majority of all Members of the Legislative Council, the consent of the Chief Executive, and the endorsement by the Standing Committee of the National People's Congress (NPCSC). Under the framework of the Basic Law, those in Taiwan have no role in Hong Kong's constitutional development.
- (c) Under the "One China" principle, the SAR Government has all along been handling Taiwan-related affairs in accordance with "QIAN's Seven Principles". This includes promoting and welcoming exchanges between organizations in the SAR and Taiwan in various fields, including education, science, technology, culture, arts, sports, professional services, medicine and health, labour, social welfare and social work.

In the last few years, the SAR Government has provided assistance actively to representatives of various sectors of Taiwan in making arrangements to visit Hong Kong. These include professional bodies from the medical and business sectors, and the media, and so on, as well as student groups. We briefed the Taiwan visitors on Hong Kong's latest developments and the strengths of the "one country, two systems". We also received and arranged for officials from Taiwan to visit various government departments, so

as to strengthen mutual understanding. We will continue to promote this kind of exchanges. Through introducing Hong Kong's latest developments, and arranging visits to the SAR's infrastructure and other facilities, as well as various Policy Bureaux and departments of the SAR Government, we will help visitors from different sectors of Taiwan understand the successful implementation of the "one country, two systems" in Hong Kong.

MR LEE WING-TAT (in Cantonese): *President, in part (b) of the main reply, the Secretary said that: "Under the framework of the Basic Law, those in Taiwan have no role in Hong Kong's constitutional development." President, "one country, two systems" is indeed a model the State designed for Taiwan, an approach to reunify Taiwan with China.*

Now, the mere expression of opinions at seminars is opened to criticism and intervention of the Liaison Office and the Secretary. May I ask the Government and the Liaison Office whether such criticism and intervention will result in a loss of confidence of Taiwan compatriots in "one country, two systems" and the reunification? Is such practice stifling academic freedom and the freedom of speech?

SECRETARY FOR CONSTITUTIONAL AFFAIRS (in Cantonese): Madam President, I have actually explained our principles in detail to Mr LEE Wing-tat in my main reply, and our position is very clear. The successful implementation of "one country, two systems" in Hong Kong is most conspicuous and I believe Taiwan compatriots also know it clearly. However, since Mr LEE Wing-tat asked a question so eagerly, I will give a further reply to him.

In respect of Mr LEE Wing-tat's question about whether the SAR Government has intervened in academic exchanges, it is putting the cart before the horse in terms of logic. At the video forum in question, the organizer invited the participation of the Mainland Affairs Council and the official representatives of the Government Information Office of Taiwan, and arranged those official representatives to comment on the constitutional development of Hong Kong. Therefore, what we should ask conversely is whether the organizer was actually inviting the Taiwan authorities to intervene in the affairs of Hong Kong.

What is more baffling to me is that Members from the opposition said that they had participated in the forum to draw lessons from Taiwan and to share the experience of implementation of democracy. It is obvious that in the past few years, a lot of things have happened in Taiwan. For instance, a couple of years ago, there was the shooting incident; last year, there was the state affairs confidential expense case; and recently, the Speaker of Taiwan's legislature was locked inside a common room by the opposition party. The people of Hong Kong know these incidents and have clearly demonstrated that they do not agree with the money politics in Taiwan. Therefore, if the opposition meant that they would learn lessons, lessons of a negative nature for that matter, from Taiwan, we will perhaps understand.

However, I have to conclude that Hong Kong respects the freedom of speech which is the cornerstone of Hong Kong's success. The SAR Government will surely welcome and encourage the promotion of academic exchanges and exchanges between the communities of the two places in accordance with "QIAN's Seven Principles", but Taiwan's intervention in the affairs of Hong Kong is not welcome.

MR LEE WING-TAT (in Cantonese): *The Secretary has not answered my supplementary question. Will criticisms of the forum by government officials result in a loss of confidence of Taiwan compatriots in "one country, two systems", and whether the intervention will affect academic freedom? The Secretary has not answered this point.*

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

SECRETARY FOR CONSTITUTIONAL AFFAIRS (in Cantonese): Madam President, since the freedom of speech is a cornerstone of Hong Kong's success, everyone is certainly free to express his or her opinion. However, since all parties have the right to express their own opinions, the SAR Government can also state its own position.

MR MA LIK (in Cantonese): *I would like to ask a question. If comments expressed by academic organizations or academics at the forum were groundless or misleading, the Government could well ignore them by reason of their low*

academic standard. However, for official representatives of Taiwan, as those attending the forum were in fact the Chairman of the Mainland Affairs Council and the Minister of the Government Information Council, if the comments they expressed at the forum were misleading or directed against the implementation of "one country, two systems" in Hong Kong, should not the SAR Government be obligated to rebut those criticisms? If an overseas government makes comments to attack the "one country, two systems" of Hong Kong, we should not simply criticize those as irresponsible comments and do not nothing, should we? May I ask whether the SAR Government has a further responsibility to clarify the situation to the people of Taiwan and Hong Kong?

SECRETARY FOR CONSTITUTIONAL AFFAIRS (in Cantonese): Madam President, Mr MA Lik's question is indeed consistent with the fundamental position of the SAR Government. Therefore, after we had learnt about the comments expressed at the video forum held on 31 December, we stated unequivocally that the electoral system in Hong Kong was fair, open and honest, as well as corruption-free, and that the people of Hong Kong did not agree with money politics. We further affirmed that under the framework of the Basic Law, constitutional development of Hong Kong was a matter for the Central Authorities and the SAR to deal with, and Taiwan had no role in Hong Kong's constitutional development. All of these are facts. I think that the SAR Government has fully reflected them, and the immediate declaration of our position is an appropriate approach.

MR CHEUNG MAN-KWONG (in Cantonese): *President, the Secretary said that the SAR Government has all along adopted the "One China" principle in handling Taiwan-related affairs. Under the "One China" principle, the "one country, two systems" of Hong Kong should be regarded as a good example for the reunification of Taiwan. Under the "One China" principle, Taiwanese, be they officials or the general public, should all be the people of China, so why can they not comment on the constitutional system of Hong Kong under "one country, two systems"? If their comments are wrong, the SAR Government can rebut and respond, but if mere discussion is not even allowed, how can Hong Kong be held up as an example, how can Taiwan be reunified? Is the declaration made by the SAR Government that Taiwan has no role in Hong Kong's constitutional development a violation of the "One China" principle? Is it politically incorrect?*

SECRETARY FOR CONSTITUTIONAL AFFAIRS (in Cantonese): Madam President, as I have said earlier, there is freedom of speech in Hong Kong. In Hong Kong, people from all around the world can express their opinions freely. They may comment on the political, economic, social and livelihood issues in Hong Kong.

However, the video forum in question was somehow different, for the organizer invited the official representatives of Taiwan to participate in the discussion. According to the Constitution and under the framework of the Basic Law, constitutional development in Hong Kong should be dealt with by the Central Authorities and the SAR. The expression of opinions and exchange of ideas are certainly allowed. However, the invitation of participation of official organizations from Taiwan by the organizer is not welcome.

MR CHEUNG MAN-KWONG (in Cantonese): *My supplementary question exactly stated that Taiwanese, be they officials or the general public, were also the people of China. Therefore, their comments on the affairs of Hong Kong should be regarded as part of the comments made on Hong Kong affairs by the people of China. If under the "One China" principle, you still insist that they have no role, is this not a violation of the principle and is it not politically incorrect? Though they are officials, we think they are also the people of China.*

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

SECRETARY FOR CONSTITUTIONAL AFFAIRS (in Cantonese): Does Mr CHEUNG Man-kwong know whether the couple of official representatives from Taiwan also acknowledge the "One China" principle?

MR CHEUNG MAN-KWONG (in Cantonese): *President, I should be the one who asks question, not him. (Laughter)*

PRESIDENT (in Cantonese): Mr CHEUNG Man-kwong, Mr CHEUNG Man-kwong

MR CHEUNG MAN-KWONG (in Cantonese): *In fact, from the perspective of China, we do regard Taiwanese as the people of China.*

PRESIDENT (in Cantonese): Mr CHEUNG Man-kwong, this is not a debate.

MR CHEUNG MAN-KWONG (in Cantonese): *The Secretary has not answered my supplementary question.*

PRESIDENT (in Cantonese): You think that the Secretary has not answered your supplementary question. If so, you need only repeat the part he has not answered. Alright, I understand your point; you are saying that the Secretary has not answered your question.

Secretary, Mr CHEUNG thinks that you have not answered his supplementary question. Do you have anything to add then?

SECRETARY FOR CONSTITUTIONAL AFFAIRS (in Cantonese): Madam President, I certainly hope that all officials in Taiwan acknowledge the "One China" principle and wish that Taiwan's reunification with China will be achieved as soon as possible.

DR YEUNG SUM (in Cantonese): *Madam President, Taiwan is part of China, and the implementation of "one country, two systems" is a policy adopted by the Central Authorities towards Taiwan. In view of the cavilling attitude the Secretary taken openly towards the officials and parties concerned from Taiwan, will this not indeed hamper the cross-straits ties? Will this not create a negative impact on the progress of "one country, two systems"?*

SECRETARY FOR CONSTITUTIONAL AFFAIRS (in Cantonese): Madam President, the Constitutional Affairs Bureau began to take over Taiwan-related affairs a few years ago. All along, we have been promoting exchanges among the three territories across the Straits. For instance, during the SARS outbreak in 2003, we arranged for some professors in the medical sector to visit Hong

Kong, and in the same year, we received deputations of the Taiwan press, The Alliance for the Reunification of China and the trade mission of the Chinese National Federation of Industries to Hong Kong.

In the past few years, we have received not only deputations from civil organizations but also political figures of Taiwan. No matter these political figures were from the Blue camp or the Green camp, such as the deputation from the Taipei City, Mayor of Taipei City and Vice Chairman of Kuomintang, they were all briefed on the implementation of "one country, two systems" in Hong Kong. Take the former Legislative Yuan Member, LIN Cho-shui, from the Green camp as an example; I have met with him a number of times.

On each and every occasion, we explained to them positively and directly the situation of the implementation of "one country, two systems" in Hong Kong. When people come to Hong Kong, they will discover personally that according to the "one country, two systems" principle of the Basic Law, the systems in Hong Kong in different aspects, including politics, economic and culture, are stable and promoted according to the principle of "high degree of autonomy". They do not have to rely solely on the official presentations to their eyes and ears. I believe the situation in Hong Kong is very good, which is perfectly obvious to people all over the world, including the compatriots in Taiwan.

DR YEUNG SUM (in Cantonese): *Madam President, I asked the Secretary whether his open cavils on officials from Taiwan would hamper the cross-strait ties.*

SECRETARY FOR CONSTITUTIONAL AFFAIRS (in Cantonese): As the official representative of the SAR Government, I think we have the responsibility to state the situation and position of the Basic Law.

MR ALBERT HO (in Cantonese): *In fact, in giving his reply to a question we asked earlier on, the Secretary took advantage of the opportunity to severely criticize the political situation in Taiwan, including the corruption problem, the shooting incident, and so on. The Secretary then added that it seemed right and natural for him, an official, to comment on Taiwan affairs. He also told us that he had met with many senior political figures from Taiwan, including the former President, the Mayor, Legislative Yuan Members and pro-independent*

individuals, and had introduced the merits of "one country, two systems" to them.

However, at the same time, when members of the community or officials from Taiwan participated informally in a community forum and expressed their opinions, criticisms and queries on "one country, two systems", the Secretary said that they could not do so and told them to shut up, for this was intervention, collusion with forces in Hong Kong to sow discord between the Central Authorities and the SAR. Is this practice of the Secretary not self-contradictory? In fact, does the Secretary have any justification to stand his ground? Did the Secretary only aim to express his loyalty to the Central Authorities when he gave those comments? That is to say, Taiwan should better just listen to what we said and give no opinions, so all exchanges made can only be non-political, just as the Secretary said in part (c) of the main reply that there were no exchanges on the political front. Is this the case?

SECRETARY FOR CONSTITUTIONAL AFFAIRS (in Cantonese): Madam President, Mr Albert HO's question is again putting the cart before the horse, hoping that Hong Kong will only listen to the views of Taiwan but make no expression of ours.

MR ALBERT HO (in Cantonese): *The Secretary has not answered my supplementary question at all. I did not say that Hong Kong should not comment on Taiwan, I made myself very clear just now. I just asked the Secretary that, in respect of political issues, were we the only one allowed to express our views where they could merely listen and express none of theirs? My question is just that simple.*

SECRETARY FOR CONSTITUTIONAL AFFAIRS (in Cantonese): Madam President, I think there is one point that all of us should know, that is, official organizations or representatives from Taiwan have no role in Hong Kong's constitutional development. We all accept this and this is crystal clear.

MR ALBERT HO (in Cantonese): *I asked the Secretary about the right to speak but not the role to play. He has not answered — sorry, it should be the right to express opinions.*

SECRETARY FOR CONSTITUTIONAL AFFAIRS (in Cantonese): Madam President, I have already said that Hong Kong respects the freedom of speech, but every individual or organization should know where one is positioned.

PRESIDENT (in Cantonese): We have spent more than 18 minutes on this question. Last supplementary question now.

MR LEUNG YIU-CHUNG (in Cantonese): *President, the Secretary said that it was natural for the Government to state its position on certain political issues. I agree with him. No matter it is on political issues or livelihood issues, whenever it involves the SAR Government, the Government should respond. I think the public also accept this.*

However, the Secretary stressed earlier that invitation made by civil organizations to Taiwan officials who gave opinions and comments of this kind was not welcome. May I ask the Secretary whether he can prove to us that what he said earlier is not a violation or an intervention of the right of people to free organization of legal activities? As those persons were invited by the organizer, why should the Government intervene and use a strong expression like "not welcome"?

SECRETARY FOR CONSTITUTIONAL AFFAIRS (in Cantonese): Madam President, the forum was held and concluded. How could there be any intervention?

MR LEUNG YIU-CHUNG (in Cantonese): *No matter it was before or after the event, if the Secretary made comments, it would be intervention. The Secretary has not answered the supplementary question I asked just now, that is, how he could prove that he had not intervened in the free organization of legal activities by the community.*

SECRETARY FOR CONSTITUTIONAL AFFAIRS (in Cantonese): Madam President, in Hong Kong, numerous forums are held every day and people from

all parts of the world are expressing their opinions freely. I believe, I hope and I will work hard to uphold this state of affairs.

PRESIDENT (in Cantonese): Fourth question.

Maintenance of Surplus HOS Flats to be Sold in Future

4. **MR LAU KONG-WAH** (in Cantonese): *The Housing Authority (HA) is putting up surplus Home Ownership Scheme (HOS) flats for sale in phases. In this connection, will the Government inform this Council of:*

- (a) *the maintenance costs in aggregate so far incurred for each of the HOS courts involved;*
- (b) *the pre-sale defect rectification and maintenance works carried out for the HOS flats put up for sale earlier this month under Phase 1 of 2007, with a breakdown by HOS court of the total expenditure on each type of works and the average costs of such works per flat; and*
- (c) *the defect rectification and maintenance works being undertaken and to be undertaken, the cost estimates as well as the anticipated completion dates for such works in respect of each HOS court to be sold in the future?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): President, the HA carries out regular inspection to ensure that the surplus HOS flats are generally in good condition. The inspection reveals that only some of them have isolated building defects of a minor and superficial nature, such as mini-cracks on walls, stains, corrosion and malfunction of metal components and require general cleaning. The HA has undertaken touching up and repair works accordingly. As for the public facilities serving these flats such as lifts, pumps and fire-fighting equipment, the maintenance is undertaken by the property management agencies concerned.

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

- (a) As the surplus HOS flats have not been used and are in good condition, there is no need for any maintenance work inside the flats.

The cost of maintenance for the public facilities of these HOS courts has been included in the management fees paid by the HA.

- (b) Although the HOS flats put up for sale under Phase 1 of 2007 have been left vacant for some time, they are generally in good condition. Only some of them have isolated building defects, and the HA has undertaken touching up and repair works to address them. According to the HA's rough estimate, the total cost of the works is \$6 million. The average cost for each flat is about \$2,000.
- (c) Given that the overall condition of the buildings and flats are good, touching up and repair works similar to those undertaken for Phase 1 surplus HOS flats will be conducted for the HOS flats for sale in the future. The estimated cost of the touching up and repair works for each flat is also around \$2,000 on average. The HA has already reserved around \$28 million for the touching up and repair works for the surplus HOS flats to be sold. The future works schedule will dovetail with the sale programme of the HOS courts concerned to ensure that the touching up and repair works will be completed immediately before the handover dates.

MR LAU KONG-WAH (in Cantonese): *President, I asked the Secretary in part (b) of my main question to provide "a breakdown by HOS court of the total expenditure on each type of works", but the Secretary has evaded this question. This is, however, the most important question, to which many people actually wish to know the answer. In reply to part (b) of the main question, the Secretary only stated that the total cost is \$6 million. May I know whether the Secretary can provide a breakdown of this figure today?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): President, just as I said in the main reply, the cost of touching up and repair works for each HOS court relates to isolated flats which have building defects of a minor and superficial nature and require minor works, and the average cost for

each flat is about \$2,000, we thus do not find it necessary to further give a breakdown of the cost.

MR LAU KONG-WAH (in Cantonese): *President, whether it is necessary is up to me to decide. I hold that it is necessary to do so and thus I asked this question. Does the Secretary wish to decline providing a breakdown of the figure?*

However, the public's right to information is very important. If you cannot provide an answer now, can you provide the breakdown in writing after the meeting?

PRESIDENT (in Cantonese): Mr LAU Kong-wah, you only need to repeat the part of your supplementary question that has not been answered. Secretary, the unanswered part is about his request for a breakdown by each court of the expenditure concerned as originally asked in the main question.

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): President, I do not have such information at hand. If necessary, I will provide a breakdown in the form of the number of flats in each court with estimated cost for touching up and repair works for each flat at \$2,000. (Appendix II)

MR FREDERICK FUNG (in Cantonese): *President, it is obvious that the longer the surplus HOS flats to be sold are left vacant, the larger the maintenance costs will become. May I ask the Government, in view of this situation, whether it has considered shortening the time these flats are left vacant, so as to lower the maintenance costs?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): President, I have made it very clear in my main reply that these superficial building defects are minor in nature and the cost of touching up and repair works for each flat is about \$2,000. There will not be a big difference in the maintenance cost for the present flats or those to be put up for sale in the future.

Moreover, just as I said in the main reply, the estimated cost of the touching up and repair works for flats to be sold in the future is similarly around \$2,000. In this respect, we have already decided beforehand the timetable for sale of surplus HOS flats and have announced long ago the number of flats to be sold in each phase, we thus do not think that we have to reconsider the timetable concerned because of the touching up and repair costs.

MR LAU KONG-WAH (in Cantonese): *President, in the past, two common conditions were often found in flats left vacant for a long time, although these flats had not been inhabited by anyone: one is water seepage from bay windows and the other is rusting of water pipes. Has the Bureau, in views of these two conditions, conducted water seepage tests on the bay windows and inspected the rusting of water pipes?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): We will inspect the bay windows to see if there is any water seepage. With respect to rusting of water pipes, I think I need to say a few more words. I have already pointed out just now that in respect of public facilities such as lifts, pumps and fire-fighting equipment, despite the flats have not been inhabited, we have paid management fees for these flats to the property management agencies of the courts concerned. Such fees already cover their regular inspection of these facilities, such as pumps and water pipes, to see if they are operating smoothly. Having been paid management fees, the property management agencies have the responsibility to carry out such work.

MR FREDERICK FUNG (in Cantonese): *President, since these flats have been left vacant for a long time before putting up for sale, extra maintenance costs were incurred. Have these extra maintenance costs influenced the evaluation of the property price, that is, did they have an influence on pricing? If yes, how large is the impact and whether it has been reflected in the price? If the maintenance costs are resulted from the HA having left these flats vacant for too long before putting them up for sale, which in turn led to the falling of the property price, would the difference in price be reflected in the cost?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): As I have said just now, the maintenance cost for each flat is around \$2,000, which is a very small amount, we thus have not included the cost.

MR LAU KONG-WAH (in Cantonese): *President, I asked the Secretary just now on the rusting of water pipes, which is a very important question, but the Secretary only replied that the maintenance works are undertaken by the property management agencies. The question the Secretary has not answered is whether the current phase of new HOS flats ready for sale has been inspected for rusting of water pipes? If yes, what are the name(s) of the court(s), and what repair works have been carried out?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): If the Member is referring to corrosion on the surface of water pipes, I have already answered in the main reply that inspection is carried out on such items as metal components; however, if the Member is referring to internal corrosion of the water pipes which leads to a problem with the quality of potable water, as I have explained just now, this falls under the general maintenance work of the courts and the cost has already been covered by the management fees paid to the property management agencies. They have a responsibility to ensure the smooth supply of potable water.

MR LAU KONG-WAH (in Cantonese): *President, the Secretary has not answered part of my supplementary question. In other words, is it true that you have paid the property management agencies, but they failed to do the job? This is the question that I have asked you. What is the status now?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): As we have paid the management fees, they are surely expected to do the job, but in our inspection we did not find any problem with it.

PRESIDENT (in Cantonese): Mr LAU Kong-wah, the Secretary has already answered your supplementary question. Do you wish to ask another supplementary question?

MR LAU KONG-WAH (in Cantonese): *President, I am rather concerned about this because some people wish to apply for these flats.*

In the past when the Hong Kong Housing Society offered new flats for sale, it adopted a measure which, I think, is a good practice. The practice is informing flat owners of the defects that have been rectified in their flats. Will the HA adopt the same practice?

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Cantonese): President, I do not know whether we have done so or not, maybe we have. With your indulgence, I would answer Mr LAU Kong-wah's question in writing. (Appendix III)

PRESIDENT (in Cantonese): Fifth question.

Discussion on Future Development of Electricity Market

5. **MR FREDERICK FUNG** (in Cantonese): *President, early last year, the Government conducted the Stage II Consultation on the future development of the electricity market in Hong Kong after the expiry of the Scheme of Control Agreements (SCAs) in 2008. It has been reported that the two power companies consider the recommendations in the consultation paper unacceptable. Moreover, in reply to my related question in March last year, the Government stated that it would start discussion with the two power companies later in 2006. In this connection, will the Government inform this Council:*

- (a) *of the latest progress of the discussions with the two power companies and the difficulties encountered; the consensus reached so far on the regulatory regime, permitted rate of return, tariff setting mechanism, emission reduction targets, the use of renewable energy to generate electricity, and so on, and how they compare with the recommendations in the consultation paper;*
- (b) *given that the Administration has no plan to conduct further extensive public consultation on the specific regulatory arrangements for the post-2008 electricity market, how it ensures*

that the agreements reached in the future with the two power companies have fully taken into account the interests of the public and will receive widespread public support; and

- (c) *whether it has drawn up contingency plans to cater for the various possible outcomes of the aforesaid discussions (including a breakdown of the negotiations leading to no new agreement); if it has, of the details of the plan, and whether the contingency plans include the control, takeover or acquisition of the electricity generation and supply systems of the two power companies; if it has not, the reasons for that?*

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

- (a) In 2005 and 2006, the Government put forward a package of proposals on "Future Development of the Electricity Market in Hong Kong" for a two-stage public consultation. During the consultation period, we received views of organizations and individuals from different sectors of the community. The Legislative Council also conducted motion debates and other discussions on the subject. The Government has carefully studied the views received and reported them to the Legislative Council Panel on Economic Services. Since mid last year, we have been discussing with the two power companies the terms of the post-2008 SCAs. Our target is to finalize the post-2008 regulatory arrangements this year.

In the course of our discussion, the Government and the power companies have already exchanged views in detail on the key issues mentioned in the question. Our views are more aligned in some areas such as the continued adoption of the SCAs as the regulatory framework and facilitating renewable energy users to have access to the electricity grid, and so on. But we expect more time is needed for discussion of other items. As the discussion between the Government and the two power companies is now underway, it is not appropriate to disclose the details of the negotiation. However, the Government understands clearly the views and expectations of

the public through the public consultation exercise. We shall endeavour to ensure that the final regulatory package meets public expectations and is in the overall interests of Hong Kong.

- (b) As I have just mentioned, the Government has conducted a two-stage public consultation on "Future Development of the Electricity Market in Hong Kong", and received over 900 and 17 000 written submissions from organizations and individuals representing different sectors of the community in the first stage and second stage respectively. We have also attended meetings, briefings and discussion forums held by the Legislative Council Panel on Economic Services, the Legislative Council Panel on Environmental Affairs, District Councils, the Consumer Council, green groups, as well as professional and academic institutions, to collect views of different stakeholders and different sectors of the community.

Through these channels, the public have clearly expressed their views on "Future Development of the Electricity Market in Hong Kong". In formulating the final regulatory package, we shall take into account these public views.

- (c) In conducting the review on "Future Development of the Electricity Market in Hong Kong", the Government has considered different forms of regulatory models, including regulation by means of legislation and continued adoption of the SCAs for economic regulation of the two power companies. At this stage, we consider the continued adoption of the SCAs to be an appropriate arrangement. As regards the two power companies, they have made substantial investments in the electricity infrastructure of Hong Kong over the years. It is also their wish to reach an agreement with the Government so as to continue their electricity generation and supply business in a regulatory environment which has been working effectively. The Government, however, will not rule out introducing other regulatory arrangements if and when necessary. We are now making our best effort to negotiate an agreement with the two power companies. We shall keep under review the negotiation progress and if necessary, achieve our policy

objectives of ensuring stable electricity supply at reasonable price through other arrangements.

MR FREDERICK FUNG (in Cantonese): *President, it is evident from past experience that in the negotiations between the Government and the public bodies on the rate of return and tariff setting mechanism, it was usually the Government that made big concessions whereas the public bodies would only make a small concession. And, the Government would accept the proposals anyway. However, the consultation result of this time is indeed very clear, and the public and the Legislative Council have also reached some consensus. In case of a breakdown of the negotiations — in fact, the Secretary has not answered part (c) of my main reply, that is, whether or not specific contingency plans have been drawn up — will the Government, say, insist to pursue proposals in the consultation paper that have the majority support? Will the Government regulate by way of legislation the permitted rate of return and tariff setting mechanism, as well as the use of renewable energy to generate electricity, and so on, if an agreement cannot be reached?*

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): President, I have stated clearly in the main reply that such protracting consultation was indeed rarely found. We spent two years carrying out a two-stage consultation, and received 17 000 written submissions from the community in the second stage. Furthermore, members of the District Councils and other media have also been consulted through discussions in the Legislative Council. I wish to emphasize that the views of the general public or Members of the Legislative Council have actually been reiterated to the Legislative Council Panel on Economic Services, and are clear enough. Also, I have mentioned time and again that discussion with the two power companies on, among other things, prescribing a single-digit rate of return, is now underway. In the course of negotiation with the two power companies, we will certainly make these the prerequisite, and the final regulatory package should meet public expectations and be in the overall interests of Hong Kong.

As to whether contingency arrangements are in place should the Government and the two power companies fail to reach a consensus, just as I mentioned in the main reply, this possibility has been considered and contingency measures are in place for implementation if necessary.

Nevertheless, insofar as the present stage is concerned, our negotiation with the two power companies has been ongoing in an amiable atmosphere, and it is our common wish to reach a new agreement through the negotiation.

MR FREDERICK FUNG (in Cantonese): *President, the Secretary has not answered my supplementary question. In fact, the two power companies have openly opposed the government proposals in a high profile. The supplementary question raised by me just now was: Has the Government put in place any contingency mechanism under this circumstance? Does it include regulation by means of legislation?*

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): President, I have already given the answer earlier. The regulatory arrangements are set out in the main reply, and the introduction of these arrangements will be considered if and when necessary.

MS EMILY LAU (in Cantonese): *President, the Secretary said that the negotiation with the two power companies has been ongoing in an amiable atmosphere. However, as stated in his reply, their views were more aligned in only two areas. First, the continued adoption of the SCAs as the regulatory framework; and second, facilitating renewable energy users to have access to the electricity grid. As for other areas, however, their views are not aligned and I believe the Secretary should work even harder.*

With regard to the access of renewable energy users to the electricity grid, President, I wish to ask the Secretary what it actually means. I had asked the Secretary the same question before, and he replied that those electricity grids were the assets of the power companies, which should not be forced to open them up to other renewable energy users for power supply or to supply power when there was a shortfall. Yet, such an arrangement can also be found in other countries because it is impossible for companies using renewable energy to generate power in the sudden absence of sunlight or wind. The Secretary, however, said at that time that access was not possible. In other words, it is only possible with the consent of the two power companies and they cannot be asked to allow renewable energy users to have access to electricity grid in the course of negotiating the new agreement. Yet, Secretary Dr Sarah LIAO said

on another occasion that it should be done. President, I wish to ask the Secretary: What is the purpose of the present move to narrow the reply down to merely facilitating those users to have access to the electricity grid? Furthermore, is there not a chance of reaching an agreement under the broader arrangement mentioned by me earlier?

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): President, I cannot quite catch the question raised by Ms LAU regarding the concept of scope, which is simply a matter of personal judgement. It is most imperative for our discussion to facilitate renewable energy users' access to the electricity grid as far as possible. Just as Ms LAU said, reserve will be made available to them when there is a shortfall in power supply. In other words, there is no difference in views between Secretary Dr LIAO and I, as both of us think that the two power companies must provide this service. I believe Ms LAU will also understand that requirements should be imposed on the provision of such service, and access to the electricity grid must be restricted as stability will be adversely affected. It is therefore a reasonable arrangement. Provided that the requirements are met, access to the electricity grid will be allowed. We have already reached a consensus with the two power companies in this respect, which will be included in the regulatory framework.

Surely, I believe Ms LAU is also well-versed in the negotiation process, during which no details should be disclosed to the public. While she asked me to put more efforts, we also request the two power companies to do so. It is necessary for all the parties concerned to be sincere in the negotiation. Both sides are sincere and our negotiation will continue. Of course, the power companies do have their own stance as a double-digit rate of return is definitely more desirable than that of single-digit from their point of view. But we also have a very good understanding of the public expectations, and I am not going to repeat them here.

MS AUDREY EU (in Cantonese): *President, emissions from power plants is one of the major sources of air pollution in Hong Kong. The Secretary mentioned in the last part of the main reply that the negotiation had two objectives only, and that is, ensuring stable electricity supply at reasonable price. I wish to ask the Secretary: Why is environmental protection not an objective? What is the weighting of environmental protection in this negotiation? President, while the*

profits of the two power companies are suppressed by the Secretary on the one hand, they are requested to set reasonable tariffs on the other, will it provide an incentive for them to achieve "small profits and good sales" by boosting power consumption, thereby resulting in more serious pollution?

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): President, we totally agree that environmental protection is an important factor, which is very crucial indeed. Yet, we do have legislation on environmental protection providing for the emission standards of the two power companies, and Secretary Dr LIAO has stated clearly that they have to meet the target in 2010. I should have reiterated in the reply that I totally agree with the three objectives, that is, ensuring stable electricity supply at reasonable price and meeting the requirements of environmental protection. In other words, environmental protection is equally important. Also, we appreciate the public concern about the emission reduction of the two power companies, which involves the method of calculation and the expenditure incurred. We aimed to achieve the emission reduction target in 2010 so as to minimize the pollution caused by the generation of power. With regard to the concern raised by Ms Audrey EU, it will certainly be considered. And, one of the major objectives under negotiation is ensuring compliance with the environmental standards under the future framework.

MS AUDREY EU (in Cantonese): *President, first of all, I am very grateful to the Secretary for saying that the environmental factor would be included as another objective of the negotiation. So, there are now three rather than two objectives. However, President, the Secretary has not answered the second part of my follow-up question, that is, in case regulation is only imposed on tariff while the profits of the power companies are suppressed, will it provide an incentive for the power companies to achieve "small profits and good sales" by boosting consumption of power by the public?*

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): President, I do not think this is a question of "small profits and good sales". When calculating the rate of return, I believe Honourable Members should be well aware that we are not talking about a single figure, but also the rate of return for investment on emission reduction facilities. Our negotiation

relates to a series of issues. If renewable energy is used, the rate of return may reach 11%. We, however, consider that the two power companies must address the issue of emission reduction as punishment will be imposed for failure to meet the target, which may then even render them unable to achieve the rate of return mentioned by me earlier on.

I must reiterate that I appreciate the concern raised by Ms Audrey EU, who is worried that the two power companies may increase their electricity generation capacity for more profits in consideration of the rate of return. Yet, it would be most foolish for the power companies to do so as the majority of the profits will be returned to the users, and not much will be left for the power companies. We will certainly keep a close watch on this, and any attempt by the two power companies to increase the electricity generation capacity will not be permitted. Should Members worry that the two power companies may increase the electricity generation capacity by injecting more capital, with a view to getting a higher return, close attention will be paid to this.

MR LEE WING-TAT (in Cantonese): *President, I know that the negotiation between the Government and the CLP Power Hong Kong Limited (CLP) is now underway, but the Secretary has advised the public and the Legislative Council time and again that the Government would not make any compromise in respect of certain requirements. First, the rate of return must be prescribed as single digit and will not be as high as 13% or 15% as it is now; and second, heavy penalties will be imposed for exceedance of the standard set in relation to the environmental protection initiatives. I wish to ask the Secretary: Has he still not backed off nor made compromise on this matter up to this stage?*

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): President, thanks to Mr LEE for raising this supplementary question. First of all, negotiation is not being held with the CLP alone, but the HEC as well. As for the wordings "Has.....not" used by Mr LEE in his question, it seems that he assumed I would make compromise. I wish to tell him that I have no such intention at all. At present, our stance is very firm.

MR FRED LI (in Cantonese): *President, I do hope that the Secretary's stance is really very firm. Although the negotiation with the Government is still*

underway, the CLP's publicity efforts are bombarding us lately and it is fighting for an investment of \$8-odd billion for the construction of a liquefied natural gas receiving terminal in Hong Kong. This request and the 2008 Agreements (which is too remote) precisely have something to do with the tariff and rate of return. May I ask the Secretary what analysis and assessment will be made when vetting and approving the proposed construction of the receiving terminal and the agreement in relation to profits?

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): President, if I have not got it wrong, Mr LI is also gravely concerned about investment and expects us to carefully vet and approve relevant proposals. I can tell him that he has my assurance. Investments amounting to \$8 billion or \$9 billion may certainly have something to do with the rate of return and tariff, and I believe it is not only of concern to the Government, but also of great concern to consumers at large. What we are going to do now is to engage an independent consultant to thoroughly assess, for example, in the light of what the CLP said, whether the gas from the Yacheng field will soon be exhausted or may last for a longer time; and apart from the construction of a natural gas terminal, whether there are other ways or approaches that can satisfy the needs of the power companies and reduce investment without jeopardizing the stability of power supply. A decision will be made after all issues have been thoroughly studied.

PRESIDENT (in Cantonese): We have spent more than 17 minutes on this question. Last supplementary question now.

MR FREDERICK FUNG (in Cantonese): *President, the Secretary is negotiating the package with the two power companies. Will the Government publicize the package when the negotiation proceeds to the final stage before approval, and consult the Legislative Council and Hong Kong people before a final decision is made?*

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): President, I wish to emphasize again that a number of consultations have actually been conducted over the past two years, for the purpose of feeling

the pulse of the general public. Members have expressed many views and rendered support in this respect, and the expectations are clear enough. We will negotiate with the two power companies towards this end. I would like to emphasize again that we will work hard to ensure that the final regulatory package meets public expectations and is in the overall interests of Hong Kong. I believe this is our job. It would be very difficult for us to consult the Legislative Council or the public when the negotiation enters the final stage, and should this happen, our negotiation can never be concluded.

MR FREDERICK FUNG (in Cantonese): *President, the Secretary has not answered my follow-up question. I am not asking the Secretary to present the package when the negotiation proceeds to a certain stage, but whether or not the public will be consulted before the final package is finalized.*

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

SECRETARY FOR ECONOMIC DEVELOPMENT AND LABOUR (in Cantonese): No.

PRESIDENT (in Cantonese): Last oral question.

Indoor Air Quality

6. **MS AUDREY EU** (in Cantonese): *President, it is learnt that members of the public spend more than 70% of their time in indoor environment and good indoor air quality (IAQ) can safeguard the health of people in such environment. In this connection, will the Government inform this Council:*

- (a) *whether it has evaluated the effectiveness of the IAQ Certification Scheme for Offices and Public Places (including the number of buildings awarded with an IAQ certificate in each of the past three years and its percentage in the total number of buildings in Hong Kong); if it has, of the findings of the evaluation; and*

- (b) whether it has reviewed if it should require premises with poorer IAQ, such as clinics and temples, to carry out regular assessment to safeguard the health of people in such premises; if it has, of the details of the review; if not, the reasons for that?

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Cantonese): Before replying to Ms Audrey EU's question, allow me to explain the Government's policy and measures for improving IAQ.

As the community is attaching more importance to environmental quality management, IAQ has become an issue of public concern. At present, there is no internationally recognized IAQ standard. While individual cities have set certain voluntary IAQ standards, they do not enforce these standards for IAQ management through legislation.

Factors affecting IAQ are complex. For instance, the use of wooden furniture containing additives with formaldehyde may increase the concentration of formaldehyde. The use of correction fluids, perfumes or other deodorants may increase the concentration of volatile organic compounds. The use of photocopiers or laser printers may increase the concentration of ozone and volatile organic compounds in indoor air. Therefore, the Government believes that improving IAQ must start with enhancing public awareness. Since 2001, the Government has been taking various educational and promotional measures, which include:

- (i) setting up an IAQ Information Centre to distribute reference materials on IAQ;
- (ii) adopting a set of IAQ objectives as the criteria for evaluating IAQ;
- (iii) formulating a set of guidelines for improving IAQ management of offices and public places;
- (iv) promoting the voluntary IAQ certification scheme and inviting owners and management agents of premises (including government buildings) to participate in the scheme; and
- (v) drawing up a professional practice note applicable to IAQ of public transport facilities.

Madam President, the IAQ Certification Scheme for Offices and Public Places (or the Scheme as below) mentioned by Ms Audrey EU is a voluntary scheme introduced by the Government in September 2003. The Scheme aims to promote and recognize good IAQ management. The number of participants of the Scheme has been rising steadily since it was launched more than three years ago. The number of IAQ certificates awarded by the Environmental Protection Department (EPD) has increased from 86 at the end of 2004 to 107 and 131 at the end of 2005 and 2006 respectively.

When the Scheme was launched in September 2003, the EPD had already committed to reviewing the effectiveness of the entire IAQ management plan after the Scheme was implemented for sometime, and examining the need for formulating further regulatory measures on IAQ objectives. Hence, the EPD commissioned a consultant to conduct a review at the end of 2006. The scope of review covers the effectiveness of the Scheme, the need for amending the current IAQ objectives, ways to enhance publicity strategy, and the feasibility of expanding the Scheme. It is expected that the consultancy study will complete in 12 months. Subject to the findings of the review, we will consult the public on any specific recommendations.

We do not have the total number of offices and public places for the whole of Hong Kong. Nevertheless, premises voluntarily participating in the Scheme still only account for a relatively small proportion of the large number of offices and public places in the territory. The Government will continue to deepen community's awareness of IAQ by reinforcing publicity work, in order to encourage more people to participate in the Scheme.

MS AUDREY EU (in Cantonese): *President, let us take a look at the number of certificates awarded, which are 86, 107 and 131 in 2004, 2005 and 2006 respectively. From these, we can see that the Scheme is a complete failure without conducting any review. Why do we still have to wait for the review results to be available in 12 months in view of the fact that air pollution is really our number one enemy and indoor air is also very important for we have to stay indoors for a long time? Why does the Government not expedite its work? Can the Secretary consider implementing some affirmative publicity work? A scheme on a voluntary basis may no longer be effective and the authorities should consider some more proactive measures.*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Cantonese): We admit that the number of voluntary participants is on the low side. We wish to know the reason and this is very important. These premises, including public places and offices, will not apply for joining the Scheme with full knowledge that they will not meet the standard. When setting the standard some years ago, we conducted random sampling in order to determine the air quality. Having estimated that more than half of the offices could meet the standard by means of a statistical method based on all offices, we have set the standard. In fact, I know that many people who are in charge of office management will commission a consultant on their own to study whether their offices can meet the standard laid down by us. If they are sure that the answer is in the negative, they will not apply for participation in the Scheme. This is the most crucial question concerning whether the IAQ — here we refer to premises which are closed and air-conditioned — if such premises do not meet the standard, improvement works should be carried out before the objective can be achieved.

When implementing the Scheme, we have to examine the data and determine whether the data are true and accurate. If the answer is in the positive, there will be economic implication. We will request the relevant premises to improve the air ventilation system or air-conditioning system in a comprehensive manner. This will involve a very large area. We do not wish to revise the standard arbitrarily on the ground that they are unable to meet the standard. So we need some time for a review.

MS AUDREY EU (in Cantonese): *President, sorry, the Secretary has not answered my supplementary question. I did not ask the Secretary why these people did not take part in the voluntary Scheme. I asked why the Scheme was not implemented more expeditiously because the Secretary just said that half of them could not meet the standard — as only half has attained the standard, that means half has not. As air pollution is our number one enemy, and IAQ is so important, why are specific measures not expeditiously adopted? Just now I mentioned mandatory checks, such as inspection of air ventilation and air-conditioning systems, which can be implemented in crowded places such as temples, clinics and restaurants, on a mandatory basis. Why are specific measures not implemented?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Cantonese): I would like to explain to Ms Audrey EU why a review is necessary. It is because there are so many data and we have to examine such data before deciding the direction, that is, whether we should insist on adopting this standard or revise the standard. At the beginning, I said that half of the offices met the standard. This is only the result of the first study in the early '90s. At that time, it was projected on the basis of statistical data. When we look at the data now, it seems that less than half of the offices have attained the standard. In that case, our standard could be problematic. Besides, it is not true to say that Hong Kong cannot implement the standard on a mandatory basis. Rather, in the international community, all schemes relating to air quality is voluntary. Why? Just now Ms Audrey EU mentioned temples. There are many unique work procedures or jobs that people wish to perform and can decide on their own. Will it be acceptable if burning of incenses is not allowed in temples? This is up to people to decide. If the staff of a temple consider that worshippers will only stay in the temple for a short time, they can decide their own way of dealing with the incenses. In other words, they can have their own rules of industrial safety. So, regarding the international indoor air pollution problem, we have been taking follow-up actions.

However, it is not easy to formulate a full set of standards. For instance, a very simple standard has been formulated in Japan. But I do not believe it is acceptable in Hong Kong. We in Hong Kong do have standards regarding temperature, humidity and air ventilation. Concerning the current standard as a whole, some standards among different countries are similar. However, as I have said time and again, if we have set some standards which are not attainable, these standards are not worth the paper they are written on. So, firstly, we have to formulate some practical standards; secondly, concerning the voluntary Scheme which has been implemented in Hong Kong for so many years, we must be sure what result has been achieved in Hong Kong and have to conduct a review of this.

MR JAMES TO (in Cantonese): *President, the Secretary's logic is weird. She said if the standard laid down was unattainable, we had better review it. On the contrary, in view of the long working hours of people who have to work indoors, should the Secretary at least take the initiative as she has the power to..... for instance in the fifth paragraph of the main reply, the Secretary said that she did not have the total number of offices territory-wide. She refused to provide the*

most basic estimated figure. Can the Secretary make use of such fundamental powers to take some samples and then tell Hong Kong people the air quality in public places? If air quality is considered important, the community as a whole will be motivated to press the Government to legislate on this. Instead, the Secretary has made a lot of blunders, saying that our standard is problematic. What is the Secretary's attitude towards protecting the people?

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Cantonese): Although we do not have any accurate data on the number of offices, we do have some rough figures. Otherwise, we could not have produced the statistical projection. We think there is a need to review the standard of indoor air pollution in the interest of protecting the people. We have to understand the actual situation and should not set the objective arbitrarily, not expecting anyone to attain it. I have reiterated this point time and again. This is neither scientific nor normal logic from the perspective of management.

MR JAMES TO (in Cantonese): *President, the question remains unanswered is that the Secretary insists that a review is necessary and the objective may be problematic despite her lack of knowledge of the current situation. Is this a correct approach? This is the crux of my supplementary question. The Secretary now says that the objective should be reviewed even though she has no idea of the situation.*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Cantonese): Madam President, we think there is a need to conduct a review after the Scheme has been implemented for so many years. As I said, one of the reasons is the uncertainty as to whether our objective is really so difficult to attain. This is our question. Regarding other questions such as the number of offices, it is very difficult to do accurate calculation. But we will try. However, if we do not conduct a review, we will not know the current situation, as Mr TO said. How can a review be ruled out? Precisely because of this, we have to conduct a review.

MR SIN CHUNG-KAI (in Cantonese): *President, may I ask the Government whether it will consider implementing the measure in item (iii) of the third*

paragraph in the main reply, that is, "formulating a set of guidelines for improving IAQ management of offices and public places" by requiring companies or offices to cleanse the air-conditioning systems such as the air-conditioning ducts on a regular basis?

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Cantonese): Regarding cleansing the air-conditioning ducts, there is provision in other legislation, that is, the ventilation ordinance, which is about the air-conditioning ducts of central air-conditioning systems. I believe the legislation enforceable by the Fire Services Department also provides that the persons-in-charge be responsible for checking and cleansing the air-conditioning ducts on an annual basis.

MS EMILY LAU (in Cantonese): *President, the more I listen to her, the more confusing I become. The Secretary said that a voluntary scheme had been introduced by the Government in 2003 with the purpose of promoting good IAQ management in offices and public places and certificates would be awarded. This shows that a set of standards has been laid down and certificates will be awarded for attaining the standards. During the past three years after implementation of the Scheme, only 324 companies among hundreds of thousands of companies have been awarded certificates. However, this is a set of standards. Is the Secretary now telling us that the standards formulated in 2003 are not quite right and may be too stringent for most companies. If they are required to meet the standards, the costs may be too expensive for them to afford. What is the actual situation now? What is the problem with the Scheme introduced in 2003? Are the public scared that considerable costs may be incurred for compliance, thus refraining from doing so? Or, the standards in 2003 are totally erroneous and it does not matter whether they are observed or not and funding is therefore provided for a consultancy study? What is the actual situation?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Cantonese): No objectives can be regarded as right or wrong. It is just a matter of high or low. Besides, there are not as many as hundreds of thousands of buildings. We have roughly less than 10 000 buildings. It is because calculation is done on the basis of the number of systems, rather than the number of rooms. The figure therefore will not be accurate. For instance, in the

entire Legislative Council Building, there are a number of air-conditioning systems covering a certain zone in which the air quality is more or less the same. How can we ascertain whether the air quality is higher or lower than the standard? For instance, when the Scheme was introduced in 2003, Grade A offices were very enthusiastic in participation because they could meet the standard. In fact, the Scheme was first implemented in 1990s and then modified as the economic conditions changed. At that time, we expected that many offices would be prepared to modify or enhance their air-conditioning systems to ensure that they could comply with the standards because their rental value or price would rise after being classified as Grade A offices.

Perhaps the timing was not right when we introduced the Scheme. The number of people responding was small in 2003 due to poor economic performance. Despite a gradual increase in the figure after three years, the response of small and medium offices is still lukewarm. As to whether they can meet the standard, according to our preliminary projection, it is not satisfactory. Concerning whether they are willing to make investments in this aspect, as this is a free society, we will certainly conduct a review before a decision can be made. As this is a matter of public concern, we will conduct a consultation. If the public consider a comprehensive upgrade necessary, the implications may be far-reaching. So, we have to conduct a review and a consultation before deciding the next step forward for improvement.

MS EMILY LAU (in Cantonese): *President, the Secretary has not answered my question. Are we going to lower the objectives to allow no improvement because of the exorbitant expenses, thus the public health is jeopardized? Is the Secretary going to lower the objectives so that many people are exempted from doing anything, no improvement is needed and no money is wasted? Is this what the Secretary intends to do?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS (in Cantonese): In fact, our objectives are divided into different grades. From the commercial point of view, however, people do not want to end up with Grade C instead of Grade A after carrying out improvement works as this will mean that the loss will outweigh the gain. As far as the concept as a whole is concerned, if we cannot encourage people to apply for joining the Scheme, there is a need to conduct a review. If only Grade C is achieved after spending so

much money, apart from the tremendous efforts by the Government, is it worthwhile to do so? Regarding such situations, we have to conduct a review because the Scheme was highly acclaimed when it was first introduced on the ground that gradual improvement could be made in view of the different grades. However, as it will also affect the rental value, further consultation in this aspect is necessary.

PRESIDENT (in Cantonese): We have spent more than 19 minutes on this question. Oral questions end here.

WRITTEN ANSWERS TO QUESTIONS

Construction of Territory-wide Wi-Fi Network

7. **MISS CHAN YUEN-HAN** (in Chinese): *President, last June, Taipei was honoured as the 2006 Intelligent Community of the Year by the Intelligent Community Forum. Later, the city was also certified by JiWire, an international agency, as the world's largest Wi-Fi network city. In this connection, will the Government inform this Council whether:*

- (a) *it is aware of the Asian cities in which a free territory-wide Wi-Fi network has been established by the government concerned; and*
- (b) *it plans to promote the construction of a territory-wide Wi-Fi network; if it has, of the progress of the promotion efforts; if not, whether it will conduct a study on this issue; if it will not conduct such a study, the reasons for that?*

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Chinese): President, in recent years, many cities in the world have been developing city-wide wireless broadband service. One of the common technologies being deployed is the wireless local area network that operates within the frequency bands of 2.4 GHz and 5 GHz (generally referred to as Wi-Fi). With this technology, broadband service can be made available to both outdoor venues and general households. To provide city-wide coverage,

service providers need to set up thousands of access hotspots in different places in the city. Users can gain access to the wireless networks in the vicinity of these hotspots. It is our understanding that one of the main purposes for some cities to introduce territory-wide Wi-Fi service is to supplement their broadband coverage of fixed networks which are not so extensive. As regards the current situation of Hong Kong, the broadband fixed networks have already covered 98% of residential and commercial buildings.

Regarding the question raised by the Honourable CHAN Yuen-han, my reply is as follows:

- (a) As far as we know, there is no major Asian city in which the government provides city-wide wireless Internet access service for the public free of charge. Some Asian cities, such as Seoul, Tokyo, Taipei and Singapore, have rolled out or are rolling out Wi-Fi networks that cover major areas of the cities. However, these wireless broadband services are mainly invested by the service operators, not by the government. Moreover, except in Singapore, these services are not offered free of charge. In Singapore, the service operator offers three-year basic wireless Internet access service, at a maximum speed of 512 kbps, to the public free of charge. (Currently, operators in Hong Kong are providing broadband fixed network service mainly at speeds ranging from 1 500 kbps to 10 Mbps) However, fees will be charged for the services with greater speed and better quality.
- (b) It is the Government's established policy to facilitate the introduction of new services, including territory-wide Wi-Fi service, into the market and to maintain fair competition. However, whether investment should be made is subject to commercial decision by the market.

At present, the Office of the Telecommunications Authority adopts a light-handed approach to regulate the provision of public Wi-Fi service which covers indoor areas of urban commercial premises only (that is, not crossing public streets or unleased Government lands) by the class licence regime. Any service provider who has registered with the Telecommunications Authority (TA) as a class

licensee can provide the service. No licence fee is imposed. Currently, there are 27 registered class licensees in Hong Kong operating 765 hotspots in total. Free wireless Internet access service has recently been made available inside the Passenger Terminal Building of the Hong Kong International Airport.

As to public Wi-Fi service crossing public streets or unleased Government lands, currently, interested service operators may apply to the TA for a carrier licence for establishing and rolling out such service. The Government would also consider proactively providing facilitation to the operators to set up hotspots, such as making available government properties and facilities in public street to the operators, as well as charging at nominal rents. Subject to the principle of not intervening in the market, the Government is exploring further initiatives to promote wireless Internet access service to support the community to make use of the latest developments in telecommunications technologies and to bring more convenience to Internet users.

Leisure and Cultural Services Facilities in Rural Areas

8. **MR LAU WONG-FAT** (in Chinese): *President, as there have been incessant criticisms about a lack of leisure and cultural services (LCS) facilities in the rural areas of the New Territories, will the Government inform this Council:*

- (a) *of the existing LCS facilities in the rural areas of the New Territories, as well as those under construction and those under planning by the Government in those areas, broken down by the respective areas of the 27 Rural Committees; and*
- (b) *given that the Administration stated in November last year that it would continue to explore whether or not to adopt the public-private-partnership approach for implementing community works projects, whether the authorities have any plans to use this approach for providing more LCS facilities in the rural areas of the New Territories; if so, of the details; if not, the reasons for that?*

SECRETARY FOR HOME AFFAIRS (in Chinese): President, my reply is as follows:

- (a) A list of the existing LCS facilities in the rural areas of the New Territories, as well as those under construction and those under planning with breakdown by the respective areas of the 27 rural committees is at the Appendix.
- (b) At present, all LCS facilities under planning are to be built under the Government's Public Works Programmes. We are actively exploring opportunities for using the public-private-partnership model for the operation, management and maintenance of these projects.

Appendix

Islands District

Facilities within the area of Cheung Chau Rural Committee

Existing LCS facilities

1. Windsurfing Memorial Garden
2. Hung Shing Temple Children's Playground, Cheung Chau
3. Jockey Club Cheung Chau Tung Wan Children's Playground
4. Lutheran Village Children's Playground, Cheung Chau
5. Pak She Back Street Garden
6. Pak She San Tsuen Garden
7. Cheung Chau Park
8. Pak She Cheung Lee Playground, Cheung Chau
9. Pak Tai Temple Playground, Cheung Chau
10. Round Table Third Village Playground, Cheung Chau
11. Tai Choi Yuen Playground, Cheung Chau
12. Cheung Po Chai Cave Picnic Area
13. Cheung Chau Sports Ground
14. Don Bosco Road Leisure Shelter, Cheung Chau
15. Kwun Yam Wan Road Seaview Shelter, Cheung Chau
16. Chung Hing Pun Shan Road Sitting-out Area, Cheung Chau

17. Lung Tsai Tsuen Sitting-out Area, Cheung Chau
18. Pai Cheong Road Sitting-out Area, Cheung Chau
19. San Pak She Street Sitting-out Area No. 1, Cheung Chau
20. San Pak She Street Sitting-out Area No. 2, Cheung Chau
21. San Pak She Street Sitting-out Area No. 3, Cheung Chau
22. San Pak She Street Sitting-out Area No. 4, Cheung Chau
23. San Pak She Street Sitting-out Area No. 5, Cheung Chau
24. Tai Shek Hau Tin Hau Temple Sitting-out Area, Cheung Chau
25. Tin Fuk Sitting-out Area, Cheung Chau
26. Amenity area at Hak Pai Road, Cheung Chau
27. Amenity Area at Cheung Chau Sai Tai Road
28. Chung Hing Hoi Pong Road Sitting-out Area, Cheung Chau
29. Don Bosco Road Garden
30. Amenity area at Hing Lung Main Street and Tung Wan Road
31. Pak Tai Temple Sitting-out Area, Cheung Chau
32. Praya Street Sitting-out Area, Cheung Chau
33. San Pak She Street Sitting-out Area No. 6, Cheung Chau
34. San Pak She Street Sitting-out Area No. 7, Cheung Chau
35. Praya Street Sports Centre Roof-top SOA
36. Tai Kwai Wan Garden, Cheung Chau
37. Tin Fuk Ting Garden
38. Tung Koon San Chuen Sitting-out Area, Cheung Chau
39. Waterfront Amenity Area, Stage II, Package 4, Cheung Chau
40. Service Reservoir Look-out Pavilion, Cheung Chau
41. Cheung Chau Sports Centre
42. Praya Street Sports Centre
43. Cheung Chau Tung Wan Beach
44. Kwun Yam Beach
45. Cheung Chau Public Library

LCS facilities under construction

1. Local Open Space at Tai Choi Yuen, Cheung Chau

LCS facilities under planning

1. Improvement to the open space near Scenic Garden, Cheung Chau
2. Improvement to open space at Cheung Pak Road near the Water Supplies Department's Service Reservoir, Cheung Chau
3. Construction of a look-out area at Hau Hok Wan

Facilities within the area of Lamma Island (North) Rural Committee*Existing LCS facilities*

1. Yung Shue Wan Basketball Court, North Lamma
2. Yung Shue Wan Playground
3. Pak Kok Village Rain-shelter, North Lamma
4. Tai Peng San Chuen Rainshelter, North Lamma
5. Yung Shue Wan/Sok Kwu Wan Rainshelter
6. Tai Peng San Chuen Sitting-out Area, North Lamma
7. Yung Shue Wan Sitting-out Area
8. Pak Kok Village Sitting-out Area, North Lamma
9. Pak Kok Village Children's Playground
10. Yung Shue Wan Mini-Soccer Pitch
11. Yung Shue Wan Tin Hau Temple Sitting-out Area
12. Lo Tik Wan Barbecue Area
13. Hung Shing Yeh Beach
14. North Lamma Public Library

LCS facilities under construction

Nil

LCS facilities under planning

Nil

Facilities within the area of Lamma Island (South) Rural Committee*Existing LCS facilities*

1. Sok Kwu Wan Playground
2. Sok Kwu Wan Sitting-out Area
3. Tai Wan Sitting-out Area, Po Toi
4. Lo So Shing Sitting-out Area
5. Sok Kwu Wan Tin Hau Temple Sitting-out Area
6. Lo So Shing Beach
7. South Lamma Public Library

LCS facilities under construction

Nil

LCS facilities under planning

Nil

Facilities within the area of Mui Wo Rural Committee*Existing LCS facilities*

1. Mui Wo Playground
2. Tung Wan Tau Road Rainshelter, Mui Wo
3. Mui Wo Ferry Concourse Rest Garden
4. Mui Wo Ferry Pier Road Sitting-out Area
5. Mui Wo Sports Centre
6. Kiu Tau Tsuen Sitting-out Area
7. Mui Wo Development Package 3, 4, 5
8. Mui Wo Development Package 2
9. Mui Wo River Silver Garden
10. Mui Wo Town Square
11. Silvermine Bay Waterfall Garden
12. Tai Tei Tong Sitting-out Area, Mui Wo
13. Mui Wo Development Package 1
14. Silver Mine Bay Beach
15. Mui Wo Swimming Pool
16. Mui Wo Public Library

LCS facilities under construction

Nil

LCS facilities under planning

Nil

Facilities within the area of Peng Chau Rural Committee*Existing LCS facilities*

1. Tung Wan Barbecue Area, Peng Chau
2. Peng Chau Mini-soccer Pitch
3. Peng Chau Playground
4. Peng Chau Waterfront Playground
5. Finger Hill Sitting-out Area, Peng Chau
6. Peng Chau Sitting-out Area
7. Tung Wan Sitting-out Area, Peng Chau

8. Wai Tsai Street Sitting-out Area, Peng Chau
9. Wing Lung Street Sitting-out Area, Peng Chau
10. Peng Chau Shing Ka Road Sitting-out Area
11. Nam Wan Sitting-out Area, Peng Chau
12. Kam Fa Temple Garden, Peng Chau
13. Peng Chau Sports Centre
14. Peng Chau Public Library

LCS facilities under construction

Nil

LCS facilities under planning

Nil

Facilities within the area of South Lantao Rural Committee

Existing LCS facilities

1. Lower Cheung Sha Village Children's Playground
2. Pui O Children's Playground
3. Pui O Playground, Lantau
4. Tong Fuk Playground, Lantau
5. South Lantau Road/Tung Chung Road Pavilion
6. Cheung Sha Nursery
7. Tong Fuk Barbecue Area, Lantau
8. Lower Cheung Sha Village Basketball Court
9. Ham Tin Garden, Pui O
10. Shap Long Sitting-out Area
11. Shui Hau Village Sitting-out Area, Lantau
12. Pui O Sun Wai Chuen Sitting-out Area
13. Tong Fuk Beach
14. Upper Cheung Sha Beach
15. Lower Cheung Sha Beach
16. Pui O Beach
17. Mobile Library Stop (Public Carpark at the Junction of South Lantau Road and Chi Ma Wan Road)
18. Mobile Library Stop (Tong Fuk Public Carpark)
19. Mobile Library Stop (Shui Hau Public Carpark)

LCS facilities under construction

Nil

LCS facilities under planning

Nil

Facilities within the area of Tai O Rural Committee*Existing LCS facilities*

1. Leung Uk Children's Playground, Tai O
2. Sha Lo Wan Playground, Lantau
3. Tai O Road Playground No. 1
4. Tai O Road Playground No. 2
5. Tai O Road Playground No. 3
6. Yim Tin Pok Temporary Playground
7. Tai O Recreation Ground, Lantau
8. Shek Pik Reservoir Garden, Lantau
9. Hang Mei Sitting-out Area, Tai O
10. Po Chu Tam Barbecue Area
11. Tai Peng Street Sitting-out Area, Tai O
12. Shek San Tau Garden, Tai O
13. Sham Shek Village Rainshelter, Lantau
14. Tai O Shek Tsai Po Temporary Athletic Training Field
15. Tai O Market Street Sitting Out Area
16. Tai O Public Library

LCS facilities under construction

Nil

LCS facilities under planning

Nil

Facilities within the area of Tung Chung Rural Committee*Existing LCS facilities*

1. Tung Chung Playground
2. Tung Chung Fort Sitting-out Area

3. Wong Ka Wai Sitting-out Area, Tung Chung
4. Hau Wong Temple Children's Playground, Tung Chung
5. Shek Mun Kap Sitting-out Area, Tung Chung
6. Tung Chung Sitting-out Area

LCS facilities under construction

Nil

LCS facilities under planning

Nil

Tuen Mun District

Facilities within the area of Tuen Mun Rural Committee

Existing LCS facilities

1. Fuk Hang Playground
2. Leung Tin Tsuen Garden
3. San Wai Tsai Children's Playground
4. Siu Hang Sitting-out Area
5. San Hing Tsuen Children's Playground
6. Kei Lun Wai Children's Playground
7. Tsing Shan Pavilion
8. Nim Wan Tsuen Children's Playground
9. Nai Wai Soccer Pitch
10. Tai Lam Chung Road Children's Playground
11. Tai Lam Chung Tsuen Children's Playground
12. Chung Uk Children's Playground
13. San Hui Tsuen Rest Garden
14. So Kwun Wat Sitting-out Area
15. Tseng Tau Sheung Tsuen Sitting-out Area
16. San Hei Pavilion
17. Tseng Tau Chung Tsuen Sitting-out Area
18. Fuk Hang Tsuen Road Garden
19. Fu Tei Chung Tsuen Sitting-out Area
20. Nai Wai Children's Playground
21. Nai Wai Garden

22. Yeung Siu Hang Garden
23. Tin Hau Temple Pavilion
24. Yick Yuen Pavilion
25. San Shek Wan Pavilion
26. Tsz Tin Pavilion
27. Lookout Point at Lung Kwu Tan
28. Fuk Hang Tsuen Pavilion
29. Wo Ping San Tsuen Pavilion
30. Tuen Mun San Tsuen Pavilion

Leisure facilities and cultural services under construction

Nil

Leisure facilities and cultural services under planning

1. Fung Tei Basketball Court
2. Luen On San Tsuen Pavilion

Yuen Long District

Facilities within the area of Ha Tsuen Rural Committee

Existing LCS facilities

1. Hang Hau Tsuen Sitting-out Area
2. Ping Ha Road Garden
3. San Sang Tsuen Sitting-out Area
4. Sheung Pak Nai Playground
5. Sik Kong Tsuen Playground
6. Tin Sum Village Playground
7. Ha Tsuen Ha Pak Nai Playground
8. Ha Tsuen Tung Tau Tsuen No. 1 Sitting-out Area
9. Ha Tsuen Tung Tau Tsuen No. 2 Sitting-out Area
10. Ha Tsuen Lau Fau Shan Sitting-out Area
11. Ha Tsuen Sha Chau Lei Tsuen Sitting-out Area
12. Open Area at Hang Mei Tsuen, Ha Tsuen
13. Sitting-out Area at San Wai, Ha Tsuen
14. Open Space at Ha Tsuen Shi, Ha Tsuen
15. Rainshelter at San Wai, Ha Tsuen
16. Open Space near Hung Shui Kiu Market, Ha Tsuen

LCS facilities under construction

Nil

LCS facilities under planning

Nil

Facilities within the area of Kam Tin Rural Committee*Existing LCS facilities*

1. Kam Sheung Road Sitting-out Area
2. Kam Tin Market Playground
3. Kam Tin Po Tei Playground
4. Kam Tin Shi Children's Playground
5. Kat Hing Wai Garden
6. Kat Hing Wai Playground
7. Shui Mei Village Playground
8. Wah Shing Tsuen Children's Playground
9. Kam Tin Fung Kat Heung Basketball Court
10. Kam Tin Rural Committee Sitting-out Area
11. Kam Tin Shui Tau Tsuen Bin Mo Kiu Sitting-out Area
12. Sitting-out Area at Kam Tin Shi, Kam Tin
13. Sitting-out Area at Kam Ho Road, Kam Tin
14. Rainshelter at Shui Tau Tsuen, Kam Tin
15. Rainshelter at Fung Kat Heung, Kam Tin
16. Rainshelter at Sha Po Tsuen, Kam Tin
17. Mobile Library Stop (Kam Tin Rural Committee)

LCS facilities under construction

Nil

LCS facilities under planning

1. Construction of Basketball Court cum Sitting-out Area at Ko Po Tsuen, Kam Tin

Facilities within the area of Pat Heung Rural Committee*Existing LCS facilities*

1. Cheung Po Tsuen Playground
2. Chuk Hang Playground

3. Ho Pui Tsuen Playground
4. Ma On Kong Garden
5. Pat Heung Temple Sitting-out Area
6. Sheung Tsuen Park
7. Sheung Tsuen Sitting-out Area
8. Wang Toi Shan Playground
9. Wing Hing Wai Sitting-out Area
10. Yuen Kong Tsuen Playground
11. Rainshelter at Yuen Kong Tsuen, Pat Heung
12. Rainshelter at Ngau Keng Tsuen, Pat Heung
13. Sitting-out Area at Ha Che Tsuen, Pat Heung
14. Playground at Yuen Kong San Tsuen, Pat Heung
15. Sitting-out Area Lo Uk Tsuen, Pat Heung
16. Rainshelter at Lai Uk Tsuen, Pat Heung
17. Rainshelter at Shui Tsan Tin, Pat Heung
18. Mobile Library Stop (Sheung Tsuen Park, Pat Heung)

LCS facilities under construction

Nil

LCS facilities under planning

1. Open space at Kam Tsin Wai, Pat Heung

Facilities within the area of Ping Shan Rural Committee

Existing LCS facilities

1. Fu Pui Garden
2. Fui Sha Wai Playground
3. Hang Mei Tsuen Sitting-out Area
4. Hang Tau Tsuen Playground
5. Hung Uk Tsuen Playground
6. Mong Tseng Wai Basketball Court
7. Ping Pak Lane Park
8. Ping Shan Lane Garden
9. Shek Po Tsuen Playground
10. Tan Kwai Tsuen Road Garden
11. Tong Yan San Tsuen Garden
12. Tong Yan San Tsuen Playground
13. Tung Tau Wai Children's Playground

14. Ping Shan Lam Hau Tsuen Basketball Court
15. Ping Shan Yeung Uk San Tsuen Sitting-out Area
16. Ping Shan Tai Tseng Shing Uk Tsuen Basketball Court
17. Ping Shan Wang Chau Fuk Hing Tsuen Sitting-out Area
18. Ping Shan Mong Tseng Wai Sitting-out Area
19. Ping Shan Tai Tseng Wai Sitting-out Area
20. Ping Shan Fung Chi Tsuen Sitting-out Area
21. Ping Shan Chun Hing San Tsuen Sitting-out Area
22. Ping Shan Fui Sha Wai Basketball Court
23. Ping Shan Yeung Uk Tsuen Sitting-out Area
24. Ping Shan Shan Ha Tsuen Basketball Court
25. Ping Shan Area 1 Hung Shui Kiu Sitting-out Area
26. Ping Shan Shek Po Tsuen Sitting-out Area
27. Sitting-out Area/Playground at Ngau Hom, Ping Shan
28. Rainshelter at Kiu Tau Wai, Ping Shan
29. Rainshelter at Tan Kwai Tsuen, Ping Shan
30. Rainshelter at Sha Tseng Road, Ping Shan
31. Rainshelter at Ma Fung Ling Road, Ping Shan
32. Rainshelter at Tan Kwai Tsuen, Ping Shan
33. Sitting-out Area at Sheung Cheung Wai, Ping Shan
34. Sitting-out Area at Hang Mei Tsuen, Ping Shan (2)
35. Sitting-out Area at Wang Chau, Sai Tau Wai, Ping Shan
36. Sitting-out Area at Kiu Tau Wai, Ping Shan
37. Mobile Library Stop (Hang Mei Tsuen Carpark)

LCS facilities under construction

1. Sitting-out Area at Hung Tak Road, Ping Shan
2. Ping Shan Tang Clan Gallery cum Heritage Trail Visitors Centre

LCS facilities under planning

1. Local open space at Hung Tak Road, Hung Shui Kiu
2. Open space at Lam Uk Tsuen, Ping Shan

Facilities within the area of Shap Pat Heung Rural Committee

Existing LCS facilities

1. Shan Pui Chung Hau Sitting-out Area
2. Tai Kei Ling Sitting-out Area

3. Yeung Uk Tsuen Garden
4. Shap Pat Heung Sham Chung Tsuen Basketball Court
5. Shap Pat Heung Shui Chiu Lo Wai Playground
6. Shap Pat Heung Wong Nai Tun Tsuen Playground
7. Shap Pat Heung Tai Wai Tsuen Sitting-out Area
8. Shap Pat Heung Wong Uk Tsuen Playground
9. Open Area at Nam Hang Tsuen, Shap Pat Heung
10. Rainshelter at Tai Tong Shan Road, Shap Pat Heung
11. Rainshelter at Ngau Yiu Tau, Shap Pat Heung
12. Sitting-out Area at Shui Tsiu San Tsuen, Shap Pat Heung
13. Sitting-out Area at Pak Sha Tsuen, Shap Pat Heung
14. Playground at Shui Chiu Lo Wai, Shap Pat Heung (2)
15. Basketball Court/Sitting-out Area at Ma Tin Tsuen, Shap Pat Heung
16. Sitting-out Area at Tai Shu Ha, Shap Pat Heung
17. Basketball Court at Tai Tong Tsuen, Shap Pat Heung
18. Mobile Library Stop (Tung Tau Wai Village Office)

LCS facilities under construction

Nil

LCS facilities under planning

Nil

Facilities within the area of San Tin Rural Committee

Existing LCS facilities

1. Ha Wan Tsuen Basketball Court
2. Ha Wan Tsuen Garden
3. Lok Ma Chau Garden
4. Tai Sang Wai Playground
5. Tsing Lung Tsuen Playground
6. Tung Chan Wai Children's Playground
7. Wing Ping Tsuen Sitting-out Area
8. San Tin Park
9. San Tin Ngau Tam Mei Basketball Court
10. San Tin Ngau Tam Mei Playground
11. San Tin Ngau Tam Mei (West) Sitting-out Area
12. San Tin Ngau Tam Mei Village Office Sitting-out Area

13. San Tin Fan Tin Tsuen Sitting-out Area
14. San Tin Ha Chuk Yuen Sitting-out Area
15. Rainshelter at Ha Wan Tsuen, San Tin
16. Rainshelter at Lok Ma Chau Tsuen, San Tin
17. Rainshelter at Ki Lun Shan, San Tin
18. Rainshelter at Ngau Tam Mei, San Tin
19. Rainshelter at Ma Tso Lung Road, San Tin
20. Rainshelter at Mai Po Lung Tsuen, San Tin
21. Sitting-out Area at Yan Sau Wai, San Tin
22. Rainshelter at Mai Po San Tsuen, San Tin
23. Mobile Library Stop (Adjacent to San Tin Post Office)

LCS facilities under construction

Nil

LCS facilities under planning

Nil

Kwai Tsing District

Facilities within the area of Tsing Yi Rural Committee

Existing LCS facilities

1. Sheung Ko Tan Street Sitting-out Area

LCS facilities under construction

Nil

LCS facilities under planning

Nil

Tsuen Wan District

Facilities within the area of Tsuen Wan Rural Committee

Existing LCS facilities

1. Ha Fa Shan Children's Playground
2. Kwan Mun Hau Tsuen Children's Playground

3. Sai Lau Kok Tsuen Children's Playground
4. San Tsuen Children's Playground
5. Sham Tseng Resite Village Children's Playground
6. Sheung Kwai Chung Children's Playground
7. Yi Pei Chun Children's Playground
8. Fu Uk Garden
9. Ha Fa Shan Garden
10. Lo Wai Garden
11. Ting Kau Garden
12. Sam Tung Uk Village Playground
13. Ting Kau Village Playground
14. Shek Pik Resettlers' Playground
15. Kau Wah Keng Village Playground
16. Lo Wai Village Basketball Court
17. Lo Wai Village Badminton Court
18. Hoi Pa Village Children's Playground
19. Hoi Pa Village Basketball Court
20. Choi Yuen Village Children's Playground
21. Kwong Pan Tin Village Sitting-out Area
22. Sham Tseng East Village Sitting-out Area
23. Sham Hong Road Children's Playground
24. Miu Kwong Street Sitting-out Area
25. Chiu Tam Path Sitting-out Area

LCS facilities under construction

Nil

LCS facilities under planning

1. Lo Wai Village Sitting-out Area
2. LOS at Sham Tseng Area 50, Tsuen Wan

Facilities within the area of Ma Wan Rural Committee

Existing LCS facilities

1. Pak Lam Road Garden
2. Ma Wan Roller Skating Rink
3. Ma Wan Fishermen's Village Children's Playground

LCS facilities under construction

Nil

LCS facilities under planning

1. Ma Wan Soccer Pitch
2. Ma Wan Pak Wan Sitting-out area

Sha Tin District**Facilities within the area of Sha Tin Rural Committee***Existing LCS facilities*

- (A) Under the management of the Leisure and Cultural Services Department
Sha Tin District Leisure Services Office
1. Tai Shui Hang Village Sitting-out Area
 2. San Tin Village Sitting-out Area
 3. A Kung Kok Playground
 4. Tai Wai New Village Pavilion
 5. Chik Fu Street Rest Garden
 6. Chik Fuk Street Sitting-out Area
 7. Kak Tin Children's Playground
 8. Sheung Wo Che Garden
 9. Tin Sam Garden No. 1
 10. Tin Sam Garden No. 2
 11. Tin Sam Garden No. 3
 12. Wu Kai Sha Children's Playground
 13. Tai Shui Hang South Street Sitting-out Area
 14. Sha Tin Wai Village Sitting-out Area
 15. Open Space at Sha Tin Tau Village (near Fung Shek Street)

LCS facilities under construction

Nil

LCS facilities under planning

Nil

Tai Po District**Facilities within the area of Tai Po Rural Committee***Existing LCS facilities*

1. Chai Kek Children's Playground
2. Cheung Shue Tan Children's Playground

3. Chi Tong Tsuen Children's Playground
4. Chim Uk Village Children's Playground
5. Chung Shum Wai Children's Playground
6. Chung Uk Tsuen Playground
7. Fong Ma Po Children's Playground
8. Fung Yuen Playground
9. Ha Hang Village Sitting-out Area
10. Kau Lung Hang Playground
11. Lin Au Children's Playground
12. Lung Mei Village Garden
13. Ma Wo Sitting-out Area
14. Mui Shue Hang Playground
15. Nam Wah Po Playground
16. Ping Long Playground
17. Plover Cove Villagers' Playground, Tai Po
18. Sam Mun Tsai Children's Playground
19. San Uk Tsai Children's Playground
20. She Shan Sitting-out Area
21. She Shan Tsuen Children's Playground
22. Sheun Wan Tung Tsz Children's Playground
23. Shuen Wan Sha Lan Sitting-out Area
24. Tai Hang Fui Sha Wai Playground
25. Tai Mei Tuk Village Children's Playground
26. Tai Om Children's Playground
27. Tai Po Kau Garden
28. Tai Po Kau Park
29. Tai Po Kau San Wai Playground
30. Tai Po Mei Children's Playground
31. Tai Po Tau Playground
32. Tai Po Tau Shui Wai Sitting-out Area
33. Ting Kok Village Children's Playground
34. Tong Min Tsuen Playground
35. Tung Tsz Road Sitting-out Area
36. Wai Tau Tsuen Sitting-out Area
37. Wai Tau Tsuen Playground
38. Wong Yue Tan Children's Playground
39. Ying Pun Ha Chuk Hang Sitting-out Area
40. Po Sam Pai Sitting-out Area
41. Tai Hang Chung Chum Wai Sitting-out Area
42. Tai Wo Sitting-out Area

LCS facilities under construction

1. Tai Om Open Space

LCS facilities under planning

1. Mobile Library Stop (Shuen Wan Town Villages Office)

Facilities within the area of Sai Kung North Rural Committee*Existing LCS facilities*

1. Tap Mun Playground
2. Tap Mun Sitting-out Area
3. Yung Shue Tsuen Children's Playground

LCS facilities under construction

Nil

LCS facilities under planning

Nil

North District**Facilities within the area of Fanling Rural Committee***Existing LCS facilities*

1. Chi Tong Tsuen Sitting-out Area
2. Fan Leng Lau Garden
3. Fan Leng Lau Pleasure Ground
4. Fan Ling Wai Playground
5. Hung Leng Children's Playground
6. Kwan Tei Children's Playground
7. Kwan Tei Sitting-out Area
8. Leng Pei Playground
9. Lung Yeuk Tau San Wai Children's Playground
10. Ma Mei Ha Playground
11. Ma Wat Wai Children's Playground
12. On Lok Tsuen Garden
13. On Lok Tsuen Playground
14. On Lok Tsuen (No. 1) Sitting-out Area

15. On Lok Tsuen (No. 3) Sitting-out Area
16. On Lok Tsuen (No. 4) Sitting-out Area
17. On Lok Tsuen (No. 5) Sitting-out Area
18. Po Kat Tsai Village Sitting-out Area
19. San Uk Tsai Playground
20. San Uk Tsuen Sitting-out Area
21. Siu Hang Tsuen Sitting-out Area
22. Tan Chuk Hang Children's Playground
23. Tong Hang Playground
24. Tung Kok Wai Children's Playground
25. Wing Ling Basketball Court
26. Wing Ling Tsuen Sitting-out Area

LCS facilities under construction

Nil

LCS facilities under planning

Nil

Facilities within the area of Sheung Shui Rural Committee

Existing LCS facilities

1. Ho Sheung Heung Playground
2. Kai Leng Playground
3. Kam Tsin Village Children's Playground
4. Kwu Tung Grass Soccer Pitch
5. Kwu Tung Playground
6. Liu Pok Playground
7. Man Kok Village Garden
8. Ping Kong Children's Playground
9. Sheung Shui Heung Basketball Court
10. Sheung Shui Heung Sitting-out Area No. 1
11. Sheung Shui Heung Sitting-out Area No. 2
12. Sheung Shui Heung Sitting-out Area No. 3
13. Sheung Shui Heung Sitting-out Area No. 4
14. Sheung Shui Heung Sitting-out Area No. 5
15. Sheung Shui Heung Sitting-out Area No. 6
16. Sheung Shui Heung Sitting-out Area No. 7
17. Sheung Shui Heung Sitting-out Area No. 8
18. Sheung Shui Heung Sitting-out Area No. 9

19. Sheung Shui Heung Sitting-out Area No. 11
20. Sheung Shui Playground
21. Tai Tau Leng Sitting-out Area
22. Tsung Pak Long Children's Playground
23. Tung Fong Children's Playground
24. Wah Shan Village Sitting-out Area
25. Yin Kong Playground

LCS facilities under construction

Nil

LCS facilities under planning

Nil

Facilities within the area of Sha Tau Kok Rural Committee

Existing LCS facilities

1. Ap Chau Sitting-out Area
2. Ha Tam Shui Hang Sitting-out Area
3. Kat O Playground
4. Kat O Sitting-out Area
5. Lin Ma Hang Playground
6. Loi Tung Sitting-out Area
7. Luk Keng Village Playground
8. Ma Tseuk Leng Children's Playground
9. Man Uk Bin Children's Playground
10. Nam Chung Children's Playground
11. Sha Tau Kok Square
12. Sheung Wo Hang Children's Playground
13. Sheung Wo Hang Sitting-out Area
14. Tai Tong Wu Sitting-out Area
15. Wo Keng Shan Road Garden
16. Wu Kau Tang Playground
17. Sha Tau Kok Public Library (Sha Tau Kok Chuen)

LCS facilities under construction

Nil

LCS facilities under planning

Nil

Facilities within the area of Ta Kwu Ling Rural Committee*Existing LCS facilities*

1. Chow Tin Tsuen Children's Playground
2. Fung Wong Wu Playground
3. Kan Tau Wai Playground
4. Lei Uk Tsuen Children's Playground
5. Nga Yiu Village Children's Playground
6. Ping Che Children's Playground
7. Ping Che Kat Tin Children's Playground
8. Ping Che Mini Soccer Pitch
9. Ping Che New Village Sitting-out Area
10. Ping Yeung Village Garden
11. San Uk Leng Playground
12. San Uk Ling Basketball Court
13. Sheung Shan Kai Wat Sitting-out Area
14. Sing Ping San Tsuen Children's Playground
15. Ta Kwu Ling Chuk Yuen Playground
16. Ta Kwu Ling Playground
17. Tong Fong Sitting-out Area
18. Tsung Yuen Ha Playground

LCS facilities under construction

Nil

LCS facilities under planning

Nil

Sai Kung District**Facilities within the area of Sai Kung Rural Committee***Existing LCS facilities*

1. Kau Sai Sun Tsuen Garden
2. Nam Shan Village Sitting-out Area
3. Pak Kong Garden
4. Pak Sha Wan Tsuen Garden
5. Pik Uk Garden
6. Ta Ho Tun Garden
7. Tai Mong Tsai Picnic Area and Pavilion

8. Tui Min Hoi Rest Garden
9. Wo Mei Rest Garden
10. Man Yee Playground
11. Sha Kok Mei Playground and Garden
12. Hing Keng Shek Village Square
13. Ho Chung Village Square
14. Sitting-out Area at Pak Kong
15. Sitting-out Area in front of Pak Kong Village Office
16. Tui Min Hoi Sitting-out Area near Lakeside Garden
17. Pak A Playground
18. Sheung Yiu Folk Museum

LCS facilities under construction

Nil

LCS facilities under planning

Nil

Facilities within the area of Hang Hau Rural Committee

Existing LCS facilities

1. Ma Yau Tong Rest Garden
2. Mang Kung Uk Rest Garden
3. Sheung Sze Wan Sitting-out Area
4. Tai Po Tsai Rest Garden
5. Tai Wan Tau Garden
6. Shui Bin Tsuen Playground
7. Hang Hau Basketball Court
8. Sitting-out Area near Tsz Tong, Yu Uk Village, Mang Kung Uk
9. Tseng Lan Shue Basketball Court
10. Tai Po Tsai Sitting-out Area
11. Sheung Yeung Sitting-out Area

LCS facilities under construction

Nil

LCS facilities under planning

Nil

EcoPark

9. **MR MA LIK** (in Chinese): *President, the Government is constructing an EcoPark with the aim to promote the local recycling industry and jump-start a circular economy. According to the target set by the Government earlier, the lots in Phase I of EcoPark would be made available for occupation by tenants in the end of 2006. In this connection, will the Government inform this Council:*

- (a) *of the details of the criteria for selecting tenants of EcoPark;*
- (b) *as the Government has pointed out that one of the benefits provided by EcoPark to local recycling and environmental industries is the "prestige associated with business based in EcoPark", whether the Government has any measures in place to build up such prestige; if it has, of the details of the measures; if not, how such prestige can be built up; and*
- (c) *whether it has drawn up any mechanism for reviewing the effectiveness of EcoPark from time to time and the criteria on the basis of which such reviews are to be conducted?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS
(in Chinese): President,

- (a) Tender invitation for the tenancies of the first batch of lots in EcoPark Phase I commenced in end 2006. The tender documents have stipulated mandatory requirements that tenderers need to meet in order to ensure their competence in operating and developing recycling businesses in the EcoPark, including tenderers' experience in recycling business, minimum material throughput and minimum capital investment. In addition, tenderers are required to submit technical proposals setting out in detail their substantive experience in operating recycling businesses, the proposed recovery and recycling processes (including material sources and product outlets, technologies and equipment to be adopted, throughput and capital investment) as well as their environmental plans, which will be evaluated by a tender assessment panel. The tenderers' score on technical and rent proposals will be combined and the tenderer with

the highest combined score will be accepted as the tenant of the relevant lot.

- (b) The Government has been taking a number of measures to help the "branding" of the EcoPark. First of all, environmental protection has been the primary consideration in the planning and construction of the EcoPark. During the planning stage, an environment impact assessment was conducted to ensure that the various operations in the EcoPark would not cause significant environmental impacts in future. As for its design and construction, materials with recycled content have been adopted and energy saving devices such as sun pipes, rainwater reuse system and solar panels will be installed to minimize resource consumption.

Furthermore, through the selection criteria mentioned in part (a), the EcoPark will encourage its tenants to employ high value-added processes and environmentally efficient production equipment to enhance product quality. On product promotion, the administration building of the EcoPark will provide a product gallery for tenants' exclusive use to showcase their recycled products. Subject to tenants' needs, EcoPark's management company will help them expand their market by providing value-added services, launching product promotion activities and organizing delegations to participate in seminars and exhibitions held in Hong Kong and elsewhere. In addition, a visitor and education centre will be set up in the EcoPark to promote environmental awareness of the public, which will also enhance public understanding of the EcoPark's role in promoting circular economy.

- (c) The Government has established an EcoPark Advisory Committee with representatives from chambers of commerce and professional and trade bodies to advise the Government on the development and operation of the EcoPark, having regard to the business environment of the local environmental and recycling industries and their development. This will help ensure that the EcoPark can encourage and promote the reuse, recovery and recycling of waste resources effectively while serving the development needs of the industry.

External Telecommunications Services in Hong Kong

10. **MR BERNARD CHAN** (in Chinese): *President, a number of submarine cables were damaged by a severe earthquake which occurred in Luzon Strait on the 26th of last month. External telecommunications services in Hong Kong (including IDD calls, roaming calls and Internet access to overseas websites) were seriously affected for several days following the earthquake. In this connection, will the Government inform this Council whether:*

- (a) *it has estimated the economic losses caused to Hong Kong by this incident; and*
- (b) *it will request the telecommunications service operators concerned to install more backup external telecommunications routings, so as to reduce the impact on external telecommunications services in the event of natural disasters or accidents?*

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Chinese): President, on 26 and 27 December 2006, a severe earthquake and several after-quakes occurred in Luzon Strait. As a result, six out of the seven Pacific Ocean submarine cable systems passing through the earthquake region, which connected between Hong Kong and Taiwan, Korea, Japan, North America, broke down one by one. As the damaged cables account for about 90% of the total external connectivity capacity of Hong Kong, our external telecommunications services, including Internet access to overseas websites, IDD services and roaming services, were seriously affected.

Following the implementation of contingency measures by the telecommunications service operators (including using satellites and optical cables passing through the Mainland, South East Asia and Europe to transmit messages), the communication and Internet services between Hong Kong and other places resumed within a short period of time. In general, IDD and roaming services resumed normal within two to three days after the earthquake while about 80% of international connection capacity of the Internet service recovered gradually. At present, repair works of the damaged cables are still in progress. According to the information provided by the submarine cable operators, one of the damaged cable systems is expected to recover by the end of

this month whereas the repair works of the other damaged cables are expected to be completed progressively by mid-February, if environment and weather permit.

Regarding the question raised by the Honourable Bernard CHAN, my rely is as follows:

- (a) As mentioned above, Hong Kong's external communications services resumed within a short period of time after the incident. Therefore, the Government has not estimated the potential economic losses caused to Hong Kong by this incident.
- (b) In accordance with the current terms and conditions of the carrier licences, licensees are required to operate, maintain and provide a good, efficient and continuous service in a manner satisfactory to the Telecommunications Authority. To ensure that a certain level of service will be maintained under emergency or unexpected circumstances, or to cater for special requests from certain commercial clients, operators will normally install backup external telecommunications routings. Whether to install more backup routings is a commercial decision to be made by individual operators having regard to the market situation. In the light of this incident, the Office of the Telecommunications Authority is discussing with individual operators to gain a better understanding of their contingency measures as well as their future plans on investments in new cables. The operators will also be urged to take serious steps to map out contingency plans to ensure that sufficient network capacity will be provided and effective diversion will be arranged as and when necessary in order to maintain their services.

Exhibition Industry in Hong Kong

11. **MR WONG TING-KWONG** (in Chinese): *President, while a number of international exhibitions were held in Hong Kong in recent years, places such as Singapore, Taiwan and Macao have been vigorously developing their exhibition industry at the same time. In this connection, will the Government inform this Council:*

- (a) whether it knows, in each of the past three years, the number of international exhibitions held in Hong Kong, the number of visitors, the number of orders brought to the exhibitors concerned, as well as the percentage of such exhibitions held in Hong Kong for the first time; and
- (b) whether it has assessed the impact of the development of exhibition industry in the neighbouring regions on Hong Kong's exhibition industry?

SECRETARY FOR COMMERCE, INDUSTRY AND TECHNOLOGY (in Chinese): President, our quality convention and exhibition venues, excellent supporting facilities and business friendly environment have attracted many international exhibitions to Hong Kong every year. Our reply to the two parts of the question is set out below:

- (a) The number of international exhibitions held at the two major exhibition venues in Hong Kong, namely the Hong Kong Convention and Exhibition Centre (HKCEC) and the AsiaWorld-Expo (AWE), in the past three years, the number of visitors and the percentage of such exhibitions held in Hong Kong for the first time are set out below:

	2004	2005	2006
Number of international exhibitions	45	46	77
Number of visitors	876 469	970 339	Relevant parties are still collecting the figures from the exhibition organizers. The figure is expected to be available in the first half of this year
Percentage of exhibitions held in Hong Kong for the first time	13%	11%	45%

The relevant parties have not collected statistics concerning the number of orders.

- (b) We noted that the number of exhibition facilities in the neighbouring regions has been on the rise in recent years. In the face of the ever changing market trend and the new development of exhibition facilities in our vicinity, the Government has been strengthening our position as an international exhibition and convention centre by continuously enhancing Hong Kong's advantages and making strategic investments in convention and exhibition infrastructures to provide high quality facilities. In 2005, the Government rendered support to the Hong Kong Trade Development Council (TDC) on its proposal to expand the atrium link between the HKCEC's Phase 1 and Phase 2. The expansion project will add 19 400 sq m of exhibition space, boosting the HKCEC's total dedicated exhibition space by 42%, and is expected to be completed in 2009. We are actively pursuing with the TDC the need for further expanding our exhibition facilities, including the development of the HKCEC Phase 3 in Wan Chai. We are also liaising with the AWE with a view to an early commencement of the AWE Phase 2 expansion project, thereby increasing its total exhibition space to 100 000 sq m.

At the same time, the Government will continue to work closely with the industry to take proactive measures for attracting more international conventions and exhibitions to Hong Kong. Relevant departments including Invest Hong Kong, our economic and trade offices, the TDC and the Hong Kong Tourism Board, and so on, will strive to promote Hong Kong's advantages as a convention and exhibition capital. Where necessary, the Government will also continue to assume a co-ordinating role for large-scale international conventions in areas such as security, traffic management and reception so as to facilitate their smooth running.

The Government will also enhance our liaison with relevant parties, including the industry, and adopt appropriate measures to reinforce Hong Kong's position as an international convention and exhibition centre.

Computer Replacement Trend

12. **MR JASPER TSANG** (in Chinese): *President, it has been reported that as the new computer operating systems which will soon be launched in Hong Kong have more demanding hardware requirements than the previous systems, it is believed that as many as 500 000 computers need to be replaced, and the discarded computers may cause environmental pollution problem. In this connection, will the Government inform this Council:*

- (a) *whether it plans to assist the public in continuing to use computers which cannot be installed with the new operating systems but are still operable;*
- (b) *whether it has assessed what damages on Hong Kong's environment will be caused by the computer replacement trend; and*
- (c) *of the computer recycling schemes initiated or co-organized by the Government at present; whether it will further extend and promote such schemes to deal with the computer replacement trend?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS
(in Chinese): President,

- (a) In November 2006, the Environmental Protection Department (EPD), in collaboration with the Chamber of Hong Kong Computer Industry, produced a series of Announcement of Public Interests (APIs) on environmentally-friendly practices for using computers, covering proper operation and maintenance of computer peripherals as well as better utilization of RAM. We plan to produce a new series of APIs within this year to spread more general knowledge on the use and maintenance of software to assist computer users in making maximum use of computers that are still operable so as to achieve waste reduction. Apart from this, the EPD plans to place advertisements in computer magazines and on websites to promote environmentally-friendly practices for using computers.
- (b) The updating of previous computer software to, for example, Windows XP and Windows ME did not result in a surge in

computers requiring disposal at landfills. We understand from the trade that the computer replacement trend is mainly led by users in pursuit of the latest technologies. Most of the replaced computers are models manufactured within the past two to three years, which are easily taken up by the brisk second-hand market. The computer replacement trend is therefore not expected to significantly increase the amount of waste computers for disposal at landfills.

- (c) Since 2003, the EPD has engaged a non-profit-making organization to organize a recovery programme for waste computers. Computers collected are donated to people in need after repair. Those beyond repair are dismantled and their usable components and materials are detached for recycling. In October 2005, the EPD set up a computer recycling workshop at the Kowloon Bay Refuse Transfer Station to provide more storage area and space for the expansion of the programme. In support of environmental protection, a major computer company launched a free-of-charge computer recycling service in January for consumers in Hong Kong. The EPD is liaising with other major local computer suppliers to encourage the provision of similar service. Please visit the EPD website at <<http://www.epd.gov.hk>> for more information on the computer recycling programme.

For public convenience, the EPD also organizes regular computer recovery activities to promote the proper disposal of waste computers. An example is the forthcoming Waste Electrical and Electronic Equipment Recycling Days organized by the EPD, the Environmental Campaign Committee and District Councils on 27 and 28 January.

Passenger Carriage Fuel Surcharge Levy by Airline Operators

13. **MR FRED LI** (in Chinese): *President, regarding the levy of fuel surcharges on passenger carriage by airline operators, will the Government inform this Council:*

- (a) *of the respective numbers of times, since January 2005, for which airline operators were granted approval for collection of fuel surcharges on short-haul and long-haul flights, and the total amounts of surcharges collected since then;*
- (b) *of the specific criteria adopted by the Civil Aviation Department (CAD) for vetting and approving applications for extending the collection period of fuel surcharges, and the measures in place to prevent airline operators from obtaining profits in the event that their actual additional fuel expenditures are less than the revenue from the fuel surcharges;*
- (c) *whether the levels of fuel surcharges approved in the past six months have been adjusted in line with the movements of aviation fuel prices in that period; if so, of the details; if not, the reasons for that; and*
- (d) *whether it will temporarily stop granting approval for fuel surcharge applications or reduce the proposed amount of surcharges when granting such approval; if not, of the reasons for that?*

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

- (a) The fuel surcharges levied on passengers by airline operators were adjusted on 11 occasions from January 2005 to January 2007, seven of which were upward and four of which downward adjustments. In the two years from January 2005 to December 2006, the total amount of surcharges collected by airline operators was about \$12.4 billion, representing about half of the additional costs borne by the airlines for passenger carriage which were due to increased fuel prices over the same period.
- (b) Fuel surcharge allows airline operators to partially recover the increase in operational cost due to aviation fuel fluctuations. In accordance with the existing bilateral air services agreements, airline operators should consider all relevant factors including their operating costs, the passenger interests and the tariffs charged by

other operators on the same routes in determining their tariffs, and shall only levy the tariffs with the approval of the relevant aeronautical authorities. The CAD will take into account changes in the prices of aviation fuel, the justifications provided by the airline operators and other relevant factors when approving fuel surcharge applications.

When approving fuel surcharges, the CAD would see to it that the revenue so generated would not exceed the additional costs borne by the airline operators due to increased fuel prices during the corresponding period.

Given the fluctuation in oil prices, the CAD only approves fuel surcharges to be levied on a short-term basis, in general over a two-month period.

- (c) When vetting fuel surcharge applications, the CAD has all along made reference to changes in aviation fuel prices to determine the reasonable level of charges. In the six months from August 2006 to January 2007, the CAD processed three rounds of fuel surcharge applications, resulting in a cumulative decrease in surcharge levels by 9%. According to information provided by the CAD, at the international level, the average fuel surcharges levied in other places on major routes stood at about \$260 (for short-haul flights) and \$560 (for long-haul flights) per passenger, whereas the fuel surcharges by the major mainland airlines operating to international destinations (other than Hong Kong) stood at about \$310 (short haul) and \$470 (long haul) per passenger. Against these figures, the fuel surcharges levied in Hong Kong on major routes as from February 2007, at \$106 (short haul) and \$438 (long haul), are at a reasonable level.
- (d) As mentioned above, there have been occasions whereby the levels of fuel surcharge were adjusted downwards. The CAD would continue to take into account changes in the prices of aviation fuel, the justifications provided by the airline operators and other relevant factors when it considers fuel surcharge applications.

Demolition Project for Old Star Ferry Pier Clock Tower

14. **MISS CHOY SO-YUK** (in Chinese): *President, I have learnt that the project for the demolition of the clock tower of the old Star Ferry Pier in Central commenced in the afternoon of 12 December 2006. In the demolition process, workers worked day and night, and used heavy equipment such as large excavators and derricks to lift the entire top part of the clock tower, which was transferred to the barge berthed at the Pier and then shipped away. The whole project was completed within five days. In this connection, will the Government inform this Council:*

- (a) *of the method and equipment used and the timetable for the above project, and whether they are the requirements stipulated in the tender documents of the project and have been agreed by the contractor; if so, of the details; if not, the reasons for switching to the above demolition method, and whether the Government has to bear additional costs, including the costs for having the demolition works carried out at night; if so, of the amount involved;*
- (b) *given that contractors are required to apply for Construction Noise Permits from the Environmental Protection Department (EPD) for using powered mechanical equipment (PME) at night, of the date on which the EPD received the relevant permit application, when and by whom as well as for what justifications the permit was issued, and whether the EPD had deployed staff to monitor the contractor's compliance with the requirements in the permit, including the types of PME to be used, as well as the hours and conditions for using such equipment; if it has, of the details; if not, the reasons for that; and*
- (c) *as it has been reported that at the meeting of the Panel on Planning, Lands and Works on 18 December 2006, an official of the Housing, Planning and Lands Bureau said that the construction waste concerned had been disposed of at a landfill, of the name of the landfill where such construction waste was disposed of, and why the authorities did not treat such waste as inert waste and deliver them to fill reception facilities?*

SECRETARY FOR HOUSING, PLANNING AND LANDS (in Chinese):

President, in April 2000, the Finance Committee (FC) of the Legislative Council, on the recommendation of the Public Works Subcommittee (PWSC), approved funding for implementing the detailed design for the Central Reclamation Phase III (CRIII). In June 2002, the FC approved funding for the implementation of the CRIII works. The old Star Ferry Pier was featured in CRIII and affected by the Road P2 network as well as some underground works including the Airport Railway Extended Overrun Tunnel and the drainage box culvert.

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

- (a) Upon the commissioning of the new Star Ferry Pier in Central on 12 November 2006, the contractor started the advance works for the demolition of the old Star Ferry Pier, including the erection of hoardings and safety nets, and the dismantling the Ferry Company's properties and machinery for the latter to ship away. On 12 December, the contractor dismantled the clock faces, the chimes and its mechanical parts. The structure of the clock tower was damaged during the demolition and the contractor, for safety reasons, needed to demolish the clock tower quickly and accordingly demolished the clock tower by cutting it into parts.

As mentioned in the discussion paper submitted to the PWSC for funding approval, the cost relating to the reprovisioned ferry piers and public piers (including the demolition of the clock tower of the old Star Ferry Pier in Central) was about \$440 million. The costs incurred will be paid in accordance with the contractual terms.

- (b) Under the Noise Control Ordinance (Cap. 400), any person who at any place between the hours of 7 pm and 7 am on the following day, or at any time on a general holiday, uses, or causes or permits to be used, any powered mechanical equipment for the purpose of carrying out any construction work other than percussive piling shall hold a valid Construction Noise Permit for the use of such equipment.

Upon the receipt of an application for a Construction Noise Permit from the contractor for the demolition of the Star Ferry Pier on 15 December, the EPD considered the application in accordance

with the above requirement under the Noise Control Ordinance. Having considered that the noise level to be produced by the PME employed by the contractor at night would not exceed the statutory requirement, the EPD approved the application on the same day.

Generally speaking, the time for approving applications for Construction Noise Permits varies, depending on whether contractors have submitted all the information required, the complexity of the project involved, the environmental factors, and so on. Given that the contractor concerned had already discussed with the EPD the details of the works, the EPD could, at the contractor's request for speedy processing, approve the application for a Construction Noise Permit on the same day.

On the night when the works took place, the EPD deployed staff to monitor the situation. The EPD staff did not observe any noise nuisance caused by the works in the surrounding noise sensitive receivers.

- (c) In accordance with the terms of the contract, the contractor delivered the dismantled parts of the clock tower to a fill bank. This is in line with the usual practice of disposing of inert waste.

We understand the nostalgic feeling attached to the clock tower. We have retained the clock faces, the chimes and the mechanical parts of the Star Ferry clock tower. We will rebuild the clock tower and reassemble the chimes at an appropriate location. The Planning Department will, in its Central Reclamation Urban Design Study which will be commenced shortly, consider the location for the new clock tower and its design ideas. This Study will include extensive public engagement activities.

Illegal Motor Racing

15. **MR ALBERT CHAN** (in Chinese): *President, recently, I received many complaints alleging that illegal motor racing involving up to 20 to 30 cars often took place during the early hours, causing great noise nuisance to residents nearby. Although the residents have lodged complaints to the police, so far the*

police have not taken any enforcement action in this regard. In this connection, will the Government inform this Council:

- (a) *of the number of complaints about illegal motor racing received in each of the past three years, together with a breakdown by the locations involved;*
- (b) *of the respective numbers of persons arrested for and convicted of participating in illegal motor racing in each of the past three years; and*
- (c) *whether the authorities will step up enforcement actions against illegal motor racing; if so, of the details; if not, the reasons for that?*

SECRETARY FOR THE ENVIRONMENT, TRANSPORT AND WORKS

(in Chinese): President, in 2004, 2005 and 2006, the police received 330, 319 and 351 complaints involving illegal motor racing. Among these complaints, 164 cases were confirmed to be related to motor racing. A breakdown of the complaint figures by police regions is as follows:

<i>Police Region</i>	<i>Number of complaints confirmed to be related to motor racing</i>		
	<i>2004</i>	<i>2005</i>	<i>2006</i>
Hong Kong Island	0	0	0
Kowloon East	14	18	15
Kowloon West	0	0	0
New Territories South	19	21	5
New Territories North	19	31	22
Total	52	70	42

In 2004, 2005 and 2006, the police carried out 604, 462 and 411 operations against illegal motor racing, and prosecuted 8 855, 5 596 and 7 916 persons. Depending on the circumstances and evidence of each case, these persons were charged with motor racing, dangerous driving, careless driving or speeding, and the majority was convicted and penalized.

The police have always been concerned about the problem of illegal motor racing. They will continue to carry out enforcement operations against illegal

motor racing through collection of intelligence and strategic planning; as well as review the effectiveness of their operations, with a view to combating this illegal and dangerous driving behaviour more effectively.

Additional Provision for Hong Kong Tourism Board

16. **MR SIN CHUNG-KAI** (in Chinese): *President, the Hong Kong Tourism Board (HKTB) was allocated an additional provision of \$470 million in the two financial years 2005-2006 and 2006-2007 for launching global marketing campaigns with a view to attracting 1.2 million extra visitors. However, visitor arrivals in the first 11 months of last year stood at about 23 million only, suggesting that the annual figure would likely fall short of the expected 27 million. In this regard, will the Government inform this Council:*

- (a) *whether it will reduce the above additional provision on a pro rata basis according to the percentage of last year's visitor arrivals falling short of the expected figure, so as to uphold the principle of prudent financial management; if it will, of the details; if not, whether it has assessed if the relevant expenses incurred by the HKTB are cost-effective; and*
- (b) *as the HKTB has repeatedly been criticized for its ineffective use of public money, whether the Government will review the practice of funding the HKTB substantially from public coffers and consider subsidizing only part of the HKTB's expenses instead, while allowing it to explore chargeable services?*

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

- (a) Hong Kong's tourism industry continued to grow in the past two years. According to provisional figures, total visitor arrivals in 2006 exceeded 25 million, representing 8% growth as compared with 2005. Although the visitor arrival figure did not reach the original forecast of the HKTB, provisional figures indicated promising growth in a number of areas:

- (i) total expenditure associated to inbound tourism for 2005 and 2006 exceeded the HKTB's original estimate by \$10 billion, a clear demonstration of the continued contribution of our tourism industry to the economy;
- (ii) one of our promotion strategies in the past two years was to develop the consumption visitor segment and stimulate visitors' spending in Hong Kong. During that period, the average *per capita* spending by same-day in-town visitors increased significantly by about 45% from \$689 in 2004 to \$1,000 in 2006; and
- (iii) another promotion strategy was to focus on the family, business and young executive visitors as the key target segments. Catering to their needs, new tourism products and mega events were launched to stimulate their interest in visiting Hong Kong. In 2006, the number of family visitors has grown by about 13%, and the number of visitors aged 16 or under has increased by about 30% when compared with 2004. The number of arrivals attending conventions and exhibitions has also increased by about 30% when compared with 2004.

The Government provided additional funding of \$470 million to the HKTB in the 2005-2006 and 2006-2007 financial years. The funding, which was one-off and not recurrent in nature, aimed to support the HKTB in implementing "Discover Hong Kong Year", promotional activities targeting the family and business sectors and the Quality Tourism Services Scheme (QTS Scheme). In these two years, the work of the HKTB was affected by a number of external factors, such as the threat of avian flu and the postponed opening of some major tourist attractions. As a result, the HKTB adjusted its promotion strategy a number of times through, for example, deferring some of its overseas and local promotional activities. Based on the existing financial situation, we envisage that there will be unspent funding due to the adjustments in promotion programmes. The exact amount will be confirmed after the end of the 2006-2007 financial year. We will consider the level of funding for next year according to the needs of the HKTB

promotion strategy and programmes. When assessing the overall performance of the tourism industry and effectiveness of the HKTB's work, we need to take into account performance indicators rather than using just one particular indicator to consider the HKTB's level of funding.

- (b) According to the Hong Kong Tourism Board Ordinance, the major functions of the HKTB are to promote Hong Kong globally and increase the contribution of tourism industry to Hong Kong's economy. Tourism development facilitates the growth of a considerable number of economic sectors, for example, travel agents, retail, entertainment, catering, hotel and transport sectors, and brings benefits to them. It is therefore difficult to define on which sectors a levy should be imposed for the purpose of funding the HKTB.

Where there are clear service targets for its services, the HKTB will, as appropriate, collect fees for such services to achieve cost recovery. For example, the mode of operation of the QTS Scheme implemented by the HKTB falls into this category where a fee is imposed on the participating merchants of the Scheme. Apart from the retail and catering sectors, the HKTB extended the Scheme to cover the visitor accommodation sector in November 2006. In addition, the HKTB will actively seek private market sponsorship when organizing mega events. This helps enhance co-operation with different sectors of the tourism industry and reduce the financial burden on the HKTB. When considering funding for the HTKB, we will take into account the HKTB's source of revenue, including revenue from service charges and the possibility of sponsorship.

Based on the established monitoring mechanism and requirements in the law, the Government and the Board of the HKTB will continue to monitor the HKTB's resource deployment so as to ensure effective use of public resources. These include requiring the HKTB's annual financial statement to be audited by an external auditor appointed by the Government; and the submission of the HKTB's annual report to the Government and tabling the same before the Legislative Council. In addition, the HKTB has an

established mechanism of financial monitoring and internal audit to ensure the cost-effectiveness of its promotional activities. Its work plan and budget, marketing programmes, financial procedures and guidelines are all vetted and monitored by relevant Committees established under the Board. In addition, the HKTB is requested to submit quarterly reports showing details of the programmes funded by the additional funding, including the expenditure and the outcome of the programmes, to its Board and the Government.

Arrest of Women Suspected of Engaging in Prostitution

17. **MS EMILY LAU** (in Chinese): *President, it was reported that the police arrested a number of mainland women in an anti-vice operation on 18 November last year. The police suspected that they were engaging in prostitution on grounds that when intercepted, they were found to be carrying such items as condoms or lubricants but could not give reasonable explanation. In this connection, will the executive authorities inform this Council:*

- (a) *of the number of persons arrested on the above grounds by the police in the past three years and, among them, the number of those subsequently charged with the relevant offences;*
- (b) *whether it is stipulated in the police's internal guidelines on anti-vice operations issued to police officers that an arrest may be made on the above grounds; if so, when such grounds for arrest was added to the guidelines; if not, whether the authorities have assessed if it is lawful to make an arrest on such grounds; and*
- (c) *whether only mainland women are arrested on such grounds; if so, whether the authorities have assessed if this practice constitutes discrimination; if not, of the categories of people whom the police may arrest on such grounds?*

SECRETARY FOR SECURITY (in Chinese): President, the police will not make an arrest solely on the ground that items such as condoms or lubricants are seized from the person concerned, and they have not issued this type of internal guidelines. The police will only make an arrest when the requirements under

the law are met (such as when it is reasonably suspected that a person has committed an offence).

Under the laws of Hong Kong, prostitution itself is not an offence. However, activities related to prostitution, including controlling persons for the purpose of prostitution, operating a vice establishment and living on the earnings of prostitution of others, are criminal offences. Visitors to Hong Kong who engage in vice activities in Hong Kong also violate the Immigration Ordinance due to the breach of their conditions of stay. In law-enforcement actions taken by the police, or in joint operations conducted by the police and the Immigration Department to combat offences against the Immigration Ordinance, the law-enforcement officers will take into account evidence collected at the scene of investigation, including exhibits and circumstantial evidence, when considering whether a person has allegedly committed an offence, including whether there are visitors to Hong Kong who have engaged in activities such as prostitution in breach of their conditions of stay. The nature of such law-enforcement operation does not involve discrimination against any person.

Review of Medical Council of Hong Kong

18. **DR KWOK KA-KI** (in Chinese): *President, it has been reported that the Medical Council of Hong Kong (HKMC) decided, in September last year, to lodge an appeal against the High Court's judgement on the illegality of restrictions against practice promotion. However, the Department of Justice (DOJ) refused to provide assistance to the HKMC on the grounds that the appeal had little chance of being allowed. It has also been reported that the HKMC is not able to raise funds from the public because of legal restrictions. As a result, it lacks the funding for lodging an appeal on its own. Although the DOJ eventually decided to assist the HKMC in lodging an appeal, some doctors have relayed to me that this incident reveals that the HKMC lacks total independence and the autonomy of the medical profession is being challenged. In this connection, will the Government inform this Council whether it has plans to conduct a comprehensive review on the functions, composition and structure of the HKMC, and amend the relevant provisions in the Medical Registration Ordinance (Cap. 161); if it has, of the timetable and direction of the review; and whether it will consult all the doctors in Hong Kong on the review; if it will, when the consultation will be conducted; if it will not, the reasons for that?*

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Chinese): President, the HKMC is an independent statutory body established under the Medical Registration Ordinance (Cap. 161). It is empowered to register medical practitioners, conduct licensing examinations, and exercise disciplinary actions over medical practitioners in Hong Kong. The HKMC operates independently and is not subject to the supervision of the Administration. The HKMC has also stated that it is an independent body enjoying full autonomy in performing its statutory functions. The Administration respects the independence of the HKMC and will not interfere with the decisions that are within the scope of professional autonomy. The role of the Administration is confined to providing the HKMC with the necessary support in terms of manpower for its Secretariat, finance, legal services and routine administration.

At present, the Administration has no plans to review the functions, composition and structure of the HKMC. Nevertheless, if it is the wish of the medical sector to restructure the HKMC and to let the HKMC take over the Secretariat work, its financial matters and liabilities in relation to legal matters, the Administration will be pleased to consider the idea. However, any restructuring proposals must meet the main purpose of a regulatory regime for medical practitioners, that is, to ensure the professional standards of medical practitioners and to safeguard the health of the general public. Nowadays, with the access to professional information and knowledge, our citizens have expectations for a medical profession that is of higher transparency, skilful, ethical and updated in knowledge. Following the citizens' expectations, the current Code of Practice of the HKMC needs to be regularly updated to safeguard the ethical standard and integrity of our medical profession. Besides, lay participation is indispensable in terms of matters regarding professional conduct, doctor-patient relationship and the handling of complaints. Experience from advanced countries shows that a greater degree of lay participation will be the way forward.

Childhood Immunization Programme

19. **MR FREDERICK FUNG** (in Chinese): *President, in reply to my question on 2 November 2005 regarding the vaccination of babies and infants, the Government stated that the Scientific Committee on Vaccine Preventable Diseases (the Committee) under the Centre for Health Protection of the Department of Health (DH) "is reviewing scientific information concerning the*

use of a combined vaccine, among others, and will make recommendations in respect of vaccine schedules and combinations among various options, having regard to their relative performance and cost-effectiveness". Subsequently, the DH announced in this month that it would launch an updated Childhood Immunization Programme (CIP) in February 2007 and would adopt a new four-in-one combination vaccine. In this connection, will the Government inform this Council:

- (a) *given that some paediatricians have pointed out that a five-in-one combination vaccine, which has fewer adverse reactions than the four-in-one combination vaccine and is also effective against meningitis, has been introduced by quite a number of private medical practitioners some four or five years ago, and a six-in-one combination vaccine is known to be available in the market, whether, before it decided to adopt the four-in-one combination vaccine, it has considered adopting the aforesaid combination vaccines and studied their efficacy; if it has studied, of the specific results; if it has not, the reasons for that;*
- (b) *of the factors taken into consideration in determining whether new types of vaccines should be included in the CIP (together with the details), and the specific reasons for introducing the four-in-one combination vaccine; and*
- (c) *given that the Government has been using the existing combination of vaccines for many years despite the advent of a number of new and more effective combinations of acellular vaccines (for example, vaccines which require fewer injections, have fewer adverse reactions but are effective against more diseases), whether it has reviewed if the current mode of operation of the Committee enables it to keep up with the rapid development of medical and pharmacological technologies and to make timely recommendations?*

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

- (a) The Committee under the Centre for Health Protection of the DH conducts scientific assessments of new vaccines and combination

vaccines (including vaccines against *Haemophilus influenzae* b (Hib) or *Streptococcus pneumoniae*, which can cause meningitis) from time to time. Early last year, the DH commissioned a local university to carry out a study on the cost-effectiveness of incorporating the relevant vaccines into the CIP. The study is expected to complete later this year. In light of the findings of the study and other scientific data, the Committee will review the CIP in Hong Kong.

- (b) In considering whether to include a new vaccine in the CIP, the DH needs to take into account a number of scientific factors including epidemiology (such as incidence and fatality rates), disease burden, as well as the safety, efficacy, side effects, cost-effectiveness, supply of the vaccine, and so on. The acceptance of the vaccine among the public, the availability of other preventive measures, and the administrative arrangements for vaccination are also important factors for consideration.

The DH considered the recommendations of the Committee and decided to introduce a combined diphtheria, tetanus, acellular pertussis and inactivated poliovirus vaccines (DTaP-IPV) in the new CIP with effect from February this year to replace the existing oral poliovirus vaccine (OPV) and whole-cell pertussis (wP) vaccine. The OPV was widely used before the eradication of poliomyelitis, but it may cause paralytic poliomyelitis which is a very rare side effect. Since poliomyelitis eradication has been achieved in the Western Pacific Region, the use of the IPV can prevent this serious side effect. Besides, in view of the decrease in the global production of wP vaccine which will affect its supply to Hong Kong, the DH has decided to replace it with aP vaccine which has the same immune efficacy as wP vaccine but with fewer side effects.

- (c) The Committee evaluates new vaccines on a regular basis. In reviewing the CIP and the use of vaccines, the Committee also takes into consideration the local epidemiological data and situation, as well as the recommendations of other health organizations (such as the World Health Organization, and those of developed countries and neighbouring regions) before making recommendations to the Administration. The Committee operates effectively and will

continue to closely monitor the new developments in the area of vaccines and conduct regular reviews in order to make the most suitable recommendations for Hong Kong.

Drug Rehabilitation Services for Youth

20. **MR LAU KONG-WAH** (in Chinese): *President, regarding drug rehabilitation services for young people, will the Government inform this Council of:*

- (a) *the number of youngsters who underwent drug rehabilitation in each of the past three years, together with a breakdown by genders, age groups and drug types, as well as their respective percentages in the total number of youngsters who underwent drug rehabilitation;*
- (b) *the number and names of existing drug rehabilitation centres specifically set up for young people, and whether the authorities have reviewed the adequacy of facilities in these centres; and*
- (c) *the other support measures to help youngsters rehabilitate from drug addiction?*

SECRETARY FOR SECURITY (in Chinese): President,

- (a) The Administration's anti-drug policy is embodied in the "five-pronged" strategy, namely legislation and law enforcement, treatment and rehabilitation, preventive education and publicity, research and external co-operation. In the provision of treatment and rehabilitation services, Hong Kong adopts a multi-modality approach to cater for the different needs of drug dependent persons from varying backgrounds. Services can broadly be grouped into the following five categories:
 - (i) compulsory drug treatment programme at drug addiction treatment centres (DATCs) operated by the Correctional Services Department (CSD);

- (ii) residential drug treatment centres and halfway houses (RDTCs/HWHs) run by non-governmental organizations (NGOs);
- (iii) methadone treatment programme (MTP) provided by the Department of Health (DH);
- (iv) counselling centres for psychotropic substance abusers (CCPSAs) subvented by the Social Welfare Department (SWD); and
- (v) substance abuse clinics (SACs) run by the Hospital Authority (HA).

Admission figures of youngsters aged under 21 to various treatment programmes in each of the past three years are set out at Annex A. The Administration does not routinely collate statistics on the total number of persons who have received treatment in a year (or further breakdowns by gender and age groups).

According to the information under the Central Registry of Drug Abuse* about the type of drugs taken by young drug abusers, in the first three quarters of 2006, the most commonly abused drug is ketamine, followed by ecstasy and cannabis. Figures for the past three years are set out at Annex B.

- (b) At present, the CSD runs two DATCs which provide compulsory drug treatment programmes for persons of 14 years old or above addicted to drugs who are found guilty of offences and sentenced to imprisonment. The DH operates the MTP which offers both maintenance and detoxification options for opiate drug dependent persons of all ages through a network of 20 methadone clinics on an out-patient mode. Five CCPSAs are operated by NGOs as subvented by the SWD to provide counselling services and other assistance to PSAs and youth at risk with a view to steering them away from drugs. There are also 17 non-government agencies

* The Registry collates information on drug abusers submitted by a wide network of reporting agencies regularly and voluntarily. Reporting agencies cover law-enforcement agencies, treatment and rehabilitation organizations, welfare agencies, tertiary institutions, hospitals and clinics.

running 39 RDTCs/HWHs. A list of these centres is at Annex C. All except three RDTCs/HWHs are currently providing services to young drug abusers.

The Administration has reviewed from time to time the provision to different types of drug treatment centres. Funding or policy support would be provided to enhance their facilities, or resources deployed to strengthen their programmes where appropriate in the light of the latest drug abuse situation and service needs.

- (i) Methadone clinics mainly target opiate abusers and their services are adequate in that regard.
- (ii) Many RDTCs/HWHs which traditionally treat opiate abusers have re-engineered or expanded their services to cater for the specific needs and demand of PSAs. Additional provisions have been allocated to various RDTCs/HWHs to carry out upgrading/improvement works.
- (iii) The CSD has recently introduced a scientific and evidence-based assessment protocol and implemented the matching rehabilitative programmes to enhance its service for offenders in DATCs.
- (iv) We are also working to expand the premises or reprovision two CCPSAs for better service delivery. Starting from April this year, we would deploy further resources to CCPSAs to strengthen their outreaching services and early intervention work, as well as their collaboration with schools, law enforcers, medical practitioners and other NGOs in helping drug abusers, particularly youngsters.

Separately, the HA runs five SACs which provide medical treatment to PSAs with psychiatric problems. Having regard to the existing services provided, the usage of such services at present, the need of the public for other specialist psychiatric services and the current allocation of resources, the HA does not have any plan to further expand its services for drug rehabilitation at this stage.

- (c) Other measures to help youngsters rehabilitate from drug addiction include:
- (i) At methadone clinics, young drug abusers are given priority to receive counselling service from social workers. Training which focuses on empowerment and raising their self-esteem has been provided.
 - (ii) To meet the demand of PSAs for medical services, a working group has been set up under the Subcommittee on Treatment and Rehabilitation of the Action Committee Against Narcotics to look into the possibility of strengthening co-operation between private medical practitioners and social workers. Apart from tapping the professional expertise of medical practitioners to address the medical needs of the abusers, we also aim to widen the network for early identification and intervention at the community level so that abusers, in particular young and occasional drug abusers, may be given medical treatment and advice or referred to counselling or other services at an early stage. We are planning to launch a pilot co-operation scheme within 2007.
 - (iii) Parents play a very important part in the life and development of their children. We have stepped up our drug education programme for parents. We have organized seminars for parents to enhance their knowledge of drugs as well as heighten their awareness of signs of drug abuse. Two special radio programmes have been produced to enhance the skills of parents in strengthening parent-child relationship and in supporting drug-abusing children to quit drugs.
 - (iv) The Beat Drugs Fund provides funding support to organizations to hold various kinds of anti-drug activities including treatment and rehabilitation programmes targeting the youth.

We will continue to enhance our strategic partnership with various sectors and explore new horizons in our fight against youth drug abuse.

Admission Figures of Youngsters (aged under 21) to Various Drug Treatment Programmes

<i>Programmes</i>	<i>2004</i>			<i>2005</i>			<i>2005 Quarter 1 - Quarter 3</i>			<i>2006 Quarter 1 - Quarter 3</i>		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
DATCs	130	29	159	54	12	66	37	9	46	35	12	47
RDTCs/ HWHs	210	62	272	135	27	162	98	24	122	127	24	151
Methadone clinics	40	28	68	36	20	56	30	17	47	14	7	21
CCPSAs	152	95	247	104	45	149	81	39	120	69	63	132
SACs	N.A.	N.A.	184	N.A.	N.A.	175	N.A.	N.A.	131	N.A.	N.A.	109

Notes

- (1) The above table refers to admission/re-admission cases in a year only. Figures on cases carried over from the previous year and the total number of persons who have received services in the year are not available.
- (2) An abuser may receive more than one type of service during a year.
- (3) In addition to the above treatment programmes, outreaching social service teams also provide early intervention services to drug abusers. There were roughly over 1 000 young drug abusers who had been engaged by outreaching social workers in each year.
- (4) Information on type of drugs abused by admission cases is not available.

N.A.: Not available

Number and Percentage of Young Drug Abusers (aged under 21) Analysed by Type of Drugs Abused and Sex

Major types of drugs abused	2004						2005						2005 Quarter 1 - Quarter 3						2006 Quarter 1 - Quarter 3					
	Male		Female		Total		Male		Female		Total		Male		Female		Total		Male		Female		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Ketamine	1 013	68.5	467	72.2	1 480	69.6	880	58.5	477	66.7	1 357	61.2	709	58.1	367	66.5	1 076	60.7	956	70.7	423	69.7	1 379	70.4
MDMA (Ecstasy)	551	37.3	262	40.5	813	38.3	735	48.9	445	62.2	1 180	53.2	601	49.2	337	61.1	938	52.9	553	40.9	306	50.4	859	43.8
Cannabis	455	30.8	87	13.4	542	25.5	440	29.3	124	17.3	564	25.4	363	29.7	102	18.5	465	26.2	295	21.8	88	14.5	383	19.5
Nimetazepam	52	3.5	68	10.5	120	5.6	72	4.8	80	11.2	152	6.8	55	4.5	45	8.2	100	5.6	131	9.7	115	18.9	246	12.6
Methylamphetamine (Ice)	80	5.4	61	9.4	141	6.6	79	5.3	101	14.1	180	8.1	70	5.7	75	13.6	145	8.2	92	6.8	108	17.8	200	10.2
Cough medicine	168	11.4	37	5.7	205	9.6	183	12.2	33	4.6	216	9.7	146	12.0	20	3.6	166	9.4	118	8.7	29	4.8	147	7.5
Triazolam/ Midazolam/ Zopiclone	49	3.3	43	6.6	92	4.3	47	3.1	38	5.3	85	3.8	37	3.0	31	5.6	68	3.8	25	1.8	31	5.1	56	2.9
Heroin	82	5.5	29	4.5	111	5.2	64	4.3	21	2.9	85	3.8	50	4.1	21	3.8	71	4.0	31	2.3	14	2.3	45	2.3
Cocaine	12	0.8	8	1.2	20	0.9	43	2.9	14	2.0	57	2.6	22	1.8	10	1.8	32	1.8	96	7.1	26	4.3	122	6.2

Notes

- (1) The percentages above refer to the proportions of young drug abusers who abuse a certain drug among all abusers with known drug type(s) in the respective sex groups.
- (2) A drug abuser may abuse more than one drug type. Hence the percentages would add up to more than 100%.

Drug Rehabilitation Centres

Two DATCs under the CSD

- (1) The Hei Ling Chau Addiction Treatment Centre [for male inmates]
- (2) The Hei Ling Chau Addiction Treatment Centre (Annex) [for female inmates]

20 Methadone Clinics

- (1) Aberdeen Methadone Clinic
- (2) Eastern Street Methadone Clinic
- (3) Shau Kei Wan Methadone Clinic
- (4) Violet Peel Methadone Clinic
- (5) Ho Man Tin Methadone Clinic
- (6) Hung Hom Methadone Clinic
- (7) Kwun Tong Methadone Clinic
- (8) Lee Kee Methadone Clinic
- (9) Ngau Tau Kok Methadone Clinic
- (10) Robert Black Methadone Clinic
- (11) Sham Shui Po Methadone Clinic
- (12) Wu York Yu Methadone Clinic
- (13) Yau Ma Tei Methadone Clinic
- (14) Cheung Chau Methadone Clinic
- (15) Shatin Methadone Clinic
- (16) Shek Wu Hui Methadone Clinic
- (17) Tai Po Methadone Clinic
- (18) Lady Trench Methadone Clinic
- (19) Tuen Mun Methadone Clinic
- (20) Yuen Long Methadone Clinic

Five CCPSAs

- (1) Caritas HUGS Centre
- (2) Hong Kong Christian Service PS33

- (3) Cheer Lutheran Centre
- (4) Evergreen Lutheran Centre
- (5) Tung Wah Group of Hospitals CROSS Centre

39 RDTCs/HWHs

<i>NGOs</i>	<i>TCs/HWHs</i>
Barnabas Charitable Services Association Limited	(1) Lamma Training Centre (2) Ma On Shan Halfway House
Caritas – Hong Kong	(3) Caritas Wong Yiu Nam Centre
Christian New Life Association Limited	(4) Christian New Life Association Limited
Christian Zheng Sheng Association Limited	(5) Ha Keng Treatment and Rehabilitation Youth Centre for Male (6) Ha Keng Treatment and Rehabilitation Female Centre (7) Cheung Chau Male Training Centre for Youth (8) Cheung Chau Female Training Centre (9) Mui Wo Male Training Centre for Adult*
DACARS Limited	(10) Enchi Lodge
Glorious Praise Fellowship (Hong Kong) Limited	(11) Glorious Praise Fellowship (Hong Kong) Limited
Hong Kong Christian Service	(12) Jockey Club Lodge of Rising Sun
Mission Ark Limited	(13) Mission Ark Limited
Operation Dawn Limited	(14) Dawn Island Drug Treatment and Rehabilitation Centre (15) Girl Centre (16) Wong Tai Sin Centre (Half-way House)

<i>NGOs</i>	<i>TCs/HWHs</i>
Remar Association (Hong Kong) Limited	(17) Remar Association (Hong Kong) Limited
St. Stephen's Society	(18) Tuen Mun Multi-Purpose Rehabilitation Home (Female)
	(19) Shing Mun Springs Multi-Purpose Rehabilitation Homes (Male/Female)
The Christian New Being Fellowship Limited	(20) Training Centre (21) Halfway House
The Finnish Evangelical Lutheran Mission	(22) Ling Oi Tan Ka Wan Centre (23) Ling Oi Centre
The Society for the Aid and Rehabilitation of Drug Abusers	(24) Au Tau Youth Centre (25) Adult Female Rehabilitation Centre* (26) Shek Kwu Chau Treatment and Rehabilitation Centre (27) Bradbury Hong Ching Centre (28) Pui Ching Self-help Hostel (29) Kowloon Hostel (30) Luen Ching Centre (31) Female Hostel (32) Sister Aquinas Memorial Women's Treatment Centre
The Society of Rehabilitation and Crime Prevention, Hong Kong	(33) Bradbury Oasis Hostel (34) Hong Kong Female Hostel
Wu Oi Christian Centre	(35) Shun Tin Half-way House (36) Long Ke Training Centre* (37) Tai Mei Tuk Female Training Centre (38) Green Island Youth Training Centre
Perfect Fellowship Limited	(39) Koo Tung Rehabilitation Centre

* This centre does not provide service to young drug abusers.

MOTIONS

PRESIDENT (in Cantonese): Motion. Proposed resolution under the Mutual Legal Assistance in Criminal Matters Ordinance to approve the Mutual Legal Assistance in Criminal Matters (Germany) Order.

PROPOSED RESOLUTION UNDER THE MUTUAL LEGAL ASSISTANCE IN CRIMINAL MATTERS ORDINANCE

SECRETARY FOR SECURITY (in Cantonese): Madam President, I move that the motion, as printed on the Agenda, that is, the resolution to make the Mutual Legal Assistance in Criminal Matters (Germany) Order be passed by this Council.

Hong Kong is fully committed to international co-operation in combating serious crimes. In this respect, we have been expanding our network of bilateral agreements with other jurisdictions on mutual legal assistance in criminal matters. These agreements enhance international co-operation in the fight against trans-national crimes and ensure reciprocal assistance between the contracting parties. We have so far signed 21 such bilateral agreements with other jurisdictions.

The Mutual Legal Assistance in Criminal Matters Ordinance (the Ordinance) provides the necessary statutory framework for implementing mutual legal assistance arrangements, enabling assistance to be provided to or obtained from foreign jurisdictions in the investigation and prosecution of criminal offences, which includes the taking of evidence, search and seizure, production of material, transfer of persons to give evidence and confiscation of the proceeds of crime.

Pursuant to the Ordinance, the Chief Executive in Council has made an Order to implement the bilateral agreement on mutual legal assistance in criminal matters signed between Hong Kong and Germany. By applying the arrangements prescribed in the Ordinance between Hong Kong and Germany, the Order allows assistance to be provided or obtained in accordance with the procedures set out in the Ordinance and the provisions under the agreement. The Order is substantially in conformity with the provisions in the Ordinance. Meanwhile, as legislation and arrangements on mutual legal assistance in

criminal matters vary from jurisdiction to jurisdiction, it is necessary for the relevant orders to modify some of the provisions of the Ordinance to reflect the practices of individual jurisdictions. Such modifications are necessary to enable Hong Kong to discharge its obligations under the agreements concerned. The modifications made for the bilateral agreement with Germany are summarized in Schedule 2 to the Order.

The Subcommittee set up by the Legislative Council scrutinized the Order in December 2006. We would like to thank the Subcommittee Chairman, Mr James TO, and other members for their views. Regarding Article 10 of the bilateral agreement with Germany, the Subcommittee has asked whether the provision would permit German police officers to appear at court proceedings in Hong Kong and examine witnesses. In this respect, we have clarified that it is a preferred practice in Hong Kong that only legal representatives from the requesting party may be permitted to appear at court proceedings in Hong Kong. If the German side requests for its police officers to appear at such court proceedings, we will discuss with the German side and advise the German side to adopt the practice in Hong Kong. The Subcommittee has also asked about the types of information that Hong Kong may provide to Germany in accordance with the bilateral agreement. In this respect, we have explained that generally materials that have been obtained by compulsory process for domestic purposes may not be transmitted to a foreign authority, unless there are statutory provisions to enable such transmission. We will continue to observe this principle in implementing the agreement.

To strengthen our co-operation with other jurisdictions in mutual legal assistance in criminal matters, it is important for the Order to be made to enable the bilateral agreement with Germany to be brought into force.

I now invite Members to approve the making of the Mutual Legal Assistance in Criminal Matters (Germany) Order. Thank you, Madam President.

The Secretary for Security moved the following motion:

"RESOLVED that the Mutual Legal Assistance in Criminal Matters (Germany) Order, made by the Chief Executive in Council on 14 November 2006, be approved."

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

MR JAMES TO (in Cantonese): President, in my capacity as Chairman of the Subcommittee on Mutual Legal Assistance in Criminal Matters (Germany) Order, I now speak on the motion moved by the Secretary for Security.

The Mutual Assistance in Criminal Matters (Germany) Order (the Germany Order) sets out the bilateral agreement between the Hong Kong Special Administrative Region (HKSAR) and the Federal Republic of Germany in the provision of mutual legal assistance in criminal matters, and the modifications to the Mutual Legal Assistance in Criminal Matters Ordinance (the Ordinance).

With respect to Article 5(3)2(a), the Administration has explained that the provision is included at the request of the Government of the Federal Republic of Germany to reflect Germany's legal requirements. Under the law in Germany, if a request is received for delivery of property obtained, or to be obtained, by search and seizure, the requesting party is required to provide a declaration that seizure of the property could be obtained by compulsory measures if it were situated in the jurisdiction of the requesting party, or an order of a Court in the requesting party authorizing seizure of the property.

The Subcommittee notes that under the Ordinance, a person who is required to give evidence for the purposes of criminal matter in a place outside Hong Kong is not compellable to answer a question if the person is not compellable to answer in the criminal matter in that place. If a person claims that he has the right to decline to answer a question under the law of the requesting party, Hong Kong will request the requesting party to provide a certificate or a declaration. Such a requirement, however, is not imposed in relation to seizure of property. The Subcommittee has queried whether Hong Kong should render assistance in relation to seizure of property if such seizure is not permissible in the law of the requesting party. At the request of the Subcommittee, the Administration has agreed to consider whether there is a need to include a provision similar to Article 5(3)2(a) in the domestic legislation.

The Subcommittee has raised concern that the provision in Article 10(3) will permit German police officers to appear in court proceedings in Hong Kong and to question the person giving evidence at such proceedings.

The Administration has responded that it is a preferred practice in Hong Kong that only legal representative from the requesting party will be permitted in court proceedings to question the person giving evidence at such proceedings. In the event that the German side requests for its police officers to appear at court proceedings and to examine witnesses, Hong Kong will discuss with the German side and advise the German side to adopt the practice in Hong Kong.

At the suggestion of the Subcommittee, the Administration has agreed, when establishing bilateral agreements on mutual legal assistance in criminal matters in future, to assess whether the provisions made would have the effect of widening the scope of persons permitted to appear in the proceedings in Hong Kong Courts and to question the person giving evidence at such proceedings.

President, the Subcommittee does not object to the resolution moved by the Secretary for Security in the meeting today on the Germany Order. We also state clearly that the Subcommittee supports the resolution on the Germany Order. Thank you.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): If no other Member wishes to speak, then I will ask the Secretary for Security if he wishes to speak in reply.

SECRETARY FOR SECURITY (in Cantonese): President, I thank the Subcommittee for its views and support. I hereby invite Members to approve the resolution to make the Mutual Legal Assistance in Criminal Matters (Germany) Order.

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

(Members raised their hands)

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

(No hands raised)

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

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Members' motions. Two motions with no legislative effect.

First motion: Fully safeguarding the safety of food supply to Hong Kong.

FULLY SAFEGUARDING THE SAFETY OF FOOD SUPPLY TO HONG KONG

MR FRED LI (in Cantonese): Madam President, two weeks ago Mr Donald TSANG, the Chief Executive, made an election pledge here in this Chamber. He said that all food importers would be required to register, that is, they would go through the procedure of registration. Moreover, the safety standards for every major foodstuff must be specified, with well-defined regulations formulated. Then he pointed out that the standards of the Mainland must be on a par with ours without any big deviation. And that these tasks must be performed progressively.

If these objectives can be achieved in Hong Kong someday, I believe food safety standards in Hong Kong will certainly take a giant step forward. However, this is a daunting administrative task for the Government and to realize the vision of Mr TSANG, as he says, there have got to be powerful moves taken in planning, co-ordination and enforcement.

In the case of genetically-modified food, the Mainland has already laid down regulatory standards on that, but Hong Kong still remains at the stage of voluntary labelling. If Mr TSANG wants to bring the standards of the

Mainland on a par with ours, does it mean that the Mainland will have to go backwards and follow our standards?

Over past few years, Hong Kong has really suffered a lot due to a spate of food safety incidents, ranging from poultry to aquatic products, vegetables to fruits, canned food to tea leaves. It turns out that the food we consume every day probably contain excessive or banned pesticides or even chemicals that should not have been used.

Now, I wish to talk about standards for pesticides and chemical residues in vegetables and fruits. Currently, laws on food safety in Hong Kong are not complete and they are outdated. The Harmful Substances in Food Regulations, the subsidiary legislation to Public Health and Municipal Services Ordinance (Cap. 132, Laws of Hong Kong), only regulates the maximum residual amounts of 39 types of chemicals in food, but no pesticides — I stress — no pesticides are included.

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

Even if the Government can act on the general protection offered to the purchaser of food, that is, the consumer, in accordance with the provisions of the principal legislation and initiate prosecution against the person who sells food unfit for human consumption, as Hong Kong does not have any laws and regulations on the use of residual pesticides, it would be hard to initiate any prosecution in the first place.

According to the view given in the Government's reply to my oral question dated 20 December 2006, even if pesticides are found in vegetables and fruits, the risk is lower than the case of meats and dairy products. For this reason, there is no law enacted to regulate pesticide residues in vegetables and fruits. Both the Democratic Party and I think that this explanation is not justified. If we look at the Mainland, Singapore, Japan, Taiwan and such places, that is, those countries or places with an economy that relies either on agriculture or imports, we will find that they all have laws and regulations governing the application of pesticides. Only Hong Kong has for so many years placed so little emphasis on the regulation of pesticide contents in vegetables and fruits. And last year Greenpeace discovered abuse of pesticides in the vegetables and

fruits on sale in Hong Kong and that they contained not only the commonly-used pesticide chlorpyrifos but also banned pesticides like lindane and DDT. We can learn from the newspapers today that yesterday Greenpeace held a press conference on some fruits imported from the Mainland and sold in the local market. I have in my hand some fruits which Greenpeace has sample tested. They all look very beautiful. But please do not eat them, for tests have shown that they contain a highly toxic substance called methamidophos. That is a notorious substance and must not be used. But this methamidophos can be found in mandarin oranges, strawberries and tangerines imported into Hong Kong from the Mainland. One of the samples even contains 13 kinds of pesticides, of which the pesticide residues are high in exceedance. If the Government allows this to continue, it will only undermine public confidence in the Government.

Since the Chief Executive has said that he wants to see comparable standards between Hong Kong and the Mainland, then the Government should draw reference from the mainland standards and list the maximum amounts of pesticide residue permitted in food so that all the imported vegetables and fruits can comply with the national standards.

Second, enactment of legislation to regulate imported foods. Currently, the laws on the regulation of food safety vary greatly from one type of food to the other, such that some are stringent while some are not. For example, there are detailed and specific requirements on the proof of origin and manner of transportation for meats, poultry and dairy products. Meats and poultry are regulated by the Imported Game, Meat and Poultry Regulations. Dairy products come under the regulation of the Milk Regulation. But the regulation of fishes, eggs, vegetables and fruits is very loose.

For fishes, had it not been the spate of food safety incidents caused by malachite green and ciguatera, the Government would not have set up a registration system for freshwater fish farms and formulated the voluntary Code of Practice on the Import and Sale of Live Marine Fish for Human Consumption. Unfortunately, I do not know why it is Greenpeace again that uncovered the oil fish problem. Members know what oil fish I am talking about, it is a fish with much oil, even more than the oil in my body. (*Laughter*) The problem reflected two things. Secretary, during June to December last year, the Government had actually received complaints from a number of people. When I listened to the phone-in programme on the radio today, I found out that many housewives in

Hong Kong are very thrifty. As cod fish is expensive, so they buy the cheaper so-called blue cod fish or the fish with the name "cod fish (oil fish)" printed on the package or the label. A dog kept in a family which ate that fish had to see the vet. The people of that family wanted to save \$20 for a cod fish fillet, but in the end they had to pay much more to have their dog treated by a vet. However, the people of that family did not report the case to the Government because they did not know that the fish was to be blamed. They might think that some other things had gone wrong. The Government has received such complaints for a few months and imposes the compulsory requirement that people who complain must see a doctor and get a medical certificate before their complaint is entertained. But the people have already recovered from diarrhoea. So how would they want to complain or see a doctor? Actually, the problem is always lurking there and the supermarkets are still selling this kind of so-called cod fish. Now experts have pointed out that this so-called cod fish is no cod fish at all, but it comes from an entirely different family of fish.

First, I think this incident shows that the Centre for Food Safety has been slow in its response. As the public announcement was made very late, many people had bought this kind of fish and consumed it over these past few months. Consequently, many people have fallen victims to it, so who is to be blamed?

Second, I think the supermarkets and some retail outlets have been acting very irresponsibly in using this kind of misleading packaging and as a result, people kept on eating that and being victimized. I hope the Government and the Customs will take a look at this to see if there is any violation of the Trade Descriptions Ordinance, resulting in the problem of inconsistency between trade descriptions and actual goods sold.

As for eggs, the Sudan red dyes found a month ago caused a panic throughout the city and people said they did not dare to eat eggs anymore. As a result, it was the eggs from the United States and Thailand that reaped the benefits. For those eggs from the United States which we buy, how do we know that they are really from the United States? We may never know. May be they are also counterfeit eggs from the Mainland. This shows that the entire system is flawed.

For the vegetables, the regulation turns out to be even more lax than that on fishes and eggs. Basically, vegetables and fruits can come in and out of

Hong Kong freely and there is only occasional sample testing. In this regard, there is an obvious disparity between the Mainland and Hong Kong with respect to the regulation of vegetables exported to Hong Kong. In fact, the Mainland has explicit legislation on the vegetables for export to Hong Kong and it is required that vegetables must come from vegetable farms for the supply of vegetables to Hong Kong. Last year, I visited a vegetable farm owned by a Hong Kong investor on the Mainland. The farm is very large and it has got modern management. All the vegetables from the farm are sent to the supermarkets in Hong Kong for sale. Of course, I have confidence in consuming these vegetables. But apart from this kind of vegetables, huge quantities of vegetables also come into Hong Kong through unknown channels and in unknown situations every day. These are the so-called "parallel imports". Those in the trade told me that these vegetables of dubious origin can easily be shipped to Hong Kong and sold in the markets by means of smuggling, false certificates and purchase of certificates, and so on.

We should also be very careful about foods that have something to do with fruits. Recently, the Mainland said that it would enact laws and regulations governing the supply of fruits to Hong Kong. But it seems that no action whatsoever is taken in Hong Kong. There is no corresponding measure on vegetables and fruits in Hong Kong. I hope the Secretary can explain this later on.

Therefore, I hope that the Government can enact some subsidiary legislation on fishes, eggs, vegetables and fruits in order to bring them under clear regulation. This will make these foods meet certain standards when they are imported or offered for sale.

Third, setting up a licensing system for food importers and implementing mandatory inspection and testing at border control points. Apart from enacting sound legislation on food safety, there should also be matching administrative measures before the aim of safeguarding food safety can be achieved.

The licensing system for food importers proposed by me does not — Secretary, I stress — does not cover all food trades. Because it would simply be impossible and it is also financially not viable. The licensing system should only include the staple foods and that will be fine. I have especially picked a number of these such as fishes, eggs, vegetables and fruits which I have mentioned in my motion. Such foods should be sold under a regulated system

after they are imported. When quality problems arise in respect of such foods, effective tracking can be undertaken.

As for inspection and testing, with vegetables for example, the Government will sample test about 20 000 samples a year. These samples come from the control points, and various wholesale and retail outlets. In view of the fact that most of the foods in Hong Kong are imported, there is definitely a need to enhance inspection and testing facilities at the control points. In Man Kam To, for example, the venue is too small and too few tests are conducted. Therefore, modifications and changes must be made to the buildings concerned to keep abreast of the heightened awareness of food safety among the people.

Lastly, the food supply chain tracking system. On perfecting the management of food safety matters, now the international organizations concerned are all advocating the "one-stop" food supply chain concept of "from farm to fork", that is, from the farm to food on the dining table. Certainly, to effectively achieve this goal, there must be an effective tracking system developed jointly by experts on the Mainland and from other countries. With such a system, should any food incident occur, the problem can be traced to the particular link in the chain which has gone wrong. In the European Union and neighbouring Taiwan, a good food tracking system has already been developed. So both the Democratic Party and I suggest that the SAR Government should work together with the Mainland to establish a food supply chain tracking mechanism to ensure all agricultural products from the Mainland can be traced from their retail outlets to the farms. There must be production records, shipment information and sales records at the retail, wholesale, farm and transport levels. Should a food incident happen, the link in the supply chain which has gone wrong can be effectively identified and follow-up and improvement actions can then be taken.

With these remarks, Deputy President, I beg to move.

Mr Fred LI moved the following motion: (Translation)

"That, as the recent spate of food safety incidents have revealed that the food regulatory laws in Hong Kong are flawed with loopholes, and there is a lack of a comprehensive food safety policy, thereby subjecting the public to food safety hazards, this Council urges the Government to

expeditiously adopt measures to fully safeguard the safety of food supply to Hong Kong, including:

- (a) drawing up a legislative timetable for prescribing standards for pesticide and chemical residues in vegetables and fruits;
- (b) enacting legislation to regulate imported foods, including setting up a licensing system for food importers, implementing mandatory inspection and testing at border control points, clearly specifying the penalties for non-compliance, and bringing live fish, egg products, vegetables and fruits into the regulatory ambit; and
- (c) establishing a food supply chain tracking mechanism to enable food surveillance and control at source, so as to achieve the objective of ensuring food safety "from farm to fork".

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

DEPUTY PRESIDENT (in Cantonese): Mr WONG Yung-kan, Mr Tommy CHEUNG and Dr KWOK Ka-ki will move amendments to this motion respectively. Mr WONG Ting-kwong will move an amendment to Dr KWOK Ka-ki's amendment. The motion and amendments will now be debated together in a joint debate.

I will call upon Mr WONG Yung-kan to speak first, to be followed by Mr Tommy CHEUNG, Dr KWOK Ka-ki and Mr WONG Ting-kwong, but no amendments are to be moved at this stage.

MR WONG YUNG-KAN (in Cantonese): Deputy President, Hong Kong is a meeting place for all the good foods from all parts the world and it is called a Gourmet's Paradise. But in recent years, we seldom heard the term "good food". Instead, we hear more of the words "don't eat", that is, people are urged not to eat. This is because freshwater fish has got malachite green, so do not eat it. There is Sudan red dye in the eggs, so do not eat them. Vegetables have excessive pesticide residues, so do not eat them. In this way, Hong Kong

is gradually turning from a paradise of good food to a paradise of no food. Two questions come up in people's mind. First, what can we eat after all? Second, what in fact has the Government done?

The year before last when malachite green was discovered in the freshwater fish imported from the Mainland, we knew that the food safety monitoring mechanism in Hong Kong was seriously flawed. The Government then had plans to set up a Centre for Food Safety (CFS) to co-ordinate monitoring work on food safety. Unfortunately, ever since the CFS was established last year, not only has the related work not been improved but the spate of incidents concerned has also made the people find out that officials in the Centre lack the expertise and they have not been vigilant and resourceful enough. There are even communication problems between the departments and the Director of Bureau. How then can the people place their confidence in the CFS?

Deputy President, before the CFS was set up, I had already held the view that if the Government really wanted to place the focus of work in monitoring food safety on the source, the departments must employ more experts and veterinary surgeons well-versed in the agriculture, fisheries and food processing industries. This kind of departmental make-up will ensure that professional judgement can be made when problems are found at the source. Unfortunately, the Government thinks that it does not really matter even if the CFS is actually manned by staff transferred from the Food and Environmental Hygiene Department. The result is that people are still hassled by the problem of not being able to eat with peace of mind.

The staffing and organizational framework is only a very small portion of the loopholes in the entire monitoring efforts on food safety. A far larger portion lies in the deficiencies of the system. First, with respect to the regulation philosophy, the Government is presently using the safety hazard as the criterion to determine the stringency of the food regulatory system. From what has been seen in recent years, however, the spate of serious incidents in relation to such foods as live fish and eggs, which have always been regarded as of low risk by the Government, has rocked the foundation of the entire monitoring system. It is evident that the so-called risk assessment mechanism has failed to achieve its desired effect. Therefore, the Government must change its thinking and mindset and make the extent of the impact of the safety of a particular food on society as the factor to be considered when according priorities in regulation.

Only by doing so can the changes in circumstances and public demand be duly embodied in the relevant work.

In addition, as I have pointed out in the amendment, Hong Kong lacks a comprehensive food safety policy as the basis of the regulatory system. From the hasty attempt to enact legislation after the discovery of malachite green in freshwater fish previously to the absence of any standards for pesticide residues in vegetables as referred to in the original motion, all these serve to highlight the inadequacies of Hong Kong in this regard. The result is that there are no standards for food imports into Hong Kong, and the absence of any standards in law enforcement has made the Government feel like that it has been hamstrung. Now the expert panel on food safety is conducting a review of food safety standards. The Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) hopes that the make-up of the expert panel can be more representative so that the standards laid down in Hong Kong are not a wholesale borrowing of standards from other places and that comprehensive consideration is made based on our food culture and tradition while taking into account international standards and those from our major food suppliers. This is also one of the considerations made when other places draw up their own standards. The DAB hopes that the Government can take matching action in resources and assist the panel in completing its review, such that a set of standards on food imports into Hong Kong can be set down early for compliance.

Deputy President, I have also put forward the idea of a permission system for imported food. Actually, this system is not invented by me for both the Mainland and other advanced countries all have a system to monitor food safety and that system is drawn up according to local conditions. Put simply, the permission system requires that food can be sold in the market only after it has obtained the approval from the food monitoring authorities according to the local safety standards. To implement the permission system effectively, the system requires that farms and processing factories to affix a label on the place of origin and quality inspection; and wholesalers and retailers should keep records on the import and sales of the food. The purpose is to ensure that food source can be traced effectively. In other words, a permission system can be developed into a "farm to fork" monitoring system for food safety.

In Hong Kong, since 90% of the foods are imported, the focus of the efforts must be put on monitoring the places of origin of foods. Apart from drawing up clear and specific food safety standards for compliance by overseas

producers, the Government should also discuss with the governments of the places of origin to set up "designated supply farms" to ensure that the food produced there will comply with the requirements of the local and Hong Kong Governments. Recently, Premier WEN Jiabao also touched on the issue of "designated supply farms" during a visit overseas. The Government must set up a sound labelling system for places of origin and require food importers to undergo registration and maintain proper records of imports and sales. This will make it more convenient to track the source of food incidents. Meanwhile, to enhance the power of the Government to cope with contingencies in major food incidents, in the long run, there is a need to introduce legislation on withdrawal from sale and recall of problematic foods. We have seen recently many food incidents, and that about oil fish happened only yesterday. Now we do not have any mechanism for withdrawal and recall and what can be done is only to ask the supplier to recall his products and not to sell them. In foreign places, such as in the case when certain people from the trade shipped some fish to Japan, the fish in question will certainly be destroyed if problems are found. In addition, the producer or the importer will be held liable and all the fish in question will be recalled. In Hong Kong, there is nothing whatsoever in this regard. If the Government handles the case well, it will call on the people not to buy the problematic food. This is the only thing that can be done. But can this solve the food problems we may face in future? In this connection, if the law-enforcement departments can do better, they should be able to prevent such food incidents from worsening.

Deputy President, as the Chief Executive said in response to a question I raised during the Question and Answer Session, it would be a daunting task to restructure food safety work. So we hope that the Government can first improve the regulation of imported staple foods, then gradually extend the regulation to include all other foods. Lastly, I hope the monitoring authorities can learn from the experience of blunders made over the years and make thorough improvements and hence restore public confidence in the Government with respect to its gate-keeping abilities in food safety.

Deputy President, I so submit.

MR TOMMY CHEUNG (in Cantonese): Deputy President, the spate of food safety incidents that happened in Hong Kong in recent years has greatly disappointed the people of Hong Kong. As the representative of the food and

catering industry, I absolutely support beefing up measures to protect imported food. However, great care must be exercised in the process, for often times the devil is in the details. A careless move taken will upset the balance and result in excessive regulation. The relevant trades will find it hard to survive, food prices will soar and people will face a drastic cut in the choices of food available to them. There will be more losses than gains.

The original motion of Mr Fred LI and the amendments proposed by other Honourable colleagues make many specific recommendations on the safety of food supply to Hong Kong. However, no mention is made of a prerequisite and that is, consultation should be conducted in advance. The fact is that the relevant trades are at the front line and they are well-versed in the many problems found and often in an even better picture of things than the authorities. Therefore, I feel compelled to propose an amendment to stress that the Government must consult the relevant trades comprehensively before any change is made to the monitoring mechanism.

All along I have supported the idea that a policy on food safety must take into account every link in the food supply chain from "farm to fork". Only that the Government used to harbour a wrong understanding of the issue and stressed too much on intervening in the retail outlets and food establishments for the purpose of regulation.

I therefore support measures to strengthen food surveillance and control at source and to set up a tracking mechanism. A proposal which has been under much discussion is to enact legislation to regulate imported food and to adopt a designated supply farms mode and to establish a licensing system for food importers.

In fact, such a system has already been used in the live poultry trade for a long time. In respect of live chickens, for example, although the law only permits chickens imported from registered live poultry farms on the Mainland supplying Hong Kong, we should not forget that the smuggling of chickens into Hong Kong has never been eradicated. During the Mid-Autumn Festival period last year, the Food and Environmental Hygiene Department seized 600 smuggled live chickens from two containers in the Cha Kwo Ling cargo handling area. The number was more than a quarter of the daily number of imported chickens. The sheer number caused a great shock in the trade. I believe it is only the tip

of the iceberg and the authorities are still unable to tackle the chicken smuggling problem, especially when chicken prices are so high these days.

I am worried if the designated supply farms mode and the licensed importers system were extended to live fish and eggs, the large amount of live fish and eggs that used to be imported into the territory from channels other than these will turn from parallel imports into smuggled goods. By then, will the Hong Kong Government have enough manpower and resources to curb these smuggled goods? If smuggling becomes rampant and unchecked, it would be those law-abiding importers who will suffer in the end.

The authorities may perform their gate-keeping role by mandating that cargoes can only be unloaded at designated wholesale markets. But in the case of live fish, for example, is there a place big enough in Hong Kong to stock all the live fish imported into the territory? Even if a suitable place can be found to build this wholesale and distribution market, problems may arise due to the complicated wholesale operations of live fish. Fish from different fish ponds are often mixed together in the wholesale process and when problems are found in the live fish, how can the authorities be sure that the right source can be traced and the innocent will not be blamed?

The same situation also applies to eggs. Presently more than 4 million eggs are imported every day. Even if a chop is stamped on every egg, there may still be the problem of forged chops for fraud and deception. Moreover, costs will definitely soar if every egg is to be stamped. The result is that the costs will be transferred onto members of the public. Those small-size egg farms may be out-competed by the large syndicates because they may have a cash flow problem. This may not be a good thing for consumers either.

As for introducing legislation on withdrawal from sale and recall of problematic foods, I know that the trades have great reservations about that idea. We must be clear about what the proposed law refers to. Does it mean that when an incident has occurred with a particular kind of food, the trades will be compelled to withdraw the goods concerned from the shelves until the goods are found to be problem-free again? What should be done about foods with a short expiry date for staying fresh, live or fit for consumption? If people who have bought the relevant food before the incident want to have their money back, then what should be done? The most important question is whether or not this withdrawal and recall law has any sound compensation measures in place for the

trades such as in the form of a compensation fund, rentals remission or waiver and interest-free loans, and so on.

With respect to a notification system, in the long run, I agree that a nation-wide tracking system for places of origin of food should be worked out with the Mainland and the coverage of that system should include foods for export to Hong Kong and for the domestic market. As a matter of fact, the State attaches a great deal of importance to food safety which is comparable to that of Hong Kong and it is getting more and more open. The China Central Television, which is part of the state media, often makes visits and conducts probes both openly and secretly to expose food quality problems on the Mainland. Positive steps have also been taken to improve communication with Hong Kong. Conversely, should the Hong Kong Government not ponder over why it was so passive during the many food safety incidents in the past and why it only woke up after the media or official bodies in other places had discovered problems in exported food?

Apart from enacting regulatory legislation, should the authorities not give serious thoughts to forging links with the provinces in China and other countries to collect information and intelligence for the purpose of setting up an extensive and timely database? Like the recent case of oil fish, do the authorities know whether other countries have long since stopped selling such oil fish? Is the oil fish unfit for human consumption? Had the authorities obtained such information well in advance, and had the trades and the public been informed earlier, the incident could have been avoided.

In addition, the authorities should shorten the lead time required for notification networks in other places. Once it is learned that a particular food endangers the health of the people, the authorities should inform the public as soon as possible and sample the food concerned in the market for tests at once.

Although some people have criticized the authorities for failing to reach professional standards in monitoring food safety, I would not say so. For after all, the Centre for Food Safety (CFS) was set up not too long ago and the staff may not be trained up for the job. However, to enhance food safety, this Council has approved the creation of four Directorate posts in the Health, Welfare and Food Bureau, including an additional Permanent Secretary specifically tasked with food safety. Approval has also been given for a

restructuring programme entailing an additional recurrent expenditure of \$60 million per annum. This has enabled the CFS to hire an extra some 70 staff in 2006-2007.

I recall that when the Finance Committee discussed making appropriations to the Bureau headed by Secretary Dr York CHOW for the purpose of creating these Directorate posts, I was the Member who opposed most. I always queried why after the restructuring of the CFS, the number of food surveillance samples only increased from 61 000 each year as in the past to only 63 000 in 2006, or an increase of less than 3%. Secretary, I think the public does have expectations for the food safety work after the restructuring and I hope you can explain this to the public.

Deputy President, lastly, I must point out that I appreciate the public's right to know, but how are the extent of the public's right to know and the transparency of the monitoring mechanism going to be determined? More than a week ago, I attended an international seminar on food safety and one of the key issues discussed at the seminar was the appropriate volume of information open to the public. Actually, this is a thorny problem for every country. For example, when 100 fishes are sample tested and there is something wrong with one fish, does an announcement have to be made to the effect that there are problems with this kind of fish, thus scaring the public? We may never know and actually no expert in any country of the world can tell us what we should do.

However, for cases involving extremely low risk, like the case of eating 290 kg of live fish every day before one is exposed to any risk of cancer, I would think that the first thing to do is to contact the trades concerned and trace the source of the problem and then make remedy at the soonest. Would this not be a more desirable option? In the freshwater fish incidents which occurred many times in recent years, actually only isolated samples were involved. But that was enough to cause great panic among the public and there was almost a total standstill in the sales of freshwater fish on many occasions and the trade suffered great losses. One just wonders which results in greater harm.

On the question of when should test results be announced, I do not have any model answer to offer. But I would like to point out that excessive surveillance and satisfying the public's right to know to the point of begging any justification would only backfire and make things worse.

I must stress that the costs of surveillance and control will necessarily be linked to the food prices and if surveillance and control are exercised in excess, there will only be fewer choices of food available to the public. So the authorities must strike a suitable balance between introducing laws on regulation, the business environment, protecting the health of the public and the right to know of the public. Before any control measures are introduced, the relevant trades must be consulted comprehensively.

Deputy President, I so submit.

DR KWOK KA-KI (in Cantonese): Deputy President, first of all, I would like to thank Mr Fred LI for proposing this timely motion.

I wonder if anyone was deliberately trying to make a mockery of the occasion. In January the inauguration ceremony of the Centre for Food Safety (CFS) was held and I also attended it. By some ironic twist of events and in this same month when we had just celebrated the inauguration of the CFS, the supermarket chain PARKnSHOP made a mockery of the occasion and gave the Government a slap on the face.

Members can see the incident that happened yesterday. In my opinion, this incident is a disgrace on Hong Kong. It is also a disgrace on our food safety system and a disgrace on the Government. The oil fish which is obviously harmful to human-beings and for which recommendation has been made in many countries such as Australia and others that it is unfit for human consumption can nevertheless be bought in the supermarkets in Hong Kong. And these supermarkets are the ones which most people of Hong Kong would patronize. What is even more intolerable for us is that the Government does not have any way to regulate them. We do not have a sound notification system for food and we do not have any law on withdrawals and recalls. None of the numerous incidents that have happened has impressed us that the Government has the determination and capabilities to prosecute these undesirable and even unscrupulous businessmen who deliberately contravene the law and do things that jeopardize the health of the public. In such circumstances, how can it be said that Hong Kong has a sound food safety mechanism and how can the mind of the public be put at ease?

Hong Kong is far from being a Government's Paradise as Mr WONG Yung-kan has aptly put it earlier. This is now a paradise of no food. Despite all these, Hong Kong is still a paradise — a paradise for the large number of heartless businessmen who seek to sell foods unfit for human consumption. For these people, Hong Kong could be a paradise, because we have no law or regulatory framework adequate enough to make the people eat without worries.

Both the CFS and the Government have claimed with respect to this case that more than 65 000 food samples are tested every year. And the Government has repeatedly said that the number is sufficient. But if this is the case, why then has such a spate of incidents occurred? If that is enough, why are so many groups (including Greenpeace which broke such bad news yesterday) saying that vegetables imported into Hong Kong still carry a lot of residual pesticides? It is so obvious that the Government cannot dream of protecting the people by sole reliance on this kind of long-standing but ineffective mechanism. If the Government still holds such a mentality, I am convinced that it will not help at all even if a CFS is set up or how the Government is urged to take action to follow up and improve on things.

My amendment proposes that there should be a sound notification system between Hong Kong and the Mainland as the existing one is deficient. Let me illustrate my point with the recent incident of tainted eggs. The attention of the Hong Kong Government was drawn to these tainted eggs only after media reports on the Mainland. Even as the food safety authorities on the Mainland had learned of the matter and were recalling these eggs, Hong Kong still sat back and did nothing. Then even as these tainted eggs were sold in the Yue Hwa department store, the Secretary was totally ignorant of the fact and he even called upon the public not to worry, saying things like there were no tainted eggs for sale in Hong Kong. What kind of mechanism is this? What kind of system is this? Who can the people rely on?

Of course, we hope that a CFS can be set up. Therefore, in 2005, when the Government proposed that such a CFS be set up, many members of the public once held great expectations for the CFS. But it has turned out that we have probably been expecting too much and too unrealistically. The CFS should have enough professionals, experts, resources and power for its operation, but from what we see, we have indeed great reservations about the CFS as a gatekeeper for food safety matters.

Let us look at the Expert Committee on Food Safety. It held its first meeting in September 2006, then the second meeting in December 2006. Many VIPs attended these meetings. These included the CEO of the Agri-Food and Veterinary Authority of Singapore, experts from the Australia New Zealand Food Authority, and other food safety experts from the Mainland and Canada. There were 19 of them in total. But what can be done if we just rely on these experts meeting once every three months? During the interim from September to 20 December when the second meeting was held, a lot of incidents had happened, including those relate to Sudan red dyes, poisonous duck eggs and poisonous chicken eggs. If we hope to get any protection from this system, we are just like climbing a tree to catch fish.

I hope that some local experts can take part in the actual work of the CFS instead of only attending meetings of the Expert Committee. I think any expert from this Expert Committee can render some assistance if he or she becomes the CEO. However, given the existing mechanism, that is, only four meetings are held every year, it would be outright unrealistic to expect these experts to do anything to help Hong Kong.

Moreover, with respect to the dissemination of information on food safety, just how much has the Government done? If anyone enters the government website and wants to get some comprehensive information on food safety or any important news on food safety, I think he will be very disappointed. This is because the information found in the website is not complete and there is not enough educational information for reference by the public.

The new CFS should be able to spearhead Hong Kong's efforts to open its vista to new developments, but as it stands now, I do not think this aim can ever be achieved. We hope there can be changes to enable the professionals at the CFS to play their role and more international experts can take part in the actual work, instead of just giving some advice as they are doing now. Despite all these, the chairman of the Expert Committee on Food Safety said that four criteria had to be met, that is, there should be improvement in four areas before Hong Kong can have better food safety. They were: first, protection of public health; second, the adequacy or otherwise of the laws of Hong Kong; third, whether or not there is any international legislation for reference by Hong Kong and fourth, the extent of public concern. He also pointed out that there were no

prescribed standards in Hong Kong laws on the level of pesticide residues in vegetables and the level of fish medicine residues in fishes is not regulated either.

It is stated clearly in the original motion of Mr Fred LI that the existing food safety standards in Hong Kong do not include important foods such as live fish, eggs and vegetables. The relevant laws are flawed with loopholes and not clear enough. There are no specifications on the levels of residues of harmful substances in food and the levels permitted. Now in Cap. 132 of the Laws of Hong Kong, only about 40 chemicals are mentioned and nothing is said about pesticide residues.

As a medical doctor, I am concerned about the impacts of these pesticide residues and other chemicals on the human body. There are studies which prove that organic pesticides will affect the human nervous system and even human fertility and survival rate of the sperms. Some endocrine-interfering substances remaining in food may affect human growth and even the reproductive system and more seriously, the embryo. Sustained organic pollutants has a serious impact on the body and they can cause a cocktail effect, that is, these pesticide residues when mixed with other chemicals may affect the human body in ways not yet known. Insofar as the existing law is concerned, I think the Government must do something to improve the situation by amending the law so that the Government can order recalls. There should also be prescribed levels of pesticide residues and other toxic chemicals.

I have just said that often times the Government will learn from a crisis. The present case may well be considered as a crisis, one of food safety. However, of greater importance is the subject of food safety which Mr WONG Yung-kan had asked Chief Executive Donald TSANG. We know that we are very concerned about the Chief Executive Election. The Chief Executive, Mr Donald TSANG, made a pledge in the Council on that day that he would ensure the safety of all foods in Hong Kong and the people did not have to worry about it. He said that there would be supply of good food in sufficient amounts. I think he has been slapped on the face by the two events today, especially the incident about the supermarket chain PARKnSHOP. I do not want to see the Director of Bureau being slapped on the face again by some unscrupulous businessmen.

So I hope very much that after the motion debate today — after the passage of the original motion or any of the amendments — the Government will drum up the resolve to take the concrete action of amending the law, perfect the

licensing system for imports, implement mandatory inspection and testing at border control points, establish a sound food supply chain tracking system, and work to enhance the people's concern for food safety matters so that Hong Kong can truly have an environment of safe food.

I so submit. Thank you, Deputy President.

MR WONG TING-KWONG (in Cantonese): Deputy President, the wording of my amendment to amendment raises two points. First, although 90% of the food in Hong Kong is imported, only about 50% of the food comes from the Mainland. The remaining portion comes from places all over the world. So not only should the food safety notification mechanism between Hong Kong and the Mainland be sound but the same should apply for the notification system between Hong Kong and other countries. An example is the recent case of the long-time food manufacturer Fujiya of Japan in which it was discovered to have used milk past its expiry date to produce food. The Food and Environmental Hygiene Department (FEHD) in Hong Kong could learn about the import of the company's products only through its distributor. As we all know, many Japanese snacks are imported into Hong Kong in the form of parallel imports and it is very likely that the FEHD does not know whether such food is sold in Hong Kong. Moreover, the FEHD can only obtain information from the Japanese food surveillance authorities through the Japanese consulate here. In contrast, there is a mechanism for direct dialogue between Hong Kong and the relevant departments on the Mainland. Therefore, even if the notification mechanism between Hong Kong and the Mainland is not sound, we should establish similar mechanisms with other major food supplier regions so that information about food safety incidents in all other places can be obtained in a faster and more accurate manner, hence an assessment can be made of the risk for Hong Kong.

Second, the DAB has all along thought that the composition of the Expert Committee on Food Safety is not satisfactory. Although there are medical doctors, veterinary surgeons, zoologists, people from the catering industry, people from the retail sector and consumer representatives, we do not know why the Government has excluded the appointment of people who are well-versed in the fisheries, agriculture and food industries to the Expert Committee. We think that the Expert Committee should be tasked with the important role of conducting a review of the food safety standards in Hong Kong. If there is no participation from people in the relevant industries, the findings of the review

may not be able to meet the practical needs of the relevant industries. Moreover, people who are well-versed in the operation of the relevant industries may be able to offer incisive and professional views to the Expert Committee and so prevent deficiencies in the findings of the review.

The Expert Committee on Food Safety is assisting the Government in reviewing the food safety standards. The authorities are presently engaging in consultation on amending the Preservatives in Food Regulations. The DAB hopes that the work can proceed expeditiously. The food cultures and local conditions in different places of the world are different from each other and there are also disparities between their standards in food safety, so apart from making food safety the primary concern in reviewing the relevant standards, the formulation of standards should take account of the existing conditions. After these standards are formulated, the various places of origin of food should be notified so that the food manufacturers and farms could gain a full understanding of the standards of Hong Kong and take matching action as appropriate.

Besides perfecting the control of imported food, whenever a food incident happens, Hong Kong should have sufficient capabilities in tracking, withdrawal from sale and recall of the food in question. Now application to the Government is required only for the import of foods like live chickens, live pigs and meats. Live chickens and live pigs come from the designated supply farms and there is a sound tracking system and quarantine surveillance for such imports. As for other kinds of foods considered to be low in risk, there are basically only very loose restrictions. The import of such foods does not necessarily have to be accompanied by a certificate on the place of origin and a health certificate. There is no sound registration system for the importers and they are not required to maintain import and sales records, making it difficult to trace the origin should a food incident happen.

Deputy President, with respect to tracking, the DAB suggests that reference should be made of the label-tracking system for imported aquatic products as practised in Japan and the European Union countries. Under such a system, the place of origin is required to provide health certification and information about the farms concerned. Even the drugs used should be registered too. With the developments in information technology, through the electronic tags using the Radio Frequency Identification technology which are attached to foods, the origin of the goods in question and other information can

be recognized and hence facilitate the tracking of origin of goods in a more convenient and effective manner.

Apart from these, the existing law does not authorize the FEHD to order the withdrawal from sale and recall of food which it has sufficient grounds to suspect that incidents will be caused. In the recent case of the turbot fish which was alleged to be tainted by malachite green, even as the Government had called on the trade to recall the fish from the market, some retailers refused to do so. Hence an effective solution to the problem was prevented. In the Zhongshan Municipality which is not very far from us, after a market entry policy for food quality has been implemented, a system of withdrawal from sale and recall of substandard food is also included. Once substandard food is discovered, the operator concerned must recall the food in question or try to recall it and the relevant commerce and industry administrative departments or other relevant departments can also order a recall and punish the offenders according to the law. With respect to Hong Kong, taking into account the time required for enacting laws and possible opposition from the food industry, a short-term and feasible option before that takes place is for the Government to arrive at an agreement with the industry to the effect that whenever the Government calls for the withdrawal from the sale of a certain food, the industry will take matching action of its own accord in response.

Deputy President, I so submit.

MR ANDREW CHENG (in Cantonese): Deputy President, today we discuss the problem of food safety. Honourable colleagues have pointed out earlier that from the food safety incidents that happened recently, there are two major phenomena which we should ponder over.

First, of the myriad kinds of foods, from eggs, chickens, fishes, vegetables to even the mandarin oranges brought here by Mr Fred LI, all have failed to pass the tests. Some are even poisonous. The people at first are worried, and then they get panicked. Eventually, they have nothing to fear because they have no idea as to what can be consumed. And when nothing can be consumed, all they can do is to eat and there is nothing they can do about it.

The second phenomenon is that these problems all seem to have been uncovered by the media and green groups in the first place, then the Government

takes follow-up action hastily. Members of the public are again at a loss as to what they can do because the Government seems to be powerless in the face of these problematic foods.

Yesterday, a green group sample tested 10 kinds of fruits and found that five of those from the Mainland, including strawberries, tangerines and mandarin oranges which Mr Fred LI has talked about earlier, all contained the highly toxic substance methamidophos. Again this makes people feel helpless, so very helpless. Why? This is because in the end of last year, the CFS sample tested a few hundred fruit samples but found nothing unusual. We cannot help but ask, "Why does it happen so often that before these green groups or the media have discovered any problematic food, the Government has found nothing?"

Methamidophos is a highly toxic pesticide and people will be seriously affected if they consume anything that contains it. If Members still recall it, back in 1987, it was because poisonous vegetables containing methamidophos from the Mainland were imported into Hong Kong that more than 100 people were hospitalized. This problem is indeed worrying. If these problematic foods can only be discovered by the green groups, then what has gone wrong with the CFS? At this moment, the Government must never be slow in reacting. It must find out the causes. We should understand that the issue of food safety is very significant to a society with an ageing population. It may be true that the life expectancy of people has grown longer, but they may be consuming toxic food all the time and their bodies are constantly damaged. If work in food safety can be done well enough, I believe health care expenses will fall consequently.

Recently, the Democratic Party conducted a survey on public confidence in foods imported from various places. Findings show that the ratings for imported foods from the Mainland are far below than those from Europe, North America, Japan, Korea, and even those produced in Hong Kong. The Mainland is the largest source of food imports to Hong Kong and regrettably it is also the place where the people of Hong Kong have the least confidence in the food imported.

Now it would happen almost every week that there are serious quality problems with the food produced in a certain province or municipality on the Mainland. The people of Hong Kong can only hope that their Government

plays the gate-keeping role well to protect their health. But has the CFS done well enough? Findings of our survey show that the public has a very low level of confidence in the ability of the SAR Government to handle food safety incidents. If 10 points are taken as the full marks, the average rating for the SAR Government is less than five. So it seems that the Government still has a very long way to go before work in food safety can improve.

It looks like Chief Executive Donald TSANG will run for another term. If this is a real election, I think the people will expect him to deliver and solve the problem of substandard food imported into Hong Kong. But, Deputy President, unfortunately, this is not a real election. Since the topic today is not about elections, so I do not think I should talk about it. Again this is most unfortunate.

Therefore, today Mr Fred LI has proposed a motion on behalf of the Democratic Party to demand that the Government should perfect the policy on food safety. The measures we propose are not limited to foods imported from the Mainland and the same treatment should be extended to include all countries. In fact, the food regulation laws in Europe, North America, Taiwan, Japan, Singapore and even the Mainland are more complete than those of Hong Kong.

On the standards for pesticide residues, for example, after taking reference from the Codex Alimentarius Commission standards, various countries and places have developed their own regulatory system for strict compliance by users of pesticides. However, in Hong Kong, even if there have been occurrences of excessive pesticide residues, the existing law can do nothing to ban this effectively. In Japan, about 10 years ago, when vegetables from the Mainland were sold in Japan, they were met with immense popularity because of their low prices. But after it had been discovered that pesticide residues were greatly excessive, the whole Japanese society was shocked. Hence, Japan has imposed very strict regulation on the standards of chemical residues in food and standards on as many as some 700 kinds of chemical residues have been formulated so that their people can consume safe and assured vegetables.

Deputy President, we in the Democratic Party stress control at source and we hope that food safety can be placed under sound management at every stage from production to consumption and there must be complete records throughout so that when food problems arise, tracking can be done step by step to trace which link in the supply chain has gone wrong.

We hope that the Government can work out a sound source control system with the Mainland. The trades should be required to meet sound standards in the production of raw materials and transport. Measures on quality control and quality assurance for processed food should be established. Food processing procedures and processing technologies must be proper and the management and operational staff employed must be well-trained.

Deputy President, we in the Democratic Party hope that with this motion, the Government can be urged to attach greater attention to food safety. It is because food safety standards cannot be expected to be upgraded only by taking them into practice alone and there must be a sound set of laws and regulations and a good food management system. Only with all this can consumers be spared feeling helpless and enjoy food happily.

With these remarks, Deputy President, I support the motion.

MS EMILY LAU (in Cantonese): Deputy President, I rise to speak in support of the motion moved by Mr Fred LI. I would also like to thank Mr LI for raising such a timely topic at this moment in time so that various parties in this Council may express their views. Although I have not joined the relevant panel, I would like to use this opportunity to talk about the worries which both my constituents and many of the people of Hong Kong share.

Deputy President, as a matter of fact, many Honourable colleagues have mentioned earlier that people do care a lot about what they eat. The ordinary members of the public are no experts and as you know, we Chinese people think of eating as the most important thing in life. Over the past few years, however, there were outbreaks of food safety incidents almost every week and this applied both to the Mainland and Hong Kong. People are immensely bothered by these problems and when they want to buy something for the kids to eat, they may think that fish is good but it turns out that fish is no good. The same goes for fruits, vegetables, meats, eggs, and so on. The situation is very worrying for the people.

I note that Mr Tommy CHEUNG has just mentioned that the Legislative Council approved of funding for the creation of a Directorate post and appropriations for the setting up of a CFS. At that time, I noticed that some Honourable colleagues had raised the question of why certain kinds of people

were not allowed to take part to a sufficient extent. The same question is raised again today. At that time, such people included the veterinary surgeons. And even those veterinary surgeons from the departments came here and said that they had very little involvement in it. Actually, they are the people who know most about animals. Besides, those food experts did not have much involvement either.

I hope very much that the authorities will say briefly whether or not it is time to conduct a review of the CFS and if the CFS can handle the various problems we face adequately. I understand very well that the amendments proposed by Honourable colleagues are set out in so many pages separately and the suggestions in these amendments may not be fully compatible with each other. Different people may hold different views. But I hope that in such a process, we can reach some common grounds and even if this cannot be identified today, we should try our best to reach a consensus at the soonest. We should see whether or not there is need to amend certain legislation in the light of certain circumstances or if the framework has to be changed or if more resources are required.

Mr Tommy CHEUNG has said that excessive regulation would mean very difficult operation for the trade. I appreciate this point and I am the deputy chairman of the Business Facilitation Steering Group. However, we may ask the people questions like whether we should have stricter regulation or not; or as Honourable colleagues have said, everything must be done to ensure food safety "from farm to fork". But there is a price for this. Prices may rise or, like Tommy CHEUNG said, there may be fewer choices.

But the people will not get the point so well. They will think that many kinds of food available now should be safe and since the import of these foods is permitted, it is not likely that there will be a sudden drop in food supplies. If we let the people choose, I believe many people would say, "Forget it, even if the prices may be higher, supplies fewer, but the most important thing of all is still safety." The people will still want to see what is found in other countries and places, that is, the food is safe while the choices are not too limited and prices are not too expensive. Are these things really mutually exclusive? Deputy President, even if food prices may become higher, I would still think what the people insist is safety above all else.

So with respect to the food incident this time, I think the Secretary really owes the public an explanation. The Secretary has a really wide policy portfolio to take charge of and of which the part on health care is what the people are most concerned about and what happens in health care could make its way to the front page headlines every day. It is more so the case with food. What is found in the newspapers today is, as Honourable colleagues have said, extensive coverage of news about strawberries and such like foods. Why were so many hits made when Greenpeace just took samples from just a few types of food for testing? The authorities have said that they would sample test so many times. But why was nothing found? What should the people do? If the people are told not to eat strawberries, then the strawberries vendors would start complaining. I understand that any slightest move would upset the whole situation. But the question is, there has got to be a method which makes people think that once sample testing becomes the norms, then foods free from toxic substances and pesticides would be available in the market. For if not, the consumers would of course be scared. Deputy President, there is this thing called DDT which is banned throughout the world and sample tests can be done of it. But they never do any testing and so of course they can find nothing wrong. Now there are people who use DDT even though they know it is banned. Should the Secretary not think about that?

Besides, Deputy President, what is even more terrifying is, as mentioned by Honourable colleagues, the incident about the PARKnSHOP selling oil fish as cod fish. Deputy President, this was made public by the CFS of the Food and Environmental Hygiene Department yesterday at its own initiative. They said that they had received 14 complaints during June to December 2006 from members of the public who had diarrhoea after eating such fish. Why did they tell the public so late? If such food should not be consumed — it seems that places like Australia and Japan have banned the sale of such food — why is it still available to the public for consumption? What is so good about it? I do not think the CFS has made that clear enough and all it said was people should avoid eating such fish. The people would ask, "Can this be eaten at all? Should it be sold?" Some Members have said, "If people have bought a lot of such food, who should be responsible for paying the compensation?"

Therefore, Deputy President, I agree very much with what Mr Andrew CHENG has said, that we all feel helpless about it. When we go shopping and as we pick up something, the incident may flash across our mind and we may

ask, "Is this poisonous? Is it harmful?" They do not know how to answer. Deputy President, they often say that if people only eat a little of it, then they would have nothing to worry about. But just how much can you eat before something gets wrong? Some people have called the radio, saying that and they have been told that they can take a little of this and a little of that, but when all these things add up together, it would mean a real lot. Then what should we do? One cannot give up eating anyway.

So the topic raised by Mr LI today is very good, and a number of Honourable colleagues have proposed amendments. I hope that the Secretary can really read all of them and give some confidence to the people of Hong Kong. As a cosmopolitan city, we think that the food safety regulation system we have ought to be comparable to that in other advanced societies and hence the people should be made not to have any fears or doubts when they consume food.

Thank you, Deputy President.

MR VINCENT FANG (in Cantonese): Deputy President, although a spate of food safety problems with imported foods in Hong Kong have caused great concern to all of us, we must not overlook one piece of news, as revealed by the Consumer Price Index for the month of December just published by the Government, that food prices far exceeded the inflation rate for the same month by 4.3%.

People may probably attribute the rise to the appreciation of Renminbi. Right, the appreciation of Renminbi is one of the factors contributing to the rises in the prices of food imported from the Mainland. Yet, another factor is that a great variety of foods have to go through a number of quarantine, inspection and vetting and approval procedures. I was once told by a member of the trade that prices will get higher and higher as one additional stamp on the Mainland means an additional charge.

According to some egg wholesalers, since the implementation of the registration system in January this year, the wholesale prices of eggs have risen by 30%. Furthermore, there is an inadequate supply of qualified eggs and, as a result, eggs without health certification can still be found on the market. The prices of these eggs are naturally lower than those of qualified eggs.

I have consulted food importers and wholesalers on today's motion. They support in principle prescribing standards for pesticide and chemical residues in vegetables and fruits, formulating ways to regulate imported foods and establishing a food supply chain tracking mechanism. However, the trade is still worried that, even with legislative regulation, members of the public will have to pay more in buying foods should the Government fail to effectively curb the entry of non-registered foods into Hong Kong's retail market. Furthermore, it will be impossible to achieve the objective of the motion proposed by Mr Fred LI today, that is, eating with peace of mind.

The outbreak of the incident in which malachite green was found in freshwater fish late last year served as yet another example. The failure to prove whether a freshwater fish had come from a registered fish farm had lead to the suspension of the supply of freshwater fish from the Mainland to Hong Kong for a month, the complete suspension of sale in the wholesale market, and the unavailability of fish for sale in some market stalls. However, some freshwater fish from the Mainland were still put on sale in the market. While those people operating business according to the rules had to bear all the consequences, parallel imports, such as "smuggled pork", continued to flood the market. How can those honest businessmen be convinced?

Why are there parallel imports? It is because different standards are adopted on the Mainland for export and domestic foods. As the higher requirements for foods supplied to Hong Kong have invisibly led to rising costs, there are differences between the prices of the two categories of products. Given that profits can thus be made, businessmen will naturally be encouraged to import products not intended for export.

Deputy President, the trade has reflected to me their queries as to whether the Government has effective measures to prevent the entry of substandard foods into the territory and their flow at the retail level should the licensing system proposed by Mr Fred LI for food importers be fully implemented. Should the Government be able to achieve this, the food importers and wholesalers belonging to my constituency will give their support.

However, the trade hopes that the Government can, before introducing legislative regulation, make reference to the present import and wholesale arrangements for live poultry. Under the arrangements, the products must come from qualified mainland suppliers and be delivered by registered transport

operators for affixation of seals upon crossing the boundary before entering the Government's existing wholesale markets. The seals will be broken under the supervision of the staff of relevant management departments and product samples will be kept for laboratory tests, and manifests will be retained to facilitate tracking should problems arise.

Actually, in addition to live poultry, chilled fish is also treated in the same way. Lorries have to first apply for a permit for delivery for entry into the wholesale market declared in advance. It is therefore hoped that this proven method can be expanded to cover other fresh food industries.

Based on the experience gained from the two examples relating to freshwater fish and eggs, the trade hopes to ensure, before the implementation of the registration system for importers, adequate supply of qualified products. Otherwise, an inadequate supply may lead to hoarding, and members of the public will not be benefited as a result.

While the trade is supportive of establishing a food supply chain tracking mechanism, they consider it impractical for the Agriculture, Fisheries and Conservation Department to monitor farms because of the increasingly wide distribution of mainland suppliers. This method may still work if the freshwater fish farms are all located in Guangdong Province, but what can be done if they are outside the Province? Therefore, the trade proposes that the governments of the two places discuss the implementation of a registration system for mainland suppliers, and it might be even more effective for mainland suppliers and Hong Kong importers to be jointly responsible for the quality assurance of their products.

The trade does not mean to oppose the Government strengthening control. It is merely hoped that the ordinances and legislation to be drafted in the future can operate pragmatically and effectively. Otherwise, not only will it be impossible for the trade to operate, members of the public will also have no food to eat. It is therefore hoped that the Bureau can consult the trade before enacting any legislation (*the buzzer sounded*).....

DEPUTY PRESIDENT (in Cantonese): Time is up.

MR VINCENT FANG (in Cantonese): Thank you, Deputy President.

MR LI KWOK-YING (in Cantonese): Deputy President, Hong Kong is a commercial city relying mainly on service industries. Coupled with its lack of natural resources, our daily necessities, from the mains water to fish, meat, vegetables, and so on, consumed by us daily, have to be supplied from overseas. In particular, the territory relies mainly on various mainland provinces and municipalities for the supply of live foods. As our food supply relies primarily on imports from overseas, very often, for the sake of increasing the varieties and quantities of goods, the Government's requirements on the regulation of other foods, except for higher-risk foods like live pigs and live chickens, will generally be less stringent.

However, problematic foods have emerged successively in the territory as well as on the Mainland. For instance, turbot fish on the Mainland have been tested and found with antibiotic residues, duck eggs have been found to contain Sudan red, a carcinogenic dye, freshwater groupers have been found to have malachite green, and even eggs, the most popular food consumed by the public, have been found to be problematic. Couple with the fact that tangerines, strawberries and oil fish were also found to be problematic in the last couple of days, people can simply not help doubt the local food safety level and the regulatory mechanism for foods.

At present, the Centre for Food Safety (CFS) set up in the territory serves to assemble a team of public officers with professional expertise in food safety to focus on monitoring the flow of foods in Hong Kong markets to ensure the safety of public consumption. However, problematic foods have emerged one after another and the authorities have failed to make swift and proper response. To a certain extent, does it not reflect that there are some problems with the CFS?

The previous incident relating to duck eggs containing Sudan red does reflects that the CFS has a problem of failing to report what has been known. In around November last year, a department store selling Chinese products in the territory was found selling "Shendan" duck eggs banned on the Mainland. However, the incident was not disclosed to the public until several days after the CFS had learned of the incident. According to the authorities' explanation, the "Shendan" duck eggs sold by the company were of a batch different from that of

the "Shendan" duck eggs tested to contain Sudan red, a carcinogenic dye, on the Mainland. Furthermore, the CFS hoped to explain the matter to the public after the outcome of the test on the samples was known. However, for the safety of residents, the sale of this brand of duck eggs was swiftly withdrawn in mainland provinces and municipalities after an official announcement was made by the State General Administration of Quality Supervision, Inspection and Quarantine upon finding that the "Shendan" duck eggs contain Sudan red. Such an attitude is completely from that of the local government department. Unless safeguarding public safety is not the major principle governing the regulation of food safety in the territory, the authorities indeed have grave problems in terms of moral and responsibility for failing to report to the public the discovery of problematic foods.

Actually, the CFS, established in May last year, has still failed to give the public peace of mind in its level of protection of local food safety. On the contrary, it has worried the public a lot. Sometime ago, a survey conducted by the DAB found that more than half of the people in Hong Kong consider that the CFS has failed to properly perform its gate-keeping role, particularly in terms of the poor notification between the territory and places of origin of foods. Furthermore, the relevant government officials have a poor sense of crisis. Besides, nearly 80% of the respondents think that the food safety level has not improved compared to that prior to the establishment of the CFS. 30% of the respondents even think that the situation has worsened. This shows that the findings of the survey have sounded an alarm for the operation of the CFS.

Deputy President, the survey has not only reflected the worries of the people, but also reminded us of the importance of paying attention to some of the inherent defects of the CFS. On the surface of it, the CFS is a new organ. However, its staff were all seconded from the Food and Environmental Hygiene Department (FEHD). In actual operation, it can be said that the CFS has merely followed the *modus operandi* and regulatory system adopted by the FEHD in the past. The bureaucratic mentality, which has all along been subject to severe criticism, has remained unchanged.

As we are aware of the problems with the CFS, it is still not too late for remedies to be made. Among others, it is necessary for the Government to review the reorganization of the CFS and then put its focus on the concept of source monitoring. At present, even the foods imported into Hong Kong from

the Mainland are from every corner of the country. Hence, whenever problematic foods are detected by mainland inspection organs, it is still impossible for the CFS to ascertain promptly whether the problematic foods have been supplied to Hong Kong because we do not have record of the sources of foods imported into Hong Kong, even if the places of production of the foods are known.

To prevent the problem from further worsening because of the failure of the local authorities to trace the source of the problem and curb it in the event of food safety incidents in the future, a comprehensive system for tracing sources of foods must be established to facilitate the tracking of sources of foods. With the popularity of information and technology, the authorities can even consider introducing radio frequency identification technology to enhance the reliability of the relevant information.

Of course, having responsibilities but no power is also crucial to the failure of the authorities to swiftly deal with food safety incidents. At present, the SAR Government has no power to ban the sale of goods by retailers but can only appeal to traders to suspend sale. As a case in point, turbot fish were earlier found to contain harmful substances, and yet the FEHD did not have the power to order their immediate withdrawal from sale. This shows that the enforcement organ must be given the power to order withdrawal from sale and recall of the relevant products before the food crisis can be effectively tackled. As enactment of legislation takes time, in the short run, the Government may reach an agreement with the trades to the effect that when the Government appeals to them to withdraw sale, the trades will automatically complement the Government's action to prevent the incident from spreading future.

Deputy President, food safety and public health are closely related. I hope the authorities can take decisive actions to resolve the problems underlined at present. I so submit.

MR WONG KWOK-HING (in Cantonese): Deputy President, a number of Members criticized the Government when they spoke earlier. Before I continue, I wish to praise the Government first to lift the spirit of the Secretary.

Last weekend, the Agriculture, Fisheries and Conservation Department

(AFCD) staged a Farmfest 2007 at Fa Hui Park for two consecutive days for the sale of locally-produced agricultural and fisheries products. It is praiseworthy that the event was enthusiastically received, with the total attendance over the two days reaching 100 000. At the back of such praise, however, it has been revealed that Hong Kong people went there for shopping because they were extremely worried about the foods and vegetables offered in the market. Therefore, there is actually criticism behind such praise.

Hong Kong has all along been relying on imports for its food supply, with the foods coming mainly from the Mainland. In the past couple of years, incidents involving eels containing malachite green, contaminated vegetables with pesticide residues, duck eggs and eggs tainted with Sudan red, turbot fish with nitrofurans and contaminated mung bean vermicelli, bean curd sticks and tea leaf have occurred one after another. It has recently been found that strawberries, tangerines, and so on, contain a great variety of pesticides. New discoveries are literally made every day. Apparently, the problems are still not resolved even with the establishment of the CFS last year. As crises of problematic foods are still hidden everywhere, public health is at risk on all fronts.

The occurrence of a spate of problematic food incidents reflects that there are still a number of loopholes in food safety regulation. As revealed in the outcome of the latest laboratory tests on vegetables published by a green group, of the five samples of fruits imported from the Mainland, four are found to contain an exceedingly high content of highly toxic pesticide. Actually, regarding the issue of pesticide residues, leaf vegetables sold in supermarkets were already discovered by a green group as early as April last year to contain excessive pesticide residues. It was already reflected at that time that it was impossible to trace the sources of supply and the Vegetable Marketing Organization was not authorized to seize problematic vegetables. It is a great pity that the Government is still unable to legislate to formulate standards for pesticide and chemical residues in vegetables and fruits after a long delay. Will the Secretary make a response today concerning this? At present, there is no legislation in Hong Kong targeting pesticide residues in foods. Although the Food and Environmental Hygiene Department (FEHD) will make reference to the Codex Alimentarius Commission, set up by the United Nations, for the determination of standards for "maximum amount of residues" to examine whether vegetables and fruits contain excessive pesticide residues, the standards are meant merely for reference, as I pointed out earlier, and are not compulsory

for compliance under any legislation. As such, they do not suffice to protect public safety. Given that some of our neighbours, such as Singapore, Japan, and even the Mainland, have prescribed standards for pesticide residues for rigorous inspection of imported foods, the Government should expeditiously legislate to formulate a set of standards for pesticide and chemical residues in vegetables and fruits. This is because when any food is found to be problematic, there must be such standards in legislation before the FEHD can have a legal basis to take follow-up actions, such as preventing the import of the food in question. In addition to conferring on the relevant departments statutory powers, this set of standards can also serve as guidelines to better enable the trade and the public to differentiate between safe and unsafe vegetables and fruits and understand the consequences of consumption of unsafe vegetables and fruits.

Deputy President, in addition to prescribing standards for pesticide and chemical residues in vegetables and fruits, the Government should also strengthen legislation to regulate imported foods. Only meat, poultry and milk products are regulated by existing legislation; fish, eggs, vegetables and fruits are not yet regulated by any relevant legislation. The spate of food safety incidents was precisely related to these several categories of foods, thus reflecting the ineffectiveness of voluntary regulation, as is adopted currently. In the absence of legislative regulation, problematic foods can flow into the territory very easily, thus posing serious threats to public health. Therefore, I urge the Government to expedite the enactment of legislation for the regulation of imported fish, eggs, vegetables and fruits by such means as setting up a licensing system for imports, mandating the inspection of imports, and so on. More importantly, existing loopholes must be plugged, a food supply chain tracking mechanism established and recall legislation enacted so that the relevant department can clearly trace and investigate sources of foods, and take actions for withdrawal of sale or recall immediately when problematic food is identified.

(THE PRESIDENT resumed the Chair)

Actually, all these efforts serve the purpose of gate-keeping only. Even if more efforts are made, only sources can be traced for the banning of relevant foods. Yet, it is impossible for the use of pesticides, chemical substances to be

banned. Having said that, as I mentioned at the beginning of my speech, I very much hope that the Government can adopt a positive attitude in dealing with and encouraging the development of local organic farming and quality fish breeding. Although the Government succeeded in accomplishing a task last week, I hope that the success was not a flash in the pan. It is hoped that the Government can continue to promote such efforts successfully. I also earnestly hope that the Government can make use of the present opportunity whereby the knowledge and understanding of the public in food safety requirements have been raised, and this is like giving the department a booster in promoting the development of organic farming and pesticide-free vegetables and fruits locally. Therefore, in addition to regulating and combating illegally imported foods containing excessive pesticides, Secretary Dr York CHOW should also be able to vigorously assist the development of local agriculture and fisheries industries. In doing so, not only can employment opportunities be created, the public can also be offered an additional choice so that organic agriculture and quality fisheries can enjoy good prospects of development. Thank you, President.

MS LI FUNG-YING (in Cantonese): Madam President, food safety involves the interest of all Hong Kong people. However, many people do not feel assured about the safety of the foods they purchase in the market simply because the CFS established by the SAR Government has still failed to effectively regulate the foods offered in the market to ensure that they are safe and wholesome. A greater problem is that the CFS has very often become a food safety follow-up centre. Only when food is found by the media to be problematic will follow-up action be taken by the CFS. Recently, there has been a spate of food safety incidents, from the discovery of pesticide residues in vegetables, Sudan red in eggs and malachite green in fish to the latest case in which it was reported by a group that pesticide residues were found in fruits. These problems, all related to staple foods consumed by the general public, were discovered by the media before action was taken by the CFS. Subsequent to the occurrence of these incidents one after another, the public can hardly have confidence in the safety of foods offered in the market as well as in the work of the CFS.

The most effective way to tackle food safety is to regulate the quality of foods at source. The foods include not only vegetables grown in farms, but also fish, meat, eggs and dairy products. However, most of the foods consumed in Hong Kong, being a small place with a large population, have to rely on imports.

It is therefore not easy to effectively monitor the quality of foods at source. The Central Government has expressed great concern about the fact that the Mainland is the largest exporter of Hong Kong's foods. It has recently been stipulated that food safety incidents involving Hong Kong and Macao are listed as major incidents for food safety alerts. Nevertheless, for the sake of safeguarding food safety, in addition to the concern of the Central Government, Hong Kong has to gain the sincere co-operation of the local government departments of the places of origin of the foods. Furthermore, there must be consistent standards for monitoring food safety and a smooth channel for instant exchanges of information. All this is a serious challenge to the CFS. However, such an arduous task, be it related to the setting up of a monitoring system or the establishment of a licensing system for food importers, can hardly be accomplished properly within a short span of time. This should remain the direction of work of the CFS.

The CFS still has a lot to do in order to restore public confidence in food safety and the CFS within a short period of time. One of its tasks concerns how it responds to the new initiatives introduced by the Central Government with a view to complementing the work of the Central Government. I believe public confidence in the foods offered in the market will be restored if the CFS can establish a transparent and effective co-operative mechanism with the State General Administration of Quality Supervision, Inspection and Quarantine. While an alert mechanism for food safety is indispensable, it is not the most effective means for food monitoring as the mechanism usually kicks in after the outbreak of a food safety incident. The most effective way is to safeguard food safety at source.

Last week, the CFS took the initiative to conduct spot checks on some Lunar New Year festive foods offered in the market, instead of taking follow-up action after media reports, as it usually did previously. This should be helpful to restoring public confidence in the CFS. I hope this is not just an isolated incident and the CFS will also take the initiative to conduct spot checks promptly on food samples on other festive occasions. Even during normal days, the CFS should take the initiative to randomly check the safety of foods offered in the market and publish the relevant spot checks and their outcome.

Madam President, food safety and the livelihood of the people are closely related. For this reason, the communication and interaction between the CFS and members of the public are very important. At present, some leaflets and

publications introducing food safety, such as the monthly *Food Safety Focus* and the quarterly *Food Safety Bulletin*, are available at the CFS for public inspection. I have no idea how many of these publications can really reach the hands of the public. I propose that the CFS model on the Consumer Council's monthly magazine *CHOICE* in publishing a monthly report on the latest work of the CFS, the outcome of its laboratory tests, food safety knowledge and so on, for sale on the market. I believe this will be a great help to raising public understanding of the CFS and knowledge in food safety. At the same time, public confidence in the safety of food offered in the market can be greatly enhanced as well. Thank you, Madam President.

MISS CHAN YUEN-HAN (in Cantonese): Actually, I think accountable Bureau Directors have since their appointment heard us mention this question many times in this Council. Here, I must say that sometimes I do feel a bit apathetic. I can only talk to myself that I had better expect myself to continue to properly perform my duties as a Member of the Legislative Council in this regard.

I have thought of not speaking today. On second thoughts, I find that my family members consider that I should speak. The question of this motion is indeed very simple — Hong Kong people wish to eat with peace of mind and safely. We very much hope to see this come true quickly. We certainly do not hope to see incidents happen again very soon. There have been references to strawberries, tangerines, and so on, earlier in the meeting. The so-called DDT ceased to be used in the '60s. I believe the Secretary must have known about a person named Wilson CARSON — he suggested that DDT should not be used. His view was later taken very seriously by the United States Congress and legislation was enacted as a result. I remember I have talked about these matters before. Now it is said that strawberries and other foods contain substances like DDT. I really feel that I have to ask this question — This question is as basic as ABC. Although its use has been banned in Hong Kong, and we still have to import foods from overseas — why is there no double monitoring?

For instance, when I learned about a recent incident in which oil fish was found to be on sale in a supermarket, I immediately asked my colleagues whether it was Hamachi — one of my favourite sashimi. Our present situation is like this. Hamachi is very delicious, but the oil fish being sold is junk. While oil fish caught abroad will be minced and thrown away, it is sold here in Hong Kong

at PARKnSHOP as cod fish.

Madam President, you know that fish has become one of my favourites in recent years. I am fond of cod fish too. I ate cod fish when I had lunch just now. This incident has induced me to think of a lot of things. I believe the Secretary will definitely understand what I mean, for I have sought to communicate with the Secretary in the form of telling a story or expressing my personal feelings. I very much hope to point out that I find it very difficult too to put an end to certain situations completely. However, the frequency of the incidents is alarming. Whatever is mentioned, things will happen one after. While the chicken is said to be problematic, there should be no problem with eggs. Then, eggs are found to be problematic. When we find something problematic, we will find something else problematic too. This has now put us in some kind of a loss.

Frankly speaking, foods in Hong Kong are mostly imported. In spite of some local produce, local supplies have always been inadequate. With the decline in the agricultural industry and the unfair treatment it receives as a result of government policies in recent decades, the related trades have found operation increasingly difficult. This is why I say that most foods in Hong Kong are shipped from other places in the world. We simply cannot do without properly establishing a regulatory mechanism. I believe the Secretary must have heard me say something like this many times before. In particular, during the planning for setting up some control points last time, I asked if places were available for food inspection. I very much hope that — as was repeatedly emphasized in today's original motion and amendments — both parties can establish the same mechanism at the control points for food inspection. Without such a mechanism, even if we work very hard to inspect other people's fish farms, there are still many ways to smuggle fish by mixing them with other items. I have referred to this situation many times before, and the same situation applied to chicken at that time too. We were once thrown into in a state of panic because of avian influenza. The entry of chicken into Hong Kong was restricted back then. Upon the relaxation of the restriction, we found that chicken had managed to escape our quarantine centre and enter the territory. This was what some friends of mine told me, "Don't you know, Miss CHAN, that the farms can secretly put something in their cars halfway through their journeys?"

This is why I have to emphasize this point again and again in this Council. Why is it necessary for the control points in the two places to set up food inspection stations? Because I feel that at least we do not have to worry about

the lorries being tampered with in circumstances unknown to us. I have repeatedly requested the Government to consider these problems. Nonetheless, it is a great pity that, in spite of what has been said, the Government has so far not addressed the view put forward by me.

Of course, it is not the case that the Government has not made any effort. As what was pointed out just now, the Government has made some effort by setting up the CFS last year. The problem is that the Government has done this but failed to do that. As the Government proceeded with its work, we raised, in the context of its reshuffle, a lot of opinions including those on the professions, that is, the industries belonging to Mr WONG Yung-kan's constituency. Are those people more professional? Furthermore, the provision of training was mentioned too. Frankly speaking, Members of this Council are not slow in response, for they already sounded the Government a reminder a long time ago. In spite of this, what happened?

For instance, what will be done to address the issue of control points mentioned by me earlier? For instance, the food types involved at the moment are not merely confined to those we are concerned about. Should all non-staple foods be taken into consideration as well? The Government may probably say that the cost required is enormous. However, the present problem is that not only will disclosures be made by us, even the fourth power on the Mainland, that is, the media, has been monitoring these circumstances, including food production, in recent years and there have been disclosures of numerous incidents. In other words, even if no inspection is carried out by us, inspection will still be conducted by the Mainland and disclosures of incidents be made because the Mainland takes its own reputation very seriously too. Even for foods exported overseas, the Mainland still has to safeguard its own reputation.

At present, I see that the Government is often in a panic. With the outbreak of incidents in the territory and discoveries made on the Mainland, the Government is caught in the middle. I feel that as the Secretary has worked so hard, he should tell them that he has got no money for the SAR Government does not allow him to do so many things and he cannot manage to do so even if he wishes to. The Secretary should honestly tell them and stop acting like their shield. I really do not want to conduct a debate on this question again next year. I very much hope that the Secretary can clearly tell us what problems there are with the Government at the moment. Are there problems with resources? If the answer is affirmative, the Secretary should tell us. We will

speak to the Financial Secretary to see if better efforts can be made in this regard. If it is technically not possible to do so, Hong Kong as an international city will become a joke because of such circumstances. The Legislative Council has recently examined some legislation relating to volatile organic compounds and protection of the blue sky. We have learned from California, considered the top notch in the world, and borrowed some of its laws. While we have managed to do so, why can we not do the same in this regard?

Another problem is that Mr Vincent FANG has a worry, that if regulation is introduced, what can be done by industries which have not registered. I think this should be dealt with later. I have to stress that, after the debate today, something must be done. However, it is more important for the Government to tell us the relevant timetable. If legislation has to be enacted to this end, I believe many colleagues in this Council will render their support.

Anyhow, I very much hope that the Secretary can tell us clearly regarding this issue if it is the case that there is a lack of money or talents or the Government is not prepared to do so. What exactly is the problem? I hope the Secretary can tell me when he replies later. Thank you, Madam President.

DR JOSEPH LEE (in Cantonese): Madam President, last year, that is, 2006, vegetables were found to contain excessive heavy metals and pesticide residues, eggs were found to be tainted with Sudan red, and freshwater fish were found with malachite green. These incidents have for a long time been disturbing Hong Kong people and they have aroused public concern about food safety. However, the SAR Government can be said to have completely lost its popular support because of its extremely confusing messages to the public.

Hong Kong is in urgent need of a complete and clear set of food safety policies. At present, the CFS will not conduct sampling tests until certain foods are disclosed by the media to be problematic. In the absence of food safety policies and legislative regulation, the CFS can only manage crises by taking one step at a time and in a slow and insensitive manner. This is obviously poles apart from the concept of prevention of crisis management. Very often, even after the media had traced the source following the escalation of an incident, experts in the CFS were still unable to promptly respond to such issues as to whether the foods in question were fit for public consumption or purchase. For the general public, they are not concerned about those specialized or chemical

terms or how many milligrams or kilograms of the food can be consumed. They merely want to know whether the foods are safe for consumption. Given that the CFS can liaise with the Mainland with government resources to instantly trace the sources of problems and issue safety guidelines, its action should be very swift. However, we simply cannot help doubting for it has often acted even slower than the media. Therefore, it is imperative for the CFS to improve its *modus operandi* and enhance its efficiency. More importantly, it should expeditiously formulate a clear set of food safety policies and regulatory legislation so as to remove some of the limitations on its work.

Furthermore, I have to point out that the Government has always neglected that food safety actually covers "future safety", that is, the safety level of food nutrients and substances hidden in bodies for years after long-term consumption of a certain food. However, whenever certain foods are found to contain harmful substances such as additives, government officials and experts will point out that the carcinogenic content and consumption risks are extremely low. Hence, the foods are fit for consumption and the public need not panic unless large quantities are consumed daily. Such a "risk assessment" represents not only an inappropriate interpretation, but also dissemination of wrong messages. Every one of us consumes a great variety of foods every day, and they may produce a combined effect over time. No one knows when the risks of inducing cancers will be greatly raised. Actually, there has yet been any scientific conclusion as to how many carcinogenic substances absorbed by human beings will lead to cancers. On what basis does the Government advise the public to consume a great variety of food with peace of mind? Has the Government considered the risk of foods in terms of future safety? We are now talking about such carcinogenic substances as artificial additives. From the angle of consumers, future safety is of vital importance. We believe additives, carcinogenic substances, and so on, should be treated with "zero tolerance".

On the risk assessment of future safety, there is a need for the Government to reflect on these issues: On what criteria is the safety level of long-term consumption of foods containing a small amount of artificial toxic residues being assessed? When the risks of safe consumption of foods and non-staple foods keep changing, can the Government constantly review the safety of foods on the Mainland and abroad and update its risk assessment scheme with a view to systematically predicting potential risks not yet noticed?

This issue has to be explored by the CFS in the long run. Of course, it is a task of top priority for the CFS to guard the last defence line for Hong Kong people. On encountering any man-induced food safety issues, it should consider promptly delivering a clear message to the public and traders, instead of acting indecisively in publishing some unclear messages. The sale of certain foods can even be banned in the interest of safeguarding the safety of public consumption. Furthermore, information on the source of foods should be provided to the public expeditiously so that the public can make a safe choice.

Madam President, to perfect the risk management in the context of future safety of foods, the Government must prescribe safety consumption standards for risky substances. At present, there is a difference between the two places in terms of benchmarks for food risks and definitions. There is an apparent gap between the Mainland and the territory in hygiene requirements and safety standards too.

How should the counterparts of the two places converge in terms of the risk assessment of food safety and the vetting and approval of health certification? Should the Government rely on the health certification provided by the Mainland to ensure imported foods meet the levels of safety, quality and long-term consumption required locally? Reflection on all these issues is indeed necessary.

I think that the international benchmark for food inspection should be adopted as the criteria for assessment of long-term consumption and, therefore, I will support drawing up a timetable for legislating to prescribe standards for pesticide and chemical residues in vegetables and fruits. Meanwhile, a set of safe consumption standards should be formulated for high-risk substances contained in foods.

A task force has been jointly set up by the Health, Welfare and Food Bureau and the State General Administration of Quality Supervision, Inspection and Quarantine to follow up the registration system for the territory's imported foods and monitoring foods at source with a view to enhancing food safety in Hong Kong. We certainly welcome close co-operation between the two places. However, source management is very often easier said than done. For instance, I believe it is very difficult to bring smuggled foods under monitoring within a short period of time. Such being the case, the implementation of source management might be a cause for concern. We think that sampling tests

should be properly carried out locally. The SAR Government has, among other things, undertaken to apply RFID technology for identification of smuggled foods imported illegally, and this is welcome by us. On combating smuggled foods, RFID can, to a certain extent, replace such work as the more time-consuming sampling tests. We welcome and are encouraged by this measure.

As China has a vast territory, its exported foods have to go through numerous procedures, from breeding, production, processing, wholesale, retail, resale to export, and it is therefore more difficult to locate the sources and flow. The gate-keeping role played by the territory is especially important. We think that the Government should increase the frequency of sampling tests, consider conducting spot checks at the distribution outlets of various markets or conducting spot checks on the quality or sources of foods rather than calculating the number of random checks alone, for the sake of protecting the public.

Lastly, I think that the authorities must effectively and swiftly trace sources, establish a comprehensive database for foods in Hong Kong to facilitate tracking of records with a view to safeguarding food safety of the territory and preventing unscrupulous businessmen from smuggling foods into the territory. Madam President, I so submit.

MR ALBERT CHENG (in Cantonese): President, a number of Members have spoken in today's motion debate and put forward a host of proposals on Hong Kong's food safety in the hope that improvements can be made by the Government. The proposals, all concerning the issues of gate-keeping, or ways to control the import of foods into Hong Kong and impose source control, are considered by me important.

For a government, people have trust in it because it has a gate-keeping responsibility in ensuring public confidence in foods offered in the market. Where does the problem lie? I find that, over the years, I have no idea whether the Government was playing the role of a supplier or a gatekeeper because whenever an incident was exposed, whether a certain food was alleged by an overseas government or the media to be contaminated or toxic, we did not hear the Government call on the public not to consume the food or ban it from sale. On the contrary, the Government would invariably tell the people that things

were alright and not to be frightened, saying that no one was going to die by denying the existence of the whole matter. Would people consume 10 dans of fish or 10 million eggs? All these are utterly nonsense.

I wonder if these people, be they the Secretary or the Government, are the major food suppliers of the territory. I believe even food suppliers themselves dare not defend their imported products on every occasion. However, the first one to come forward to tell people not to be afraid has always been the gate-keeper. Even the Secretary has done something like this before, saying that eggs, fish and chickens were alright and telling the public to put their minds at ease. Despite all the reports that the foods were toxic and contaminated, people were told not to be afraid of eating them because they would not eat such a large quantity and that would not be fatal. I find that the crucial issue actually lies here.

To me, the crucial issue is, in addition to the gate-keeping role — today's motion debate, President, is certainly about how to play the gate-keeping role, regulation and legislation — I find it most important for the Government to adopt a new attitude and not to safeguard the interest of businessmen. In all fairness, I believe the Government has acted in this manner not because it seeks to safeguard the interest of businessmen, but because it is afraid that the exposure of incidents will cause panic and people will fear that they have nothing to eat. Actually, education is of paramount importance. While the people are already badly frightened, the Government chooses to call on the public to consume the food. A government, particular a strong government, has its prestige. In the light of "people-based governance", so to speak, people have faith in the Government. Given the Government's remark that fish are fit for consumption, hawkers selling fish will ask, "Can you still insist that the fish are not fit for consumption, given that York CHOW has argued otherwise? Are you out of your mind?"

The Government has instead placed its credibility there. What it should actually do is to come forward to, first, ban the sale of the foods and enforce laws strictly and, second, tell the public that these foods are not fit for consumption, even if only a very small amount of toxin is contained in them. Why is it that it is alright to eat a tail of fish, and there should be no problem unless 1 000 tails are consumed? Anything toxic must not be put into the mouth. As a common saying goes, "illness finds its way in through the mouth; misfortune finds its way out through the mouth".

Therefore, it is imperative for the Government to educate the public that tainted foods should not be consumed. The public will naturally employ the law of the market and exercise their consumer rights. When they stop buying, suppliers will cease importing the foods too. The Government should not help suppliers by telling the people not to be frightened, that consumption of the foods will not be fatal. I have really never seen anyone performing their gate-keeping role in this way. If the Government were to perform the role as a goal-keeper, it would definitely lose for it could have left its goal unguarded.

For the above reasons, I will lend my support to all proposals except such issues relating to gate-keeping, legislation and sources discussed in today's debate. Most importantly, the Government should change its attitude, given that it is empowered by the public to enforce the law. No contaminated foods, regardless of the amount, should be consumed. The Government should not help these people on the contrary, not to mention that they do not require government assistance. As the saying goes, "Why should the eunuch be more anxious than the emperor?" Even if suppliers are willing to recall the foods, the Government might even beg them to put the goods back on the shelves for sale.

President, I am therefore greatly concerned about this. I so submit. Thank you.

MR ALAN LEONG (in Cantonese): President, in a recent Question and Answer Session, Chief Executive Donald TSANG put forward some ideas about food safety, including his intention to register all food importers, prescribe standards for the safety of major foods, and the requirement for importers to submit certificates on food quality for enhanced spot checks carried out by the territory. However, the Chief Executive stated at the same time that it took time for the Government to discuss these ideas slowly with exporter countries and the Mainland and the measures would be adopted gradually for everything, from eggs to fish.

The Chief Executive's words seem to hint to Hong Kong people that the issue of food safety must be treated with patience. But why is it necessary for the Government to discuss and proceed slowly, as stated by the Chief Executive?

I still recall Hong Kong society was seriously disturbed by fishes containing malachite green two years ago. To address the problem, malachite green, already banned by various countries, was included by the Government at that time in the list of prohibited drugs. Today, however, the import of live fish is still not regulated. President, malachite green was banned when fish were found to contain the substance. However, there have absolutely been no preparations for the overall regulation of the import of live fish. It was only when eggs were found to contain Sudan red that the Government stepped up measures to ensure consistency of imported poultry eggs with their certificates. Is our food safety strategy merely capable of taking measures to tackle foods or even chemicals by category?

President, since the establishment of the Centre for Food Safety (CFS) last year, illicit substances, including chloromycetin, Sudan red, nitrofurans, benzoic acid, sulphur dioxide, and so on, have been found in honey, eel, turbot fish, other freshwater fish, turnip pudding, and even dried daylily one after another. Now we can see the publication of laboratory findings by officials of the CFS almost every day. To a certain extent, this is probably a pleasing sign because we have finally found that there are food traps everywhere, and many foods are not fit for consumption.

To rid us of the dilemma of identifying problematic foods passively and, instead, proactively strive for maintaining the quality of imported foods, various political parties and groupings in this Council support the policy objective of ensuring food safety "from farm to fork". However, why is it that this policy objective has apparently never been accorded priority by the SAR Government? Do the remarks made by Chief Executive Donald TSANG in the Question and Answer Session imply that such kind of work can simply not be rushed and the Government has to discuss in detail with various parties slowly? President, with reference to the experience of various countries in the world, we will find that what Hong Kong needs is not time, but determination. The key to achieving food safety "from farm to fork" is to establish a food supply chain tracking mechanism.

Since 2005, the European Union has required domestic retailers to discontinue their practice of purchasing agricultural produce from non-certified producers, and the requirement has extended to cover global producers from this year onward. The United States has, since 2003, required that imported fresh food products failing to provide their history and information within four hours

will be destroyed by the Customs on the spot. In Japan, the objective of requiring all food products to carry history of production is also expected to be met in 2010.

The tracking system for food history can not only trace the origin of food in the event of an incident, it can also establish, through a certification system, the respective role of producers, conveyors, processors, and even vendors throughout the flow of food supply and confer on them the responsibility of monitoring the previous process as well as their own for the sake of ensuring compliance with hygiene objectives. Each link of the production chain will step up urging members involved in the previous process to pay attention to hygiene to avoid losing the market for the next process or even getting into trouble.

Under an effective food history tracking system, the food industry is no longer purely a target for food safety regulation. Instead, it becomes the Government's partner in health work. Furthermore, the Government will then be free from the problem of manpower shortage because its food safety strategy will no longer be confined to identifying all harmful foods. Instead, the Government will instruct all sectors to observe safety regulations at all times to minimize the chances of problematic foods flowing into the market.

President, we do not intend to achieve the goal in one step by requesting the Government to establish a food history tracking system with the Mainland immediately. However, the Government should at least expeditiously promote, through collaboration with the Central Authorities and various mainland provinces and municipalities, the establishment of the system. We should indeed not suspect their sincerity in working with us. After all, enhancing the safety of agricultural produce and food is one of the objectives repeatedly mentioned in the Mainland's 11th Five-Year Plan and has been dwelt with at even greater lengths than Hong Kong. In considering its collaborative programmes with the Mainland, the SAR Government should, in addition to thinking about opening up its Renminbi services and the Individual Visit Scheme, indeed devote more energy to other affairs relating to public health and conducive to achieving a win-win situation in both the Mainland and Hong Kong.

President, I so submit.

MR ALBERT CHAN (in Cantonese): President, the Hong Kong Government can be said to be flawed with loopholes and mistakes in its food regulatory mechanism and policies. It does not deserve to be called a world-class city. What is more, it does not deserve to claim itself to have an excellent team of civil servants.

On the issue of food monitoring, I can briefly cite seven sins committed by the Government. First, there is a lack of basic food information. To put it simply, when "Shendan" duck eggs were earlier tested and found to contain Sudan red, the Secretary was misled by the senior officials of the department concerned to believe that there had been no import of "Shendan" duck eggs into Hong Kong. However, it was confirmed upon investigation that "Shendan" duck eggs had been imported into Hong Kong. Obviously, the fact that even the Government's senior level has been misled illustrates that the entire department is in a terrible mess and extremely chaotic. Even the information required by the Secretary is absent or the information supplied is erroneous. This proves that the processing of information is extremely chaotic. Furthermore, there is no system and assurance.

The second issue concerns the Government's poor grasp of food sources. Simply put, after the outbreak of an incident in which freshwater fish were found to contain malachite green, the Food and Environmental Hygiene Department (FEHD) was in trouble again with the publication of a list of 18 fish farms operated by mainland suppliers. Upon investigation, it was found by the media that the sites of the suppliers' fish farms were inconsistent with the list, for some fish ponds had been levelled and the fish ponds next to the original sites were used as substitutes instead. Such a *modus operandi* has also reflected serious flaws.

Third, the Government has been slow and insensitive in food inspection. Very often, many foods sold in Hong Kong were found to be problematic by overseas governments, including Japan and China's Ministry of Agriculture, upon inspection before follow-up actions were taken by the territory. Inadequate sampling tests also pose a serious problem. We have very often seen that a lot of problems were identified by the media or green groups. Earlier on, I received a complaint saying that an organization had found bean curd sticks problematic. I later wrote to the FEHD requesting it to confirm whether this was true. After inspection, the FEHD confirmed that there was no problem with bean curd sticks. However, the bean curd sticks trade was badly

hit, given the report and the Government's failure to clarify that bean curd sticks had been tested and found to be not problematic.

The fourth sin is that major consortia are allowed to pass off fish eyes for pearls. We are all well aware that a number of organizations have conducted investigations and found that, in supermarkets in particular, many goods have expired or are found to be inconsistent with their descriptions. As revealed in today's major news, even the so-called cod fish, not fit for human consumption, are being sold. Such incidents have actually been taking place for months. However, the Government has not taken any action to notify the public and deal with them. A number of people have suffered bodily damage because of their mistaken belief in the foods sold by these unscrupulous businessmen.

The fifth sin is that the Government even aids and abets wrongdoers by allowing major consortia to mislead the public without initiating any prosecution. For small traders, ordinary people and old and frail hawkers, the Government is extremely powerful. This morning, I accompanied some newspaper vendors to meet with the officials of the FEHD. The hawkers were terribly frightened when they saw members of the Hawker Control Team (HCT). The HCT acted in such a fierce manner in performing its duties that it almost pretended itself to be God. However, I cannot see how powerful the FEHD is when it is confronted with major consortia selling contaminated foods or foods not fit for consumption. Instead, it can literally be described as weak and fragile. What is more, it dares not utter a word about the consortia's indifference to the lives and health of the public. Such an attitude of the Government simply gives people an impression that the interest of consortia is put above public interest when it comes to food and hygiene and, what is more, above the needs of public health. In handling these issues, I wonder if the Government will prosecute those consortia, particularly in connection with the recent issue of fake cod fish. I hope Secretary Dr York CHOW can respond later if it is the case that the Government dares not make any noise because those consortia are so intimidating.

The same goes to the hawker issue. While stalls promoting telecommunications products can be seen everywhere, no prosecution action has ever been taken. In contrast, a hawker selling a banana has to be arrested and handcuffed. What sort of behaviour is this? Consortia are the most intimidating. However, ordinary people have to be arrested for selling even a banana. Is this the true spirit of strong governance? When someone is

stronger than you, you pretend to be a "dead dog"; when someone is weaker than you, you pretend as if you are a superman. In this connection, I hope the Secretary can tell us if those supermarkets will be prosecuted for selling fake goods and foods affecting public health when he responds later.

President, the seventh sin concerns the poor monitoring of food suppliers. In addition to incessant complaints from the public, there have been repeated occurrences of such incidents as group poisoning in schools. Our students have been adversely affected by these problems too.

Through this discussion, I hope the Government can face squarely the existing system which is fraught with loopholes and mistakes, and make policy, legislative, and even administrative improvements to ensure that the lives and health of the public are protected.

Thank you, President.

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

MR LEUNG KWOK-HUNG (in Cantonese): It is simply a joke that this question on fully safeguarding the safety of food supply in Hong Kong is raised in this Council meeting for discussion today. Does it mean that a comprehensive discussion on safeguarding the safety of food supply in Hong Kong is not necessary if this question is not raised by us for discussion here? This debate is a joke because there is such a wide disparity between the strong and the weak.

On one occasion, I saw a live news report in which a Cable Television reporter asked a mainland fish trader on the telephone when the supply of fish to Hong Kong would resume. The fish trader said, "How can the supply be resumed as the inspections carried out in Hong Kong are nitpicking? (Buddy, this is an open threat) Should the inspections continue to be carried out in Hong Kong in this way, we will not supply any more fish to the territory. We can hardly continue with our supply to Hong Kong as the inspections are so meticulous and stringent there."

I have never heard any traders talk to a government department in this manner. I suppose if he speaks in this manner on the Mainland, he will

probably run into great trouble. Yet, he dared to openly send a message in an interview by the Hong Kong media to the Hong Kong Government or Hong Kong people that they should be treated more leniently should Hong Kong people wish to consume fish supplied from the Mainland by relaxing the inspections.

The Chief Executive, who has planned to stand in the election, has jumped the gun by inspecting his own campaign office. According to the statistics, he has travelled to and from the Mainland 14 times and made 15 district visits. Even I am worried about ZHANG Dejiang. It is certainly possible for the Chief Executive to replace ZHANG Dejiang and take up his post at any time because of his frequent visits to the Mainland.

What does it mean by a wide disparity between the strong and the weak? When a lowest-ranking mainland official — I have gone a bit too far; perhaps he is a higher-ranking official — meet with the Chief Executive, the Chief Executive will still have to treat him respectfully. The Chief Executive has to be very polite, though not make a deep bow. This is the reality. This is why Secretary Dr York CHOW has failed to perform his gate-keeping role. I have told the Secretary many times. Of all the official systems in this world, the accountability system, Mr TUNG's brainchild, requires a person to perform three kinds of duties and spend one-third of the Government's expenditure. He was also ordered to perform many tasks. As a government official, he simply does not have adequate time to work. Furthermore, he is required to face the Big Brother well respected by the Chief Executive. Under such circumstances, how can we expect the Government to safeguard the safety of food supply to Hong Kong?

We see that it is indisputable that power and wealth are regarded most highly in this system, and there is no room for negotiation. I also see that, in Hong Kong, small traders are badly beaten by the supermarkets or superstores operated by major consortia. Every day, I also see small traders in public housing estates moaning and groaning that it is impossible for them to make a living because wet goods, fish and a wide array of goods are sold in supermarkets too. Wow! They are ever expanding, like the aliens in movies, taking and swallowing up everything they see. Why does Secretary Dr York CHOW not regulate these supermarkets, given the scale of their businesses, for selling various kinds of goods? They have changed to sell these goods. I have no idea how the Secretary can regulate them. This is why these so-called "cod fish" are being sold. Some people will fall sick or feel unwell after eating it.

What problem is there? It is a problem of power. The Government behaves in such a mighty and powerful manner in dealing with small traders, the elderly, the vulnerable and the disabled. When confronted with super-rich consortia, however, it makes a great show of subservience and courtesy. I would like to know whether Secretary Dr York CHOW will take prosecution action. He will certainly say that he will not comment on individual incidents. This is officialese. Buddy, the crime committed by this supermarket, compared with certain traders selling unfit food in certain places, is 100 times more serious, because it has literally monopolized the market. Members of the public can hardly avoid buying food from it.

It will be problematic when a local official hoards great power and does not regard safeguarding the public and the health of Hong Kong people as a starting point in enforcing law. When he enjoys immense power, he will put on airs; and power is everything. Therefore, an issue supposed to be handled by the Urban Council (the Urban Council has been disbanded) can only be discussed here. It has been questioned by many what place the Legislative Council is. Is it a market? Why is everything discussed here? Do not blame us. It is because Mr TUNG Chee-hwa and the Central Government preferred removing a tier from the structure. Members even voted and endorsed the proposal. Every day, similar issues are discussed here. Every day, we have to try all sorts of social malpractices caused by corruption of power, and yet we are unable to handle matters of significance. *Wen Wei Po* once commented on the worthlessness of some royalists, and even the Legislative Council, for discussing such petty issues. They should really give this a thought. When an assembly which could possibly have acted as a watchdog of social affairs and carries the element of universal suffrage is scrapped, it will develop to such a state.

Therefore, my request is very simple. Secretary Dr York CHOW, tell me later if prosecution action will be taken.

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

MR LEUNG YIU-CHUNG (in Cantonese): President, in recent years, members of the public have expressed great concern for food safety, and very often, they have also lost their confidence. The main reason, as we all know, is that these

incidents have occurred incessantly with an ever expanding scope covering vegetables, fish or other food items, and there have been problems with almost all kinds of food.

Certainly, we cannot entirely put the blame on the Hong Kong Government because some problematic foods are not found in Hong Kong, but in the Mainland. But will problems arise in the course of transportation from the Mainland to Hong Kong? Besides, when foods are transported across the boundary into the territory, how can we play the gate-keeping role properly to ensure that the foods can really meet the standards and requirements and that they are safe for consumption by the public? This does warrant our great concern.

Many colleagues said earlier that if there are inadequacies in legislation, we should do something to the legislation. But President, I think even if we do something to the legislation, sometimes legislation is still useless. Why? If the law is not enforced or if it is not enforced stringently, it would be like an empty shell being bypassed, not achieving any effect.

For example, as we all know, expired food is not allowed but recently, many non-governmental organizations have continuously conducted checks at supermarkets to find out how much canned food or packaged food has expired. The Kwai Ching District Council to which I belong has even set up a working group to check out expired food at markets or supermarkets on a regular basis every year. However, President, we can find such food every year. It is not the case that after we conducted checks this year, we would not find such food the following year. In fact, it will still happen the following year. The question is: We know that this is not allowed and yet, why have these incidents abounded and worse still, occurred over and over again?

I do not know whether the case now is that, as Secretary Stephen IP said earlier, inspections will depend on manpower and what our requirements are. If our requirements are more stringent, then we would need manpower, or else how could inspections be carried out? Is this the problem? If, in his response later, the Secretary tells Members that it is really because of a lack of manpower that inspections are not carried out stringently and rigorously enough, he must say this clearly and let us know. I trust Members will certainly be glad to help the Secretary tackle the problem of a shortage of manpower.

However, if the Secretary tells us that there is no question of a manpower shortage, that the authorities have exerted their utmost and that this is not just the responsibility of the Government, for food traders or contractors should also be held responsible, then, the problem is that everyone is trying to pass the buck to each other, in which case I think even if legislation is enacted, it is still useless because things will end up with everyone passing the buck to each other. Everyone is pointing their finger at others and refusing to take the initiative to do their part. President, this is simply not a solution to the problem. Therefore, I think since we are here today to discuss how we can fully safeguard the safety of food supply to Hong Kong, the Government should honestly tell us what difficulties it is now facing and where the problem lies. If even the Government cannot identify the crux, the origin and the thrust of the problem, our discussion would be meaningless, as we would only be beating about the bush in our discussion.

So, I think the greatest merit of this motion today is that we hope the Government can honestly tell us where exactly it thinks the problem lies and how improvements can be made. If it is because of a lack of resources and manpower, or even inadequacies in legislation, that the Government cannot solve the problem, we think that it would be necessary for us to make concerted efforts to solve the problem, rather than concealing the problem and saying that it has done its best to ensure food safety and telling the people not to worry. President, if it only tells the people not to worry, the people would only find it even harder not to worry. Why? Because the Government has no concrete information to tell the people. All it says is not to worry, and it has said so many years, but the problem has still existed. So, I think the biggest effect that today's motion can achieve is that the Secretary can later give us a thorough and honest explanation and reveal the problem. If he has the solution, he had better tell us as well. If he has not, let us put our heads together and identify ways to solve the problem. This is in any way better than just concealing the problem.

President, I so submit.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): If no other Member wishes to speak, I now call upon Mr Fred LI to speak on the amendments. He has up to five minutes to speak.

MR FRED LI (in Cantonese): President, I will respond to the amendments proposed by colleagues one by one.

First of all, Mr Tommy CHEUNG's amendment mainly calls on the Government to comprehensively consult the trade before formulating policies and implementing measures on food supply to Hong Kong. As the food trade is involved, it only stands to reason to maintain dialogues with the trade and consult its views. However, we strongly emphasize that in conducting a comprehensive consultation, the Government should also draw up a timetable and strike a balance with public interest. Many policies on food safety to the benefit of the public were forced to be revised or could not be put into effect according to the original timetable given opposition from the trade. Genetically modified food is one example, and labelling of nutrition information is another. The Government tends to slant towards the interest of the trade rather than public interest. So, while consultation is important, the Government still has to keep tabs on the pulse of the public, in order to provide sufficient safeguards to the public and to food safety.

As for Mr WONG Yung-kan's amendment, it has a more extensive coverage than my original motion. To the Liberal Party, it may be like putting in even more "chillies", such as strictly regulating the use of drugs and chemicals, their residue contents as well as the microbe counts and heavy metal contents in foods, and so on. These, we agree. But on the regulation of drugs, while it is within the ambit of the Health, Welfare and Food Bureau, it actually does not come under the purview of the Centre for Food Safety and it is not within the scope of food.

As for legislation on food recall, this is what the Democratic Party has championed for over the years and so, we entirely agree to it. We hope that the Government can enact legislation expeditiously, so that when there is an embarrassing scenario where the food manufacturer is unwilling to recall the food, the Government can, according to law, sanction the trader who neglects public health. As regards the composition, functions and operation of existing food safety regulatory departments, the Democratic Party has all along

considered it necessary to establish the Centre for Food Safety. But if it only comes under the Food and Environmental Hygiene Department, I think it cannot fully perform the functions expected of it. So, we hope that work pertaining to food safety and quarantine will be carried out by the Food Safety, Inspection and Quarantine Department proposed by the Government originally. It is only under such a comprehensive structure that policy implementation can achieve the optimal effect.

Dr KWOK Ka-ki's amendment stresses international involvement and technological research and collaborative efforts. We have no objection to this point. In the Expert Committee on Food Safety, there is already involvement of many experts who specialize in a diversity of disciplines. If more local and international experts can be allowed to participate and offer input, it would certainly be helpful.

As for Mr WONG Ting-kwong's amendment to Dr KWOK Ka-ki's amendment, he only proposes that the notification system should not just cover the Mainland and that it should include other places as well. We also consider this worthy of support.

So, we will support all the amendments, including the amendment to amendment.

SECRETARY FOR HEALTH, WELFARE AND FOOD (in Cantonese): Madam President, first of all, I thank Mr Fred LI for proposing this motion on safeguarding the safety of food supply to Hong Kong, and I also thank Members for expressing their valuable opinions earlier on. In a recent Question and Answer Session of the Chief Executive, food safety was an issue of extensive concern, and the Chief Executive stated that the Government would introduce a series of measures in future, such as registration of food importers, strengthening management at source and the requirement of health certificates, in order to enhance food safety. From what I have heard earlier on, Members of various political parties are generally supportive of the policy directions of the Chief Executive. Now I wish to give a consolidated response to the views expressed by Members and various sectors of the community on our food safety regime.

Like Members and the public, the Government attaches great importance to food safety and endeavours to ensure the safety and quality of food, with a view to safeguarding public health.

Over 90% of the food in Hong Kong is imported. To ensure food safety, the Centre for Food Safety (CFS) has adopted a risk-based assessment mechanism promulgated by the World Health Organization (WHO) in conducting food surveillance, including risk management, assessment and communication.

Risk management consists of several main components, namely, food surveillance, control of imported food and food animals, management of food incidents, and enforcing food safety legislation.

In respect of food surveillance, the CFS has implemented the food surveillance programme on a regular basis at import, wholesale and retail levels, in order to control and prevent food hazards. The CFS has adopted a risk-based approach in determining the types of samples to be collected, as well as the frequency and number of samples for testing. In addition to food with specific standards stipulated by law, the CFS also keeps a close watch on food which was involved in food poisoning outbreaks and other food safety incidents in the past, as well as food produced or sold by food premises that have been previously convicted. In 2006, about 60 000 samples were taken for testing, and the sampling size will be reviewed and adjusted annually having regard to availability of resources and risk analysis results. In general, the safety of food available in Hong Kong is maintained at a high standard, with the satisfactory rate being maintained at over 99% during the past few years.

In respect of legislation, all food sold in the territory, whether locally produced, produced in the Mainland or imported from other places, is regulated by the Public Health and Municipal Services Ordinance (Cap. 132, Laws of Hong Kong) and must be fit for human consumption. The subsidiary legislation of the Public Health and Municipal Services Ordinance has also made various stipulations on food safety.

Under the Public Health and Municipal Services Ordinance, a risk-based food safety control model is adopted, and this model is formulated using the scientific basis formed by risk assessment. Added to this is the regulations on consumer rights and interest. Any business operator in breach of the regulations will be prosecuted where there is sufficient evidence, and prosecution is not confined to specific business operators, for all business operators, irrespective of their scale of operation, will be treated alike.

Therefore, under the existing regulatory system, special regulatory measures have been enforced for imported high-risk food products such as meat, milk and poultry. Irrespective of their place of origin, they must be accompanied with an official certificate or health certificate issued by the inspection and quarantine department of the place of export to certify that the food is wholesome, hygienic and safe. Importers of these food products must obtain prior approval from the Food and Environmental Hygiene Department (FEHD). The FEHD, when necessary, will hold the products and conduct tests on them until they are satisfied with the inspection or testing results.

For food products with relatively lower risks, whether they are produced in Hong Kong or other advanced countries and regions, their regulation is generally different from that of high-risk food products. Take vegetables as an example. Application to the FEHD is not required for vegetables prior to their import. But to further ensure the safety of vegetables, under an agreement between Hong Kong and the Mainland, vegetables produced in the Mainland for supply to Hong Kong should come from the 87 registered vegetable farms and collection stations in various mainland provinces and their import requires the approval of the relevant import and export inspection and quarantine bureau before they are transported to Hong Kong. Vehicles transporting vegetables are required to clear Customs at the Man Kam To Control Point, and to produce inspection cards and certificates of pesticide usage issued by the relevant mainland entry-exit inspection and quarantine bureaux for the vegetable consignments. As I mentioned earlier, the FEHD has put in place a regular food surveillance mechanism, whereby samples are collected at the points of import and also at wholesale and retail levels for testing purposes. In general, these measures can adequately safeguard the safety of food imported from the Mainland and overseas.

We appreciate the community's concern about and expectation of food safety. To further safeguard food safety, we are conducting studies to identify ways to improve the system. In this connection, we will adopt new policy and work objectives, and we plan to enact legislation to impose regulation on food importers, requiring them to keep records of the sources and outlets of distribution to facilitate the tracing of the sources of food. Moreover, food supplied to Hong Kong will be required to be accompanied with a health certificate. As we said earlier at a meeting of the Legislative Council Panel on Food Safety and Environmental Hygiene, legislation will be enacted on the regulation of imported poultry eggs.

In respect of poultry eggs, we have started work to amend the relevant legislation to require all importers of poultry eggs to register with the CFS and obtain import permits for the eggs to be imported. Before issuing permits to these importers, the CFS will require that all imported poultry eggs be accompanied with health certificates to ensure that the eggs meet the requirements in Hong Kong. This requirement also applies to eggs imported from the Mainland and other countries or regions.

Through the regulation of poultry egg importers, the CFS requires the importers to maintain distribution records, in order to establish a tracing system for imported poultry eggs, with a view to ensuring food safety. In case of problems involving the safety of the consumption of poultry eggs in a particular area, the CFS will ban the import of problematic poultry eggs from the affected area by suspending the issuance of import permits.

In Hong Kong, matching measures are taken by conducting regular sampling and laboratory tests to deter illegal import of food and impose penalty on law offenders.

Our next step of work is to gradually incorporate into the new regulatory framework food with higher risk in consumption or food of extensive concern to the public, including farmed aquatic produce, vegetables and fruits. Given a wide variety of imported food in Hong Kong, we will determine the priorities of regulation by assessing the risks of consumption of different types of food and the extent of public concern. We are prepared to impose regulation on eggs and farmed aquatic products first by introducing amendments to the existing legislation and then we will proceed to enacting a new food safety law to extend the scope of regulation to cover vegetables, fruits and other food products. In any case, our objective is to ensure that all imported food can meet the safety standards set by the CFS.

In designing the relevant legislation, our objective is to draw up a comprehensive piece of legislation to ensure that in spite of changes in the situation and needs, there is still a most expedient way for food that warrants regulation to be brought under the law most efficiently. When we carry out work in this respect, we must evaluate all the factors and consequences, including the principle of free trade and fair competition, the impact on the pricing of food and the local business environment, the impact on food supply

and variety, and so on, in order to strike a balance between regulation and its consequences and hence identify a direction acceptable to all sides.

Moreover, we will consider the arrangement for recalling problematic foods. Under the existing legislation, the Government is empowered to seize or remove food suspected to be unfit for human consumption. This practice has been effective in ensuring problematic food will not enter the market and yet, full co-operation from the industry is required, for the Government does not have the power to prohibit the sale of problematic food. The Government had considered enacting legislation to provide for mandatory recall of food before, but views were diverse in the community at that time and no mainstream proposal had been reached. To comprehensively plan a new regulatory mechanism, we are considering introducing legislative amendments to empower the authorities to order all wholesalers and retailers to stop selling problematic food when necessary. Whilst this power will be exercised in dealing with serious incidents with grave impact, the proposal has a far-reaching implication. For instance, we need to consider when the Government may exercise the power, that is, whether the power should be exercised when overseas food authorities announced that a particular kind of food item is problematic or wait until our laboratory tests confirmed that the food item contains harmful substances.

Now, I wish to briefly explain the standards in respect of food safety. In fact, in the food safety laws and regulations in Hong Kong, apart from the measures just mentioned by me, the subsidiary legislation under the Public Health and Municipal Services Ordinance also set out standards of food safety, such as the harmful substances, preservatives and heavy metals in food. These standards are set by making reference to the standards set by international food organizations. To ensure that our food safety standards are consistent with the international standards, the CFS has kept a close interest in the development of these standards in the international community and also conducted reviews of and introduced amendments to the relevant legislation. For instance, we are conducting public consultation on amendment of the Preservatives in Food Regulations to tie in with the latest international development on the regulation of the use of preservatives in food and meanwhile, preparations are being made for such legislative amendment.

At present, the laws of Hong Kong do not provide for any standard of pesticide residues in food but the CFS, when enforcing the law, has adopted the standards of the Codex Alimentarius Commission. If test results found that the

pesticide residues exceeded the safety standards, the CFS will consider instituting prosecution under the Public Health and Municipal Services Ordinance which provides that food (including vegetables and fruits) sold in Hong Kong and intended for human consumption must be fit for human consumption.

While the standards of the Codex Alimentarius Commission are adopted as the basis for the Government's regulation of the maximum content of pesticide residues, their standards and classification of food are not fully applicable to Hong Kong and so, there are difficulties in enforcement. We consider that there is room for improvement in the existing legislation on the regulation of pesticide residues. Therefore, in order to more effectively regulate the maximum contents of pesticide residue and enforce the law more effectively, we consider that a long-term solution is to conduct studies on the regulation of the maximum residue limits. The CFS consulted the Expert Committee on Food Safety in December on matters pertaining to food safety standards. The Expert Committee suggested the Government to amend the legislation in respect of the standards of veterinary drugs and pesticide residues in food. The CFS will conduct studies and discuss with the trade ways to take forward this area of work, having regard to the priorities of other legislative proposals. In the meantime, the CFS will continue to monitor food safety on the principles of risk analysis.

To enhance food safety control at source, we have established a notification mechanism with the relevant mainland authorities, including the State General Administration for Quality Supervision, Inspection and Quarantine (AQSIQ) and Guangdong Provincial Government. In case of problem arising from mainland food supplied to Hong Kong, we will immediately approach the mainland authorities concerned to follow up. In case of any incident in the Mainland that may impact on the safety of food supplied to Hong Kong, we will liaise with the relevant authorities to initiate enquiries and follow up, in order to ensure that such food does not enter the territory.

Recently, we have reached a consensus with the AQSIQ on enhancing safeguards of food supply to Hong Kong, and the Guangdong-Hong Kong Steering Group on Safe Food Supply to Hong Kong has been established to foster co-operation in respect of safeguards of food supply to Hong Kong. Both the Mainland and Hong Kong will review the implementation of the notification system from time to time and continue to discuss ways to further improve the notification system.

Moreover, to uphold the concept of "from farm to fork" in regulation, we will further enhance the mechanism for tracing the source of food supplied to Hong Kong, in order to ensure food safety. Some Members said earlier that nothing had been done by us in this regard, but we have actually done this in respect of live chickens and freshwater fish, and we will proceed to extend the measures to cover eggs as well. We are currently studying with the relevant mainland authorities the application of Radio Frequency Identification (RFID) technology to enhance the traceability of food products and food animals supplied to Hong Kong, including the use of RFID in the Mainland first to enhance the management of the production and source of live pigs supplied to Hong Kong. With the assistance of the Guangdong inspection and quarantine departments, Hong Kong can read the relevant information stored in the chips when necessary and verify Guangdong's information on regulation through the intranet to ensure that food can be effectively traced in the food chain and to strengthen food safety control through source management. We hope to complete this pilot RFID programme for tracing live pigs within 2007-2008 and upon completion of the pilot programme, we will explore with the Mainland the feasibility of applying such technology to other aspects.

The implementation of the concept of "from farm to fork" is an ongoing effort and requires a constant review of how surveillance and regulatory measures can be implemented effectively at every critical point along the entire food supply chain. Having said that, however, I wish to emphasize that the food trade also has a very important role to play in this effort. For example, importers and retailers are very crucial to the implementation of the concept of "from farm to fork" to ensure food safety. Importers have the duty to import goods through channels with good reputation. They should ensure that the food imported is accompanied with the health certificates as required and also keep documents, manifests and records properly for inspection.

Retailers and restaurants also have the duty to import goods from importers or wholesalers with good reputation, duly keep manifests and records for inspection, and attach truthful and honest labels to the food to indicate the place of origin. In this connection, the Health, Welfare and Food Bureau and the FEHD will actively work with the trade through, for instance, consultation and negotiation, in order to come up with a practicable regulatory proposal that can balance the interests of all sides.

In respect of enhancing liaison with the food trade, the CFS has organized on a regular basis a trade consultation forum to provide a platform for exchange of views with the trade on various matters pertaining to food safety and discuss with the trade food safety control measures and the opinions of the trade on various activities of risk communication, with a view to fostering co-operation with the food trade and upgrading the standard of food safety.

Moreover, the CFS has established a Consumer Liaison Group to provide a platform for the CFS to foster communication with the public on matters relating to food safety, thereby collecting their views and promoting the awareness of safeguarding food safety and enhancing the public's correct knowledge and understanding of food safety as well as their risk perception, with a view to achieving better risk communications in response to the needs of the public. Besides, through its webpage and publications, such as the "Food Safety Bulletin" and "Food Safety Express", as well as food alerts, the CFS has stepped up efforts in risk communication with the food trade and the public.

To enhance the management of food safety at source, the CFS will strengthen its liaison with the mainland authorities such as the inspection and quarantine authorities, Customs, and so on, to ensure the safety of food imported into the territory. In the meantime, the CFS will conduct joint operations with the Customs and Excise Department against smuggling and other illegal activities. The CFS will also increase the number of audit visits to food animal farms and food processing plants in the Mainland. During these visits, regulatory mechanisms would be subject to audit and review to ensure that the stipulated requirements and standards are met in the Mainland.

Apart from food surveillance, the Government has always endeavoured to support the local agriculture and fishery industries, providing assistance in respect of the use of pesticide and veterinary drugs. Apart from accredited fish farms and accredited farms, we have introduced a voluntary registration scheme for local vegetable farms and a registration scheme for local pond fish farms. Under these schemes, laboratory support and surveillance services are provided to farmers and fishermen to ensure the safety of local agricultural products. The Farmfest organized by the Agriculture, Fisheries and Conservation Department (AFCD) last week was very well received. You, Madam President, were also there and you purchased some very good products too. From the feedback of farmers who took part in this activity, there is plenty of

room for co-operation between professionals in the AFCD and the local agriculture and fishery industries.

Finally, I would like to respond to the main proposals put forward by individual Members earlier. With regard to the proposals made by Dr KWOK Ka-ki and Mr WONG Ting-kwong in their amendments, as I mentioned earlier, an Expert Committee on Food Safety has been established under the CFS to advise the Director of Food and Environmental Hygiene on such matters as the formulation food safety measures and review of food safety standards. The Expert Committee is composed of academics, professionals, members of the agriculture and fishery industries, food experts, members of the food trade, members of consumer groups and other experts, as well as mainland and overseas experts. As regards the support for scientific researches on food safety, the SAR Government has all along provided support to researches on food safety through a diversity of channels, such as making grants to university, funding scientific research projects, and so on. We are also very supportive of the researches conducted by the food trade and by academic organizations on food safety.

As for Mr WONG Yung-kan's amendment about the professional standards of the relevant departments, I wish to point out that the CFS has adopted the risk analysis framework promulgated by the WHO for the purpose of food surveillance and control, and food safety control models and methods are worked out in accordance with risk analyses and international standards. In Hong Kong, international standards in food safety control or regulation are maintained. The departments have professionals in various fields, including doctors, veterinaries and food chemists, who provide professional analyses and opinions with a high standard of professionalism. Particularly after the establishment of the CFS, professionals in the departments have been able to obtain the relevant information and conduct risk assessments within a short time and make public announcements of news in respect of food safety at the first opportunity available in response to local food incidents as well as those that occurred in the Mainland and overseas.

All in all, Hong Kong is a Gourmet's Paradise, and we are also a place with a high degree of freedom in trade. We can enjoy the delicacies from all parts of the world, thanks indeed to this risk-based regime.

Food safety will be among the key areas of work of the SAR Government in future. We understand that the public has increasingly high demands in this respect and so, we will enhance the management of the entire process of food supply with a new mindset and new measures in regulation. There is a great variety of imported food in Hong Kong, and these foods have different sources of supply. A very simple example is imported apples, as apples alone are already imported from 15 regions/countries. This shows that the work to upgrade the safety of imported food cannot be carried out behind closed doors. Rather, it is necessary to fully co-operate with food safety agencies in other parts of the world, and we must properly perform our own gate-keeping role and make concerted efforts to safeguard the safety of food supply to Hong Kong. In this respect, I hope that the new management framework can obtain the support and positive feedback from the local food trade and the general public, so that we can work in concert to safeguard food safety in Hong Kong and continuously consolidate Hong Kong's position as a Gourmet's Paradise.

Thank you, Madam President.

PRESIDENT (in Cantonese): I now call upon Mr WONG Yung-kan to move his amendment to the motion.

MR WONG YUNG-KAN (in Cantonese): President, I move that Mr Fred LI's motion be amended.

Mr WONG Yung-kan moved the following amendment: (Translation)

"To delete "recent spate of" after "That, as the"; to add "which occurred successively in recent years" after "food safety incidents"; to add "the regulatory departments have failed to effectively perform their gate-keeping roles and" after "have revealed that"; to add "and food safety standards" after "a lack of a comprehensive food safety policy"; to delete "to regulate" after "enacting legislation" and substitute with "on a permission system for"; to add "setting comprehensive food safety standards, strictly regulating the use of drugs and chemicals, their residue contents as well as the microbe counts and heavy metal contents in foods, etc," after "setting up a licensing system for food importers,"; to add "expeditiously" after "clearly specifying the penalties for

non-compliance, and"; to delete "and" after "egg products, vegetables and fruits into the regulatory ambit"; to add ", and introducing legislation on withdrawal from sale and recall of problematic foods" after "establishing a food supply chain tracking mechanism"; and to add "; (d) reviewing the composition, functions and operation of existing food safety regulatory departments, with a view to raising their professional standards and enabling them to more effectively perform the gate-keeping roles required of them; and (e) perfecting the food safety notification mechanisms between Hong Kong and the Mainland as well as other places of origin of foods, and strengthening co-operation with the Mainland in combating the import of foods into Hong Kong through irregular channels" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr WONG Yung-kan to Mr Fred LI's motion, be passed.

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

(Members raised their hands)

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

(No hands raised)

Mr Tommy CHEUNG rose to claim a division.

PRESIDENT (in Cantonese): Mr Tommy CHEUNG has claimed a division. The division bell will ring for three minutes, after which the division will begin.

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

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

Functional Constituencies:

Dr Raymond HO, Dr David LI, Ms Margaret NG, Mr CHEUNG Man-kwong, Mr Bernard CHAN, Mr SIN Chung-kai, Dr Philip WONG, Mr WONG Yung-kan, Ms LI Fung-ying, Mr WONG Kwok-hing, Dr Joseph LEE, Dr KWOK Ka-ki, Mr WONG Ting-kwong, Mr KWONG Chi-kin and Miss TAM Heung-man voted for the amendment.

Mrs Sophie LEUNG, Mr Howard YOUNG, Ms Miriam LAU and Mr Tommy CHEUNG abstained.

Geographical Constituencies:

Mr Albert HO, Mr Martin LEE, Mr Fred LI, Mr James TO, Mr CHAN Kam-lam, Mr LEUNG Yiu-chung, Mr Jasper TSANG, Dr YEUNG Sum, Mr LAU Kong-wah, Ms Emily LAU, Mr Andrew CHENG, Mr Albert CHAN, Mr Frederick FUNG, Ms Audrey EU, Mr LEE Wing-tat, Mr LI Kwok-ying, Mr MA Lik, Mr LEUNG Kwok-hung and Mr CHEUNG Hok-ming voted for the amendment.

THE PRESIDENT, Mrs Rita FAN, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 19 were present, 15 were in favour of the amendment and four abstained; while among the Members returned by geographical constituencies through direct elections, 20 were present and 19 were in favour of the amendment. Since the question was agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was carried.

MS MIRIAM LAU (in Cantonese): President, I move that in the event of further divisions being claimed in respect of the motion "Fully safeguarding the safety of

food supply to Hong Kong" or any amendment thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

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

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members who are present. I declare the motion passed.

I order that in the event of further divisions being claimed in respect of the motion "Fully safeguarding the safety of food supply to Hong Kong" or any amendment thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

PRESIDENT (in Cantonese): Mr Tommy CHEUNG, as Mr WONG Yung-kan's amendment has been passed, I have given leave for you to revise the terms of your amendment, as set out in the paper which has been circularized to Members. When you move your revised amendment, you have up to three

minutes to explain the revised terms in your amendment, but you may not repeat what you have already covered in your earlier speech. You may now move your revised amendment.

MR TOMMY CHEUNG (in Cantonese): President, I move that Mr Fred LI's motion, as amended by Mr WONG Yung-kan, be further amended by my revised amendment.

President, my amendment to Mr WONG Yung-kan's amendment is actually very simple. It only moves the wording "comprehensively consult the relevant trades" to the latter part of the motion, putting the same emphasis on urging the authorities to comprehensively consult the trades before implementing any food safety measures. I reiterate that the valuable opinions of the trades are helpful to the authorities in tackling the problems at root and striking a balance among the interests and needs of all sides.

President, I do not wish to elaborate any further. I only hope that when enacting legislation to provide for regulation, the Government can strike a balance among the business environment, the protection of public health and the public's right to know. Thank you, President.

Mr Tommy CHEUNG moved the following further amendment to the motion as amended by Mr WONG Yung-kan: (Translation)

"To add ", and comprehensively consult the relevant trades" after "combating the import of foods into Hong Kong through irregular channels"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr Tommy CHEUNG's amendment, to Mr Fred LI's motion as amended by Mr WONG Yung-kan, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Dr KWOK Ka-ki, as the amendments by Mr WONG Yung-kan and Mr Tommy CHEUNG have been passed, I have given leave for you to revise the terms of your amendment, as set out in the paper which has been circularized to Members. When you move your revised amendment, you have up to three minutes to explain the revised terms in your amendment, but you may not repeat what you have already covered in your earlier speech. You may now move your revised amendment.

DR KWOK KA-KI (in Cantonese): Madam President, I move that Mr Fred LI's motion, as amended by Mr WONG Yung-kan and Mr Tommy CHEUNG, be further amended by my revised amendment.

Madam President, I have listened to the Secretary's reply. But frankly speaking, I still feel a bit disappointed, because the Secretary was just harping on an old tune. As I pointed out in the amendment, it is actually necessary to have the direct involvement of professionals and experts in the practical aspects of work, rather than convening a meeting once every three months, just as the case now. Concerning the part about information on food safety, Members can simply access the relevant webpage and they will understand that there is basically quite a big gap between the information released and the public's expectations. So, I still hope that this amendment can have the support of Members. I also hope that after listening to these opinions, the Government can further its endeavours and make further progress in these aspects, including the notification mechanism and recruitment of additional professionals, such as food safety experts and scientists, and also in respect of information and technological research.

I so submit. Thank you, Madam President.

Dr KWOK Ka-ki moved the following further amendment to the motion as amended by Mr WONG Yung-kan and Mr Tommy CHEUNG: (Translation)

"To add "; the Government should also expeditiously adopt the following measures: (f) encouraging and allowing more local and international experts to participate in the work of the Expert Committee on Food Safety in order that the Centre for Food Safety can operate in a more professional manner, and drawing up reference benchmarks for food safety policies and standards which are suitable for Hong Kong and recognized by the international community, so as to ensure effective and comprehensive food safety management 'from farm to fork'; (g) enhancing the dissemination of information on food safety so that consumers can grasp such information expeditiously, and providing educational and training programmes run by officials responsible for food safety management, so as to promote the awareness of safeguarding food safety; and (h) organizing, supporting and encouraging the technological research and collaborative efforts of the food industry and academic bodies in the area of food safety" after "and comprehensively consult the relevant trades"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Dr KWOK Ka-ki's amendment, to Mr Fred LI's motion as amended by Mr WONG Yung-kan and Mr Tommy CHEUNG, be passed.

PRESIDENT (in Cantonese): Mr WONG Ting-kwong, you may move your revised amendment to Dr KWOK Ka-ki's amendment. You have up to three minutes to explain the revised terms in your amendment, but you may not repeat what you have already covered in your earlier speech.

MR WONG TING-KWONG (in Cantonese): President, I move that Dr KWOK Ka-ki's amendment be amended by my revised amendment.

There is actually nothing special about my amendment, which seeks only to make up for the inadequacy of Dr KWOK Ka-ki's amendment. That is, in relation to the mechanism concerning the origin of food, I propose to include other countries and regions in the world on top of the Mainland. I think insofar

as food safety is concerned, all the people of Hong Kong attach great importance to it, and it is also a common concern to all Members in this Chamber today. Thank you, President.

Mr WONG Ting-kwong moved the following amendment to Dr KWOK Ka-ki's amendment: (Translation)

"To add "as well as members of the agriculture, fisheries and food industries" after "local and international experts"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr WONG Ting-kwong to Dr KWOK Ka-ki's amendment, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): I now put the question to you and that is: That Dr KWOK Ka-ki's amendment, as amended by Mr WONG Ting-kwong, to Mr Fred LI's motion which has been amended by Mr WONG Yung-kan and Mr Tommy CHEUNG, be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Mr Fred LI, you may now reply and you have three minutes 30 seconds.

MR FRED LI (in Cantonese): President, I wish to quote the speeches of two colleagues, and I hope that the Secretary will listen. It is quite unexpected that "Tai Pan" has spoken. He was primarily criticizing officials of the Centre for Food Safety for always telling the public not to worry about the food and saying that it would be hazardous to health only if they consumed a considerable amount of it. As for the reasons, I think Dr Joseph LEE's article has actually given an account of them.

I have also met with some experts. It is true that as long as the content of harmful substances is very low, we do not have to worry even though the harmful substances have exceeded the limits, for it is harmful to health only when one consumes a large amount of it. However, great caution must be exercised in making these remarks, because when different chemicals go into the stomach, no one can really tell what will happen when they become a cocktail. You do not know what will happen. Neither do I know what chemical reaction will be resulted. Dr Joseph LEE of the health services profession will know that it is still impossible for us to be 100% certain about the causes of cancer. Why do so many people have cancer? We really have no idea. One must be very careful in making these statements, and one cannot rashly tell the people not to worry if they take a small amount of the food, claiming that there will be a problem only if they consume this much or that much. However, even if we do not eat much of each kind of these foods, but if each kind of these foods exceeds

the limits and if a small amount of the harmful substances goes into our stomach when we consume each kind of these foods, we do not know what will happen. In fact, what we should do is to eat less of these foods or even to refrain from eating them. I think this is very important.

I am very glad to hear the Secretary say earlier that new legislation would be enacted to bring farmed aquatic products, vegetables and fruits under regulation, adding that they would first start with eggs. This is what we have repeatedly asked the Government to do. I hope that the Secretary will expeditiously — The Secretary may have to help Mr TSANG with his electioneering campaign and so, he really must do this quickly. Why? It is because we have waited for far too long, and if these regulatory measures still cannot be put into effect and implemented effectively — Take pesticide as an example. The Secretary was right in saying that the Codex Alimentarius Commission could not possibly apply all its standards to Hong Kong. They actually expect different countries and regions to set their own standards apart from making reference to the general standards. So, in addition to making reference to the standards of "Codex", it is necessary for Hong Kong to set its own standards while making reference to the standards of pesticide residue contents in the Mainland. This can brook no further delay, and I think that work must start as soon as possible. I hope that the Secretary can strive for more resources from Mr TSANG and expeditiously embark on the legislative exercise. I do not wish to see Greenpeace taking actions again after some time and then confronting the Secretary, and when one person said "yes" but another said "no", the people would be very worried. Thank you, President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr Fred LI, as amended by Mr WONG Yung-kan, Mr Tommy CHEUNG, Dr KWOK Ka-ki and Mr WONG Ting-kwong, be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Second motion: Urging the Government to make effective use of the surplus and plough it back into the community.

URGING THE GOVERNMENT TO MAKE EFFECTIVE USE OF THE SURPLUS AND PLOUGH IT BACK INTO THE COMMUNITY

MR SIN CHUNG-KAI (in Cantonese): Madam President, I move that the motion, as printed on the Agenda, be passed.

First of all, I have to "settle accounts" with Secretary Frederick MA, and I have to settle three accounts with him.

On 10 January, Secretary Frederick MA cited the report of the International Monetary Fund (IMF) in this Council (and I quote): ".....the desirable level of reserves should be 30% to 50% of the Gross Domestic Product (GDP).....which is equivalent to \$441 billion to \$736 billion." (End of quote) This level is grossly astonishing. If this level is adopted as the standard, Hong Kong will need to achieve additional savings of tens of billions yearly in order to reach this 30% level. To put it plainly, those who do not get the picture will be shocked to death by the Secretary while those who get the picture will laugh their heads off. Why? I wonder if it is because the Secretary had been too busy that he had just skimmed through the report without reading the whole of it, or he had deliberately omitted paragraph 24 of the report. It is true that paragraph 2 of the report pointed out that in the absence of any change in the Government's fiscal policies in respect of health care financing, tax revenues and stable investment returns, it is necessary to maintain the fiscal reserves at 30% to 50% of the GDP. However, paragraph 24 of the same report stated that — Madam President, I would like to cite from the report: ".....moving to a fixed (or smoother) investment return could bring about a significant reduction in fiscal risks and desired reserves.....Such a change in policy could reduce reserves required to withstand a string of five deficits by around 7-10 percentage points of

GDP, but by even as much as 20 percentage points over a 7 year horizon." In simpler terms, if the Government can revise the income sharing arrangement between the fiscal reserves and the Exchange Fund by replacing the non-fixed rate of income sharing with a fixed rate of income sharing and also consider the funds on a case by case basis, the reserves, if calculated on an average historical return of 6.4%, can be substantially reduced by 7% to 10% of the GDP based on five successive years of fiscal deficits, and the reserves can even be reduced by 20% (or 20 percentage points) based on deficits for seven successive years.

I remember that in November last year when I asked the Government in this Council whether it would consider stabilizing the investment income according to the recommendation of the IMF, the Financial Secretary said in reply to Members that in the conclusions of its report, the IMF had devoted most of the entire paragraph consisting of a dozen lines to urge the Government to consider introducing a sales tax and broadening the tax base, and that there was just one line mentioning that the Government should stabilize the investment income from the Exchange Fund, and this implied that the introduction of a sales tax is an important means to broaden the tax base and stabilize income.

I must thank Secretary Frederick MA for reminding me to read this report, or else I would not have realized that the IMF had pointed out in the report that the effect of a sales tax in stabilizing government revenue compares less favourably with that of revising the income sharing arrangement of the Exchange Fund. It is stated in the report that a sales tax at 3% to 5% can only bring about a modest reduction in the desired level of reserves, while a fixed investment return is conducive to reducing the level of reserves. The report even stated expressly that the Government's investment income and land sale proceeds are the chief culprits of revenue volatility.

However, a more important part of the entire report is the paragraph that I have just cited and that is, as long as the Government can stabilize its investment income by, for instance, introducing a fixed rate of investment return, significant improvement will be made to revenue volatility and the so-called desired level of reserves can also be greatly reduced. Secretary Frederick MA said on the last occasion to the effect that the recommendations made by the IMF on the level of reserves in Hong Kong are worthy of our positive consideration. May I ask the Secretary, through the President, whether consideration will be given to this recommendation about stabilizing investment income? I hope that the Secretary can clarify this point later.

On the desired level of reserves in Hong Kong, this had been discussed in a previous debate. According to the Financial Secretary's Medium Range Forecast last year, the fiscal reserves were projected to be over \$400 billion in 2011. Madam President, this amount is very astonishing, but not as astonishing as the Government's claim that this amount of money is far below the required level.

I must ask a question: If it is really necessary for Hong Kong to maintain reserves equivalent to 30% of the GDP, does it mean that Hong Kong has been on the verge of "bankruptcy" over the past century or so? I have looked up records of fiscal reserves from the '80s until the reunification and found that the reserves had all along been maintained at only about 10% to 15% of the GDP. Certainly, in the early stage, the Government did not maintain such a high level of reserves and yet, Hong Kong has been safe and sound over the past century and the Government has recorded a surplus most of the time.

I am sure that most of the money in the reserves now amassed by the Government will not be used at all. If the Government had at that time put in the Treasury a stack of banknotes of large denomination, these banknotes may now turn out to be totally untouched! If such being the case, is there still a need to keep building up our reserves? How much more should be accumulated in order to be considered adequate?

Here, I must bring up once again the issue of accumulated surplus. The accumulated surplus of the Exchange Fund is already close to \$500 billion. What exactly is the purpose of the accumulated surplus? The Government has so far not given us a detailed explanation. Certainly, the Government has said before that it is used to maintain the stability of the Hong Kong Dollar, but in the Exchange Fund there is already a monetary base of \$300 billion for maintaining the stability of the Hong Kong Dollar. How much more is required from the accumulated surplus? What is the use of continuously increasing the accumulated surplus? Now, we have \$500 billion in the accumulated surplus of the Exchange Fund, and together with our fiscal reserves, we have a total of \$800 billion. Even if there is no accumulated surplus in the Exchange Fund, the Democratic Party maintains that the level of reserves is considered appropriate so long as it can meet government expenditure for 12 months. This is our view.

Let me turn back to the report of the IMF. The report pointed out the need for Hong Kong to carry out health care reforms, but the Government has failed to do so or, put it this way, the Government has kept saying that it is going to do so but no concrete proposal has been put forward. The so-called health care reform or health care financing is for the purpose of risk management in the light of the financial pressure brought by the elderly on medical expenditure following an ageing population in Hong Kong in 2030.

Madam President, the second account that I have to settle with the Secretary concerns the fiscal surplus. If we do not know how much surplus there is, it is impossible for us to debate with the Government how public coffers should be utilized and certainly, it is impossible for the Government to make effective use of the surplus. But it is indeed difficult for us to know how much surplus the Government has, because the revised surplus announced in recent budgets has often been lower than the actual amount of surplus. It is impossible for members of the public to know how much money is there at the Government's disposal.

I must repeat our remarks made last year. I remember that last year before the Government published the budget, I had "reminded" the Secretary not to "falsify the accounts" as he did in 2004-2005. But unfortunately, while the Government estimated a surplus of \$4.1 billion, the actual surplus finally turned out to be \$14 billion, which was very close to my projection of \$15 billion in the Legislative Council on that day.

I understand that the Government does not like to hear the words "falsifying the accounts", but members of the public do suspect that the Government has "falsified the accounts". If the Government does not wish to hear these words anymore, it must improve its surplus forecast. In fact, the Government has consistently said that flexibility is lacking in its expenditure, which means that changes are minimal in the annual expenditure and so, the Government should be more readily able to make a forecast.

As regards revenue, the Inland Revenue Department (IRD) issues tax demand notes to the public in the middle of the year and so, the IRD can also project the revenue receivable from salaries tax, and it should be confident of this forecast. The demand notes for rates and government rent can also be used to forecast revenue. While it may be more difficult to forecast successful bids for land under the Application List System, accurate information on investment

income should be available in mid-January. The only type of revenue that is more difficult to estimate is certainly stamp duty, but stamp duty totals only about some \$10 billion per annum, and of course, there are set to be some discrepancies, such as whether or not the stock market is robust. But why have there always been such major discrepancies in the Government's budgets? This, we think, is quite incomprehensible.

In any case, I wish to remind the Government that according to the forecast by community wisdom, the surplus this year is generally in the range of \$20 billion and \$40 billion, which is substantially higher than the Government's forecast of \$5.6 billion in last year's budget. Like what I did last year, I will make a forecast today. I think the fiscal surplus this year will be \$35 billion. Since there is such a huge amount of money, the next question, and the third account that I have to settle with the Secretary, is this: How should we spend this sum of money?

Madam President, the most critical financial problem faced by the Government now is that it has too much money. To solve this problem, the Government must really spend some of the money in an appropriate manner. I said that the Government has too much money because the Government has amassed over \$800 billion, including a fiscal reserve of \$300 billion and a \$500 billion accumulated surplus in the Exchange Fund. All this is the money of Hong Kong people deposited with the Government. Certainly, when I suggest spending some of the money, I do not mean that the Government should spend it wantonly. Rather, we hope that the Government can spend it on tax reduction to return wealth to the people, on helping the poor and the disadvantaged, on investment in infrastructure development in Hong Kong to boost our competitiveness, on implementing small-class teaching to improve the quality of education and on investing in our future. Therefore, the many proposals made in my motion today aim to call on the Government to respond to public aspirations. As for the details of each proposal, various policy spokesmen of the Democratic Party will explain our justifications in detail.

I originally had a fourth account to settle with the Secretary and that is, the Hong Kong Monetary Authority (HKMA) can spend money without the endorsement of the Legislative Council, but the Democratic Party will settle this account with the Government later when the Government publishes the budget.

Madam President, all the proposals in my motion, be they about helping the poor, education, implementation of small-class teaching, medical and health care services, social welfare, tax reduction or infrastructure development, are premised on one prerequisite and that is, the Government must have adequate resources. But if the Government fails to properly settle these three accounts, it will be very difficult for us to believe the Government has the ability to make effective use of the surplus.

I wish to cite from former Financial Secretary Arthur Grenfell CLARKE when he tendered advice to his successor before he left his post in 1961 (which is over 40 years ago). Madam President, he said, and I quote, "And, Sir, I expect, too, that my successor will make exactly the same mistake that I have always made. He will underestimate revenue. He will underestimate his revenue, because, like me, like so many of us, he will never be able to comprehend how new and successful industries can be created overnight out of nothing, in the face of every possible handicap; how new trade can suddenly start up in some way that has never been thought of before; he, like me, will never be able to comprehend how on earth our enterprising, ingenious, hardworking people can ever manage to accomplish so much with so little." To put it simply, the Financial Secretary of 46 years ago already advised his successors, including Secretary Frederick MA's superior, namely, the Financial Secretary, that a mistake so very often committed is underestimate of government revenue. Perhaps the Government, after making reference to the remarks of Arthur Grenfell CLARK, should be more optimistic and liberal about the ability of Hong Kong people in creating wealth.

Madam President, I so submit.

Mr SIN Chung-kai moved the following motion: (Translation)

"That, as the Government's finance returned to the surplus last year and the target fiscal surplus for this year will be attained, and the Government further anticipates a very robust financial position with a fiscal reserve exceeding \$400 billion by 2012, this Council urges that, having regard to the existing improved economic and financial situation, the Government should, in addition to reducing salary tax to alleviate the burden on the middle class, target at facilitating Hong Kong's long-term development by making effective use of the surplus and investing more resources in:

- (a) setting up a children's development fund to provide opportunities for children from low-income families to participate in extra-curricular activities;
- (b) relaxing the eligibility criteria for travelling allowance for the low-income groups to encourage employment;
- (c) shortening the waiting time for care places for the elderly;
- (d) allowing the elderly to use public medical services at half price;
- (e) implementing cross-boundary and large-scale infrastructure projects to create jobs;
- (f) implementing small-class teaching to improve the quality of education;
- (g) offering loans to associate degree graduates to study abroad, so as to nurture talents; and
- (h) implementing a green tax to encourage environmental protection by the public through economic incentives."

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

PRESIDENT (in Cantonese): Mr Frederick FUNG, Mr CHAN Kam-lam, Mrs Sophie LEUNG and Mr WONG Kwok-hing will move amendments to this motion respectively. Prof Patrick LAU will move an amendment to Mrs Sophie LEUNG's amendment. The motion and amendments will now be debated together in a joint debate.

I will call upon Mr Frederick FUNG to speak first, to be followed by Mr CHAN Kam-lam, Mrs Sophie LEUNG, Mr WONG Kwok-hing and Prof Patrick LAU; but no amendments are to be moved at this stage.

MR FREDERICK FUNG (in Cantonese): President, last year, the Exchange Fund registered a return to the tune of over \$100 billion, \$28.9 billion of which went to the Treasury, thus increasing the Government's surplus to over \$40 billion. This year, the Government can really fatten itself with this income as it enters the Year of the Pig. But I hope that despite such good tidings, officials responsible for financial matters will not be blinded by the "fat" and go against their conscience. In proposing this amendment, we mainly hope that the Government can make effective use of the surplus by helping the poor who live under the same sky, address squarely the disparity between the rich and the poor, and improve the impoverished's lot.

I understand that many colleagues in this Chamber today have called on the Government to reduce tax. Here, I wish to explain the wording of my amendment. What I am trying to say is that the disparity between the rich and the poor has become more and more serious and the Government should accord priority to alleviating the disparity between the rich and the poor before implementing tax reduction measures. Let me first explain what I mean by according priority to this problem. As we all know, the disparity between the rich and the poor cannot be solved in one step. It may take some time, and discussions and negotiations may even be necessary. In fact, I only hope that the Government will give us an undertaking that it will address this problem. As long as the Government can undertake to face and handle the problem, we would consider it as the Government having accorded priority to this problem. Of course, some issues are difficult to deal with and some are easier. For example, it is difficult to deal with the disparity between the rich and the poor but for tax reduction, with just one word of approval from the Bureau Director or the Financial Secretary and it can perhaps take effect right away tomorrow. If the Government can give me an undertaking that it will address the disparity between the rich and the poor, I would consider it as according priority to the problem. So, I hope that colleagues will understand the meaning of my amendment, and I hope that they will support it.

The problem of disparity between the rich and the poor has actually been discussed in this Council many times, and I do not wish to repeat those statistics or the Gini Coefficient, or to draw a comparison between the first percentile and the tenth percentile. I believe the Secretary understands that many people still live in dire straits. But my heart really sinks when I see that residents in my district still have to work eight to 12 hours a day for an income of \$5,000 to \$7,000. When they are struggling hard to make ends meet, our Chief Executive

is nevertheless telling us that the economic conditions now are the best in 20 years. But tell me: Whose conditions are the best now? Could it be those restaurant workers or waiters and waitresses who are worried about the closing down of the restaurant? Or could it be cleansing workers who work 15 hours a day? Today, our Treasury is rolling in money and yet, the disparity between the rich and the poor is worsening. This is precisely a big irony to the remark that we are now having the best time in 20 years.

Members of the Legislative Council have put forward many proposals on alleviating poverty before and in particular, the Legislative Council Subcommittee to Study the Subject of Combating Poverty has submitted to the Government several proposals relating to the poverty problem. It can be said that a consensus has been reached in this Council, but the Government always says that it is still immature to take actions, for a consensus is lacking in the community, or it would even distort facts and resort to endless procrastination. In fact, even the think-tank of the Chief Executive has published a report to point out that the gap between the poor and the rich is very serious and also worsening. But in the last Question and Answer Session, the Chief Executive did not only beat about the bush. What I consider most unacceptable was that he considered that the Gini Coefficient, which is commonly adopted internationally, is not applicable to Hong Kong. I wonder if the Chief Executive thinks that his authority can override some long-standing, internationally recognized academic conclusions.

I remember that around this time last year, the Legislative Council Subcommittee to Study the Subject of Combating Poverty completed a report on working poverty. President, I would like to explain why I have made two proposals in my amendment. One of the proposals is to grant travelling allowance to the working poor living in remote areas. The purpose is to provide relief to the working poor and subsidize the very expensive travelling expenses that they must shoulder because they live in remote areas, so that they can continue to be self-reliant and find jobs by themselves to support their family without having to draw the Comprehensive Social Security Assistance. This report had the recognition and support of various political parties and groupings in this Council, and it was also endorsed at a meeting of the Legislative Council.

The Financial Secretary also gave an undertaking and expressed support in the Budget debate on 29 March last year. What did he say on that day? He

said, and I quote, "I (Financial Secretary Henry TANG) have already agreed in principle with the proposal of the Commission on Poverty to launch a transport subsidy trial scheme for low-income residents of remote districts to encourage them to work. We will further consider the implementation details of the scheme and our target is to roll it out in 2006-07 (only one and a half months are left)." End of quote.

Later, I also heard the Secretary of the Commission on Poverty (CoP) and officials say that in making preparations for this scheme, they had no idea which department should be given charge of it, or no department had taken the initiative to assume this responsibility and so, many details had remained at the stage of planning. But as you, Madam President, may know, in November last year, in the Financial Secretary's reply to my oral question, the words "low-income groups" suddenly disappeared and were replaced by "helping the unemployed to find jobs". That, to me, is most shocking indeed. Given that the Financial Secretary did clearly give us his undertaking, I consider that he had gone back on his words and reneged his promise. Did the Financial Secretary have his tongue in his cheek when he made the promise? Or does he attach little importance to what he had said in such an important concluding speech on the Budget?

However, I can tell the President that the CoP reached another consensus and put forward recommendations yesterday. This is perhaps because of three reasons. First, the Financial Secretary does know that he had really made an undertaking to this Council and to Hong Kong people; second, let us think more highly of ourselves: perhaps he knows that there would be this motion debate today and so, he hastily changed his view of providing the allowance only to the unemployed; third, obviously, we have a very strong financial position this year and recorded a surplus and so, consideration can be given to providing this allowance. No matter what the reason is, I think it is not important, for the most important thing is that the CoP reached a consensus yesterday and that is, to provide travelling allowance to unemployed workers living in remote areas or a cross-district transport subsidy to low-income workers. This is precisely an undertaking made by the CoP and also by the Financial Secretary in the budget this year. In fact, the CoP did lend a big helping hand to the Financial Secretary yesterday. I hope that the Financial Secretary can expeditiously announce the policy to honour his undertaking, as well as the implementation details and timetable, in order not to lose his integrity and credibility again.

The second proposal is about social enterprises. In fact, in Europe, the Mainland and Taiwan, they have rich experience in social enterprises, and social enterprises are promoted to solve the problem of poverty. The Hong Kong Association for Democracy and People's Livelihood (ADPL) has also been engaged in the operation of social enterprises for four years at the community level, and I am also the Chairman of the social service centre of the ADPL. From our experience, social enterprises can truly create job opportunities and help residents in the district find jobs and become self-reliant.

Last month, I went on a duty visit to Shanghai with some members of the ADPL. On the problem of poverty or disparity between the rich and the poor, I think the officials in Shanghai recognized and admitted the problem. They said that this problem did exist. But while they admitted the problem, they have really come up with a set of methods covering the concept, values, policies and enforcement, to address the problem of poverty or disparity between the rich and the poor. Certainly, we dare not say that they can certainly solve the problem but at least, from what they have done and from their thinking, I can see that they are genuinely committed to tackling the problem. Insofar as social enterprises are concerned, they have a comprehensive range of plans, including setting up seed funds and providing low-interest loans, and even leasing spaces to people who are interested in operating small shops or small businesses at a low rental for a period of time, while at the same time offering tax concessions to social enterprises. Moreover, they have a team of 600 professionals comprising accountants, lawyers and management personnel who work in small groups to help government-supported social enterprises operate their small companies or shops until one or two years later when these enterprises can stand on their own, and assistance will then be provided to other social enterprises.

Therefore, we can see clearly that social enterprises should not be operated in the way as what has been done in Hong Kong and that is, the Government provides \$30 million every year and invites applications from the public and then allocates a million dollars or so to each applicant, thinking that people who do not know how to land a job, who are unemployed and who do not know how to work will suddenly know how to find a job, how to make a living and how to get rich. This is simply impossible.

In fact, a practice adopted in Taiwan is worthy reference for us, that is, legislation is enacted to require that 10% of the work outsourced by the government should be outsourced to social enterprises; in Britain, banks have set

up dedicated departments to provide support and funding to social enterprises to handle their financial problems.

President, in order to do a better job of alleviating poverty, we consider that it is necessary to be genuinely committed, to make every effort and to have a set of plans for this cause. I hope that the Government can listen, consider and accept these two proposals. I also hope that Honourable colleagues will support my amendment. Thank you.

MR CHAN KAM-LAM (in Cantonese): President, today, we see Secretary Frederick MA again.

In view of continuous improvement in the financial position, members of the public have great expectation for further tax reduction this year. This is why we have time and again proposed this motion in this Council, for we consider it a reasonable expectation.

In the debate on the motion "Enhancing the efficacy of the management of public finances" previously, many Members and I pointed out that the fiscal surplus this year might be over \$20 billion. But this forecast had soon become obsolete. Last week, Chief Executive of the Hong Kong Monetary Authority (HKMA) Joseph YAM brought us good news, indicating that the performance of the global stock market last year had helped the Exchange Fund to record an investment income as high as \$107.3 billion this year. Therefore, the amount of the Government's share of the return for the year will increase to \$28.9 billion, which is \$10.7 billion more than the Financial Secretary's original forecast of \$18.2 billion.

In this connection, as the economy has registered growth at a rate higher than expected, coupled with satisfactory land sale proceeds and a substantial increase in stamp duty revenue to the Treasury, and as the investment income of the Government is almost \$11 billion higher than expected, we think that the fiscal surplus this year should be around \$40 billion.

Given that the Government's fiscal surplus has further increased, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) considers that apart from reducing the salaries tax and restoring the amount of personal allowance, tax rates and tax bands to their levels in 2002-2003, the

Government should also increase the amount of deduction for home loan interest from the present \$100,000 to \$150,000. In order to benefit members of the general public, we propose that the Government should provide one-off concessions, such as waiving the rates payment for two quarters in order to return wealth to the people. Here, I must add that when we proposed the amendment, the HKMA had not yet announced its investment return for the year and so, after hearing the good news, we considered it inadequate to call on the Government to waive the rates payment for only one quarter. We consider that if the surplus this year will reach about \$40 billion, it is best to return wealth to the people, and the best way to return wealth to the people is to waive the rates payment. I remember that two years ago when the economy had turned the corner, some community organizations called on the Government to waive the rates payment for one year. Certainly, the proposal that we put forward today is comparatively conservative, for we call for waiving the rates payment for two quarters, which does not involve a large amount of money. We estimate that it should involve only about \$7 billion to \$8 billion, and more people can hence benefit from it.

In the meantime, we also urge the Government to make effective use of the surplus and channel more resources to measures on the long-term development of Hong Kong, including policies or measures to encourage the public to give birth in view of an ageing population, such as introducing a tax allowance for newborn babies which we propose to be \$100,000 in line with the basic personal allowance. Meanwhile, the Government should also increase the allowance for dependent parents/grandparents.

Moreover, the DAB considers that the Government should start studying health care financing which is an issue that must be addressed in the future, and implement substantive measures to improve the medical and health care services and address the unbalanced development of the public and private medical sectors, with a view to exploring more channels for health care financing. The DAB proposes that the Government should consider introducing a tax allowance for private medical insurance premium, which we propose to be capped at \$12,000, in order to attract more people to take out medical insurance and turn to the private sector for medical and health care services.

To encourage the public to make better preparations for their retirement life, we hold that the Government should consider providing a tax allowance for voluntary contributions to the Mandatory Provident Fund. Employees can

enjoy tax deduction of a maximum of \$1,000 monthly for their voluntary contributions as long as such contributions are maintained until retirement.

On the other hand, to facilitate the growth and long-term development of the economy, the DAB has consistently urged the Government to expeditiously implement cross-boundary and large-scale infrastructure projects in order to create more employment opportunities, including implementing the development plan for South East Kowloon as soon as possible and expediting cross-boundary infrastructure projects between Guangdong and Hong Kong to enhance the accessibility of border transport connecting Guangdong, while at the same time expediting the construction of the Hong Kong-Zhuhai-Macao Bridge. To solve the problems of a transport bottleneck between Hong Kong and the Mainland and prolonged immigration and customs clearance, we propose the construction of an additional border control point at Liantang and co-location of immigration and customs facilities, and to expeditiously implement 24-hour clearance at various border control points gradually.

Prolonged immigration and customs clearance is a problem, and the fact that it is difficult to achieve a secured old age is also a problem. At present, over 20 000 elderly people are waiting for a place in residential care homes for the elderly. The average waiting time is as long as two to three years and even four years in some cases. The DAB considers that the Government should map out plans to provide at least 5 000 care-and-attention home places for the elderly in the next five years.

President, reviewing the financial position of the Government in recent years, we can see that despite a deficit in the Consolidated Account for five financial years and an accumulated deficit exceeding \$190 billion, the Government has successfully eliminated the deficit and the surplus accumulated in two years has reached over \$40 billion. Added to this is that the Government does not envisage any pressure on its finance in the next three to five years. If the Government still does not plough back an appropriate amount of the surplus to members of the general public who have contributed both their money and efforts to riding out the difficult times with the Government, this would indeed be too conservative and indicative of the Government's failure to feel the sentiments of the people.

On the other hand, we consider that the Government should restore the civil service pay level to that in 2002 before the pay cut. The Civil Service is an

assemblage of excellent officers who accepted a pay cut for the past four years or so in order to ride out the storm with the people. When the economy has improved for successive years, we should not forget them and it is now time to increase the pay of civil servants in order to boost their morale.

President, when a person has full pockets, he will definitely forget the pains suffered during the difficult times. Therefore, we must always bear in mind the principle of prudent fiscal management. We must avoid overspending; nor can we be a "spendthrift". The DAB has made these proposals with a prudent attitude on the principles of doing the best we can and striving for continued stability and sustained development. We hope that the Government can take on board our proposals.

President, I so submit.

MRS SOPHIE LEUNG (in Cantonese): Madam President, this is already the third time that this Council holds a debate on the Government's financial management in a short span of just a month or so. From this, it is evident that Members are extremely concerned about the effective use of the surplus, particularly at a time when we start to have some more money. The Liberal Party is no exception, so on its behalf, I wish to move an amendment which contains various recommendations on the uses of our valuable public resources and the priorities of various public services. I hope that the proponent of the original motion, Mr SIN Chung-kai, will not think that we are arguing for the sake of arguing. Since there is such a platform, everybody is just trying to put forward more recommendations.

However, in the following part of my speech, I will focus only on ways of helping the underprivileged, education concepts and directions that can keep abreast of the times and the provision of assistance to small and medium enterprises for upgrading their competitiveness. As for other topics, other Members belonging to the Liberal Party will explain our viewpoints.

Madam President, the Liberal Party notes that although the Hong Kong economy has rebounded a great deal and is showing a trend of sustained growth, not everyone in society is able to share the fruit of economic recovery. But this is not unique to Hong Kong. A widening wealth gap is observed in practically all countries and economies in this 21st century. For this reason, I do not wish

to see people all rushing to say that this particular Government of ours should work out some solutions. Actually, every government and people everywhere should consider how to deal with this phenomenon. We also observe that the poor masses belonging to the lower strata of society are still living in very great hardship.

However, the Liberal Party is always convinced that unwavering determination and knowledge can change one's fate. The most important thing is that one must know how to struggle for a way out and possess a strong ability to deal with adversities. Actually, whenever they speak or reflect on their past, many Members will invariably tell of similar suffering in their childhood. Another example is LUI Yue-chun, one of the awardees of the Ten Outstanding Young Persons last year. I find his story very impressive. When he was small, his father was a drug addict and his family had to live on Comprehensive Social Security Assistance. A triad member at one time, he failed all subjects in the Hong Kong Certificate of Education Examination (HKCEE). In his own words, he was scum, devoid of any self-respect. Fortunately, he managed to make amends for his misdeeds before it was too late. He then studied very hard and sat for the HKCEE again. He is now a teacher, enlightening and educating his students with his personal experiences.

The original motion proposes to provide opportunities for children from low-income families to participate in extra-curricular activities. The Liberal Party agrees to this, but it does not think that a children's development fund must be set up. There are already a wide variety of funds. Is it not better for us to consider how we can make more flexible use of all these existing funds? For example, on an accountable basis and subject to a ceiling, assistance can be offered to poor school children to cover the transportation and other expenses arising from their participation in extra-curricular activities, so as to prevent them from being deprived of normal social intercourse.

Apart from extra-curricular activities, it may still be necessary to offer other forms of assistance to school children during their formative years, so as to enable them to have balanced development and reduce the incidence of inter-generational poverty. For example, children of poor families may also need private tuition, care service or even computer and Internet services. And, it may also be necessary to instill a positive and enterprising outlook on life in them. I think this is more important, because spoon-feeding will never enable one to fly high. We also believe that most of the above can in fact be achieved

through enhancement of the various existing services. It is not necessary to concoct various pretexts and establish a separate fund.

The original purpose of providing cross-district travelling assistance is to offer incentive to those people who want to look for jobs outside their districts, but who are prevented by exorbitant transport fares from doing so. We agree that we should support those who have the courage to take the first step. However, some have gone so far as to propose that workers changing jobs should also be offered travelling allowance, and that such allowance should be used for easing the problem of poverty. The Liberal party can understand that everybody is just trying to help poor people secure employment outside their own districts. But we still think that this proposal after all involves the use of public money for providing subsidy to low-income people. If we read the press today, we will find that this topic is the subject of discussions in the editorials of different newspapers. We will probably notice the worry that the proposal may well do a disservice. There is also the question of how we can ensure that assistance can be offered to those in genuine need without distorting the original intent of the scheme. This in itself is a great challenge.

The Liberal Party maintains that apart from providing those in genuine need with a cash allowance to help them tide over their transient difficulties, we must still give them the opportunity to stand on their own feet. Instead of admiring the fish at the river, one might as well return home to knit a net¹, so we should give them an opportunity to catch fish.

For this reason, we maintain that our social welfare policy must be upgraded to a more positive and enterprising level. The existing "service-based" assistance framework must be developed into one which can upgrade people's abilities and encourage self-enhancement and self-help. This is the only ultimate solution. This is the theme of the motion moved by me and passed unanimously by Members in this Council last year. I am very glad that since that time, many Members have been discussing how society as a whole should create an atmosphere conducive to the development of social enterprises, with a view to furthering the two major objectives of helping people to help themselves and upgrading the abilities of the underprivileged. Since the business sector knows all the concepts and practices of market development and

¹ This is the literal translation of a Chinese idiom which means that instead of merely longing for the outcome, one should take positive actions to materialize one's dream.

business management, it can provide very great impetus to social enterprises. However, there is currently a lack of incentive to encourage the genuine participation of the business sector in the development of social enterprises. It is especially worth mentioning that our NGOs are much too reliant on government support. They are inert and do not try to upgrade themselves. They must try to do so, or they will be unable to increase the business sector's involvement in the development of social enterprises.

As for whether all elderly persons should be allowed to use public medical services at half price, it must be pointed out that at present, the Government already permits people with financial difficulties, especially senior citizens experiencing financial hardship, to apply for a medical fee waiver. But a fee waiver is valid for six months only, and applications must be referred by medical social workers. We do agree that the Government should explore how the application formalities can be further streamlined and improved for the greater convenience of poor elderly persons. But we do not think that half-price concession should be introduced across the board. Speaking of health care, we have said many times that some community medical centres, for example, can be established to enhance people's understanding of health care issues, particularly their personal health conditions. That way, they can take their own health in their hands. This is the only way to foster overall progress of our health care system, but I am not going to dwell on this for the time being.

Madam President, next I wish to discuss how the huge surplus should be used to help us improve our competitiveness. Even when a company records a surplus, it will not pay all the profit to its shareholders. Rather, it will make various investments for the sake of sustainable development. And, sustainable development is precisely our discussion topic today.

We therefore maintain that the Government must strive to upgrade the competitiveness of our small and medium enterprises, so that they can continue to provide impetus for economic growth. For example, the Government must further reduce all unnecessary formalities, simplify the various licensing systems, conduct in-depth studies on supporting the restructuring of Hong Kong enterprises and co-operate fully with the technology, commercial and industrial sectors in Hong Kong. In brief, it must expeditiously provide Hong Kong enterprises with greater concrete assistance in their restructuring, strive to introduce innovations and make the Hong Kong brand name glow with more lustre.

Regarding education quality, the Liberal Party maintains that quality cannot be upgraded simply by lightly implementing small-class teaching. Instead, there must also be the support of curriculum reforms and good teachers before the desired result can be achieved. We must also carefully assess how much resource pressure the Government and parents can bear and then seek to implement small-class teaching step by step in primary schools.

The Liberal Party holds that in order to widen young people's horizons and increase their exposure and learning experience, the loan scheme mentioned in the original motion should be extended to other types of tertiary students, and there is no need to require that a student can further his studies abroad only after graduation.

It is such a coincidence that this coming Friday, the Commission on Strategic Development is also going to discuss the issue of how to attract overseas talents to Hong Kong. Some of the recommendations to be discussed, such as perfecting the Quality Migrant Admission Scheme and increasing university places, are very similar to the advocacy of the Liberal Party.

Madam President, I so submit.

MR WONG KWOK-HING (in Cantonese): Madam President, last week, the Hong Kong Monetary Authority announced that the investment return of the Exchange Fund last year amounted to \$103.7 billion, the second highest ever, and the Government's share of the investment return also increased dramatically as a result. According to estimation, the Government's share of the investment return alone already brought a revenue of \$28.9 billion to the Treasury, exceeding the \$18.2 billion projected in the budget by as much as \$10 billion. Besides, it is expected that owing to the satisfactory performance of the property and stock markets, the proceeds from land sales, regrant premiums and stamp duty on stock transactions will also bring considerable revenue to the Treasury. As at the end of November, the proceeds from land sales already stood at close to \$34 billion. Therefore, Secretary, although it is not yet the Year of the Pig, the Government is already like a submerged pig cage². A month from now, the

² A typical cage used for keeping and transporting a pig in Southern China is made of bamboo sticks with gaps in between to allow the pig to breathe. Thus, when a pig cage is submerged, water will keep rushing in. Water, in colloquial Cantonese, is a symbol of wealth and money. Hence, "a submerged pig cage", as a Cantonese colloquialism, stands for a situation where money keeps coming in endlessly.

Financial Secretary will announce in this Council the budget for the new financial year. It is therefore the right time to bring up this issue, and the Government should really consider as early as possible how it should make the best use of the surplus, so that it will not become too fat for socks and the common masses can share the fruit of economic improvement. Many Members of this Council have raised various suggestions on the effective use of the surplus, and I have also proposed an amendment containing five major additional proposals.

To begin with, I propose to relax the limit of absence from Hong Kong in respect of the Old Age Allowance. With the ageing of its population, Hong Kong is now facing an ever increasing number of elderly persons. The resultant expenditure and burden have also increased correspondingly. The expenditure on the provision of health care, housing and welfare benefits to the elderly will continue to rise in the foreseeable future. According to government statistics, the proportion of elderly persons in Hong Kong's total population will increase drastically from the present 12% to 27% in roughly 30 years' time. It is expected that there will also be a substantial rise in the expenditure on the provision of welfare benefits to the elderly. On the other hand, in recent years, more and more elderly persons have chosen to live in the Mainland. In the past, the inconvenience of claiming the Old Age Allowance (the "fruit grant") after returning to the Mainland for settlement discouraged many elderly persons from returning to their hometowns. Although the Government has already relaxed the relevant requirement and elderly persons having stayed in the Mainland for 240 days can still apply for the Old Age Allowance, it is still very time-consuming and troublesome for them to travel all the way back to Hong Kong once every 240 days. This requirement of the Government is a kind of double standard. Retired civil servants in receipt of pension are not subject to any such requirement. Why does the SAR Government have to make things difficult for elderly persons? What is more, the Government is now like a submerged pig cage, so there is all the more reason for it to relax the requirement. I therefore propose to further relax the requirement and extend the limit of absence from Hong Kong to just one year. This will not produce any significant impacts on the Government's public expenditure. We are after all talking about the protection of elderly people's livelihood, so why can the Government not take one further step?

Second, I propose to allow tax deduction on loan repayment to various student financial assistance schemes. In recent years, the Government has been

actively encouraging people to pursue further studies, and it has also been increasing the number of tertiary education places, so that people who want to further their studies can fulfil their ideals. However, continuing education often incurs very high tuition fees. Some years ago, the Government established the Continuing Education Fund, under which a subsidy of up to \$10,000 per person is granted. But apart from this, the Government can still give people more assistance in pursuing continuing education. For example, tax deduction may be offered to people applying for loans under the non-means tested loan schemes operated by the Student Financial Assistance Agency. It is true that the Government already provides working adults with tax deduction on their continuing education expenditure, and the ceiling is \$40,000. But since many young people who have just completed their full-time education and started working must repay the loans obtained during programmes of studies, they are under considerable financial pressure. Therefore, at this very time when the Government's surplus has multiplied, it should really consider the possibility of allocating some resources for assisting students in realizing their goal of further studies, shouldn't it?

Madam President, next, I am going to discuss the proposal on raising the allowance for the first two children to \$50,000 each and creating an allowance for unemployed dependent parents or grandparents aged over 50. To begin with, raising the allowance for the first two children can relieve the financial burden of the families concerned. In addition, the proposal is meant as a response to the Government's population policy of encouraging childbirth to deal with the declining fertility rate. Since there is already an allowance of \$40,000 for each of the first two children and my proposal only involves a mere increase of \$10,000, the actual effect on the Government's expenditure will not be too great. Furthermore, I also propose to introduce an allowance for unemployed dependent parents or grandparents aged over 50. The current retirement age is 55, and there is also an allowance for retired dependent parents. But owing to economic restructuring and acute structural unemployment, it has become very difficult for middle-aged people to secure employment or change occupations. As a result, many parents or grandparents are virtually forced to retire early. After their early retirement, their children must inevitably bear the responsibility of supporting them. Therefore, it will be better to introduce an allowance for unemployed dependent parents or grandparents aged over 50.

At present, most Hong Kong households must pay rates, whether they rent or own their homes, and whether they live in private buildings or public housing

estates. According to government statistics, the existing rates charge is 5%. In 2005-2006, the revenue from rates stood at \$14.2 billion, or 7% of the Government's total revenue. Since it is estimated that the surplus this year will amount to as much as \$30 billion, I propose to provide every household with a deduction of \$5,000 on rates charge. I need not point out that collecting \$5,000 less in rates charge from every household will not mean a complete loss of this revenue to the Treasury. There will just be a minimal revenue reduction. The Government may give this idea more thoughts, so as to achieve the aim of retaining wealth in the people's hands.

There is also the proposal on offering employees a tax concession of up to \$1,000 for voluntary contributions to Mandatory Provident Fund (MPF) schemes. With the economic improvement in recent years, many employees have decided to make voluntary contributions to MPF schemes apart from making mandatory contributions. Since the MPF is primarily meant to provide employees with better retirement protection, we should really offer support to those employees who want to make voluntary contributions. However, it is a pity that there is currently no tax deduction on voluntary contributions, thus in a way adding to the burden of employees. I therefore propose that the Government should provide employees with a tax concession of up to \$1,000 for voluntary contributions to MPF schemes as a means of encouraging people to make such voluntary contributions.

Madam President, finally, besides making the five proposals mentioned above, I also hope that the Government can seek to make effective use of the surplus in different ways. For example, it should set up a children's development fund aimed at preventing children of low-income families from being deprived of what they need during their formative years as a result of family financial pressure. Besides paying attention to the mental and physical development of children, we must also invest in education and provide the elderly with better health care services, so as to share the fruit of economic improvement with the people and return wealth to them. And, I also wish to point out that yesterday, the Commission on Poverty (CoP) eventually reached a consensus on the provision of travelling allowance to low-income people in remote areas who are engaged in cross-district employment. This is superb, and it is also the outcome of our many years of struggle. Now that the CoP has reached a consensus, I hope that the Government can formulate a timetable as early as possible, so that low-income people in remote areas seeking

cross-district employment can receive the government allowance as soon as possible to relieve their burden in living. This will help not only these people but also the Government itself, because many more people will be able to enter the labour market and stop claiming CSSA. I hope that when the Secretary gives his reply a moment later, he can tell us that a timetable will be formulated expeditiously, and that we do not have to wait until the next financial year before this measure can be implemented to provide cross-district travelling allowance to low-income people in remote areas. Thank you, Madam President.

PROF PATRICK LAU (in Cantonese): President, first of all, I must thank Mr SIN Chung-kai for moving this motion to let us reflect to the Government, as rightly pointed out by Mr WONG Kwok-hing and many Members, how the huge fiscal surplus can be used to meet the expectations of the public, especially the different needs of the various social strata and sectors. I support Mrs Sophie LEUNG's amendment in principle, and my further amendment to hers is mainly aimed at pointing out in yet clearer terms the actual work that the Government should do and the ways of making effective use of the surplus.

"Doing away with bureaucratic red tape and improving the business and investment environment, thereby creating job opportunities and more social wealth" is of even greater importance. The creation of wealth is in itself the most effective form of financial management. If we can let wealth create wealth — we have done exactly this and the fiscal surplus has kept expanding — there will be more resources for investment in different areas to benefit all Hong Kong people.

Actually, the challenge that lies ahead of us is how we can continue to attract the inflows of capitals into Hong Kong from all over the world. A sound business environment is therefore very important to us. Besides the software, besides the eradication of bureaucratic red tape, the hardware, that is, urban development, is also very important. The creation of a satisfactory living environment through greening and beautification of municipal facilities is a significant factor that can attract inward investments. This explains why all places in the world have been trying every possible means to expedite their urban development. By doing so, they hope to grasp opportunities ahead of others and attract international investments.

If we can attract inward investments to boost the development of the property market and construction industry, we will be possible to solve the unemployment problem faced by construction workers. When workers have jobs, when they can earn wages and receive pay rises, they will naturally spend more money. This will in turn boost the local economy and promote the development of the services sector and other industries. In this way, the wealth gap problem in society can be relieved.

If we cannot do a good job in urban development and our urban development is poor and lacks satisfactory planning, resulting in a failure to preserve traditional values, inadequate community facilities, high density of buildings, poor circulation of air and serious pollution, our city will lose all its vitality and foreign investors will be scared away. Once there is no inflow of capitals, we will have no money, which means that we will be unable to do anything. Even though we now have a huge surplus, it may still be used up one day. In that case, a fiscal deficit may well emerge again, turning Hong Kong into a city full of negative assets.

I therefore hope that our cityscape can be improved through the promotion of urban development. One of my proposals is the holding of a feature design competition for Central Park and Marina Plaza to beautify the vicinity of the Star Ferry Pier, so as to attract more visitors to Hong Kong. This can promote the tourism industry and boost the local consumption market, in turn achieving the aim of creating wealth.

President, besides a satisfactory living and business environment, talents are also the key to the creation of wealth, because without any talents to take forward plans, all opportunities will be wasted, however good as they may be. This is especially the case with Hong Kong, which is constrained by the lack of natural resources; talents are therefore our greatest assets. Therefore, if we are to make effective use of our resources, we should make investments in education and induce more overseas talents to come to Hong Kong.

The policy address mentioned the idea of turning Hong Kong into an education hub in Southeast Asia, with a view to bringing more talents to Hong Kong. I strongly support this idea. However, there is currently an acute shortage of hostel places for students from other countries. If we cannot solve the problem of insufficient hostel places, how can we induce overseas students to

pursue their education in Hong Kong? Therefore, in order to induce the crème de la crème among elites to receive education or do research in Hong Kong, sound ancillary facilities must first be built, including the construction of large-scale overseas student residential villages, so that students can be provided with a sound learning and living environment.

Talents must of course have good health before they can make any contribution to society. It is therefore very important to promote a healthy lifestyle among the people. The problem of air pollution in Hong Kong is acute, and the alarm has already been sounded. It is even reported in the media that owing to air pollution, some foreign companies have decided to relocate their investments to other cities. Therefore, the building of pedestrian boulevards to reduce emissions from different modes of transport and improve air quality is certainly a significant step towards upgrading community health, in addition to being a green effort.

President, the purpose of creating wealth is to cater for the needs of those policy areas in genuine need of funding. I hold that in order to distribute resources fairly and effectively, we must expeditiously formulate a policy on the elderly. In his speech just now, Mr WONG Kwok-hing also mentioned repeatedly that since the elderly had made contribution to society, they should receive the care of society. It is especially worth mentioning that due to the absence of any policy on housing for the elderly, the Housing Society has been unable to apply for low-priced land grants from the Government. Consequently, it is unable to solve the elderly housing problem by constructing low-priced but quality housing for them.

What is more, the existing MPF schemes are clearly unable to provide retirees with adequate protection. But by 2030, elderly persons will account for one quarter of our total population. The Government must therefore plan ahead and make effective use of our resources, so as to meet the various challenges posed by the ageing population.

President, my amendment aims to urge the Government to improve the environment, attract talents and create a sound business environment. It is hoped that it can make concrete efforts to promote employment, make effective use of the fiscal surplus and achieve the aim of creating more wealth. I hope that Members can render their support. Thank you, President.

MISS TAM HEUNG-MAN (in Cantonese): Madam President, today is the third time in recent days that we hold a motion debate on management of public finances. To begin with, I must thank Mr SIN Chung-kai for moving this motion. These days, the calls in society for tax reduction have grown ever more stronger, especially after Secretary Frederick MA has indicated clearly that tax reduction will be given active consideration.

Here, I wish to state the position of the Civic Party. We do not oppose tax reduction, but our only concern is that before introducing any tax reduction, the Government must first respond to the various aspirations pertaining to our social policies and investments. If not, drastic tax reduction will only win momentary applause. In the end, the overall development and interests of Hong Kong are bound to suffer, and the losses will outweigh the gains.

The original motion and the various amendments all make different demands on the Government. In all cases, huge amounts of money are required to satisfy the demands. Even though the economy is in good shape this year and there is a surplus of \$30 billion or even more, we may not necessarily be able to satisfy the many different demands in society. Therefore, we must set priorities and determine which demands should be addressed first.

I am of the view that our surplus should first be spent on health care, education, environmental protection and air pollution. Next on the list should be social welfare and helping the poor, to be followed by infrastructure investment, community projects and other projects that can boost our economic development. After completing all these tasks, we may consider some one-off measures to return wealth to the people. And, tax reduction should be the last on the list.

The rationale behind this set of priorities is very simple. The fiscal surplus belongs to all Hong Kong people, so the highest priority should be the use of it to benefit all the people. Following this, the surplus should be spent on those in society who are in greatest need of help. Then, money should be spent on building a foundation for future development. And, those with higher incomes who have to pay taxes should be the last on the list.

For the sake of achieving a fair distribution of social wealth, the Government should serve as a platform of wealth distribution. This is the only way to ensure that the wealth gap will not widen too quickly, and that social

harmony will not be adversely affected. Failing this, and if the Government concentrates only on tax reduction and ignores all other factors, the wealth gap will only keep widening, thus resulting in social instability. How can investors have any confidence to invest in an unstable society?

All Hong Kong people can now enjoy education and health care benefits regardless of wealth. To a society facing competition posed by globalization and an ageing population, education and health care policies are very important. For reasons of the universality and importance of these two policies, I think we should accord priority to them, so as to benefit all Hong Kong people.

What is more, although Hong Kong is a financial centre, the number of its poor people has been rising incessantly, now standing at more than 1 million. And, social mobility is also decreasing, with inter-generational poverty still being very common. In order to ameliorate the situation, the Government must invest more resources in helping the poor and providing welfare benefits. On the one hand, people must be encouraged to stand on their own feet. On the other hand, children from poor families must be given a better environment to grow up, so that they may give full play to their talents and extricate themselves from poverty.

Moreover, according to the statistics of the Hong Kong Monetary Authority, the Government's share of the Exchange Fund investment return this year is as much as \$28.9 billion, exceeding the Government's estimate by \$10.7 billion. The extra \$10 billion is non-recurrent revenue. Therefore, if this amount of wealth is to be returned to the people, it should be spent on social investment in the form of non-recurrent expenditure. This is the best solution.

For example, the two former Municipal Councils have left behind many projects, and we simply do not know when they can be implemented. Now that we have the money, we can actually seek to improve the people's living environment through the provision of the facilities concerned. And, we will also be able to create more employment opportunities at the same time. Why is it impossible to launch all those projects as early as possible? Also, the Government may, for example, allocate more resources for the purpose of improving Hong Kong's road network and cross-boundary infrastructure facilities.

Not only this, the Government must also invest more resources in the fostering of a better business environment in Hong Kong. For instance, the Government should consider enhancing the assistance for Hong Kong people in the Mainland, setting up more mainland offices and strengthening the network of such offices. In addition, the Government should also consider the allocation of resources for assisting small and medium enterprises in market promotion and opening up overseas markets.

We should turn our attention to taxes only after the Government has responded fully to all the needs mentioned above. And, we should first consider the introduction of a one-off tax rebate, or the waiving of rates payment for one quarter. We should consider permanent tax reduction only after the revenue of the Treasury has really stabilized. Members should realize that while it is easy to reduce tax, it will be difficult to do the opposite.

Madam President, that the Government has recorded a huge surplus is an incontestable fact. I hope the Government can really do what Mr SIN Chung-kai advocates in his original motion — making effective use of the surplus for the benefit of the people. I so submit. Thank you, Madam President.

DR JOSEPH LEE (in Cantonese): Madam President, according to the statistics announced by the Hong Kong Monetary Authority, the investment return of the Exchange Fund last year amounted to as much as \$13 billion, the second highest since 1999. Besides, the Government's revenue from land sales, stamp duty and profits tax also increased. It is estimated that the fiscal surplus for 2006-2007 will at least be \$20 billion to \$30 billion, several times the Government's conservative estimate of \$5 billion. These two facts show that the Government has already eradicated the fiscal deficit recorded years ago, and that the Treasury is being "flooded" by revenue. When faced with a fiscal deficit in the past, the Government requested the people to help it tide over the difficulties. But when it has the huge fiscal reserves now, it still insists on the principle of prudent financial management. But I do not think that there is any excuse for it to refuse to return wealth to the people.

In society, there are various voices calling for tax concessions. For example, there is the demand for restoring the levels of salaries tax to those in

2002-2003. And, there is also the demand for a one-off salaries tax rebate. But I personally think that the Government should first increase its spending on livelihood-related aspects, especially the care for the elderly.

Madam President, as the population of Hong Kong ages continuously, the demand for elderly home places has kept on rising despite the increase of places in government-funded elderly homes from 16 000 in 1997 to 26 000 in 2006. According to a survey conducted by the Hong Kong Council of Social Service in 2003, roughly 24% of the elderly home inmates (that is, roughly, one in four elderly home inmates) must wait for places in care and attention homes due to ailing health. According to the Social Welfare Department figures, as at the end of December 2006, there were about 22 000 elderly persons on the waiting list for the 29 000 long-term care places in government-funded elderly homes. In other words, not every applicant can have a place. As for the waiting periods required for elderly homes, care and attention homes and nursing homes, they are respectively 40 months, 22 months and 38 months. Therefore, the Government should increase the number of care and attention home places when it records a fiscal surplus, so as to shorten elderly persons' long waiting time for places in care and attention homes. At the same time, the Government must also expedite the phased restructuring of elderly homes offering no long-term care and subsidized care and attention homes not providing any sustained care into subsidized long-term care homes providing sustained care, so as to meet the needs of society.

Madam President, long-term care places in elderly homes are meant to provide elderly home services to those elderly persons who are unable to spend their old age at home due to personal, social, health and other reasons. But residential care service aside, community care also plays a very important role in the provision of overall long-term care services. Physical checks and health assessments are currently provided by the Elderly Health Centres operated by the Department of Health, but since these centres cannot offer enough places, it is estimated that one who wants to become a new member will have to wait roughly 38 months on average. And, there are currently some 27 000 elderly persons on the waiting list. This shows that not many elderly people are able to enjoy the services of these Elderly Health Centres. I therefore hope that the Government can expand the membership of the Elderly Health Centres. This means that more resources must be allocated, so that more elderly persons can enjoy the services of the Elderly Health Centres.

In view of the Government's fiscal surplus, some Members have proposed to allow elderly persons to use public medical services at half price. But owing to the continuous growth of the elderly population, this will only add to the Government's financial burden. After weighing the pros and cons, I think the Government should invest more resources in primary health care and education, so as to enhance elderly persons' awareness of disease prevention and health promotion. Elderly persons should be made to understand that declining physiological functions are just natural phenomena, and that they need not hasten to seek medical treatment in order to live healthily. With such a correct concept in mind, they will not lightly queue up at hospitals for medical consultation. In this way, the lengthening of waiting lists at hospitals can be reduced, and this will be beneficial to both the elderly and Hong Kong's health care system. In order to achieve this aim, the Government should expand the health assessment services for the elderly at the community level. And, community health care teams comprising professional nurses, pharmacists, physiotherapists and dieticians should be formed, so that they can conduct general physical checks for weak elderly persons at the community level. Besides, they can also conduct comprehensive health assessments for the elderly and make recommendations. In this way, the incidence of diseases among the elderly can be lowered, thus reducing their frequency of hospitalization and reliance on the public health care system.

Besides, as we once proposed, the Government should model on the existing health care scheme for students and introduce a territory-wide health care scheme for the elderly in Hong Kong. For example, the elderly should be offered comprehensive assessments and recommendations on the health of their teeth, eyes and mouths, so as to reduce the incidence of disease among them. We once proposed the adoption of a voucher scheme similar to the education voucher scheme. We proposed to introduce an elderly health care voucher scheme, so that elderly persons can receive inspections of their teeth, eyes and mouths to reduce the incidence of disease. This can enable their physiological functions to remain in the best state and promote their mental health.

In conclusion, I maintain that under the principle of prudent financial management and given the considerable fiscal surplus, the Government should increase the funding for provision of long-term care for the elderly. It should also actively implement the idea of establishing community health care teams and conducting health assessments for the elderly at the community level. And, all

elderly persons in Hong Kong should also be given free inspections of their eyes and teeth, so that Hong Kong can become a healthy city even to the elderly. Thank you, Madam President.

MR LEE WING TAT (in Cantonese): President, my speech today will focus on how we can make use of the Government's considerable surplus to promote infrastructure construction and environmental protection work.

President, before I read out my scripted speech, I hope that the Secretary can respond to one question. The Government claims that it spends some \$29 billion on infrastructure construction every year, but every year, Dr Raymond will question the Government whether it has really spent that much. Every time, Secretary Frederick MA will claim that this is the amount of spending. So far, I do not know who is telling the truth. Last week, another professional body criticized the Government again — I cannot remember whether it was an architects' body or an organization of the construction industry. This professional body claimed that in the past few years, there had been a general decline in society's expenditure on construction projects, including the Government's infrastructure projects and the housing construction projects of the Housing Authority (HA) and the private sector. There is no doubt about the drop of the HA's expenditure. As Members all know, during the peak periods when I was a member of the HA, it once even constructed as many as 50 000 to 60 000 housing units a year. But now, the construction volume is just some 10 000 units a year. With the stoppage of the construction of Home Ownership Scheme flats, there was already a drop in expenditure. Then, following the SARS outbreak, the private-sector market recorded a very low construction volume for quite some time. In the last couple of years, it managed to catch up a little bit, but the volume has not been very great.

Actually, the greatest expenditure might have been the Government's \$29 billion. I hope the Secretary can give a reply once again, because every time I see Dr Raymond, I will think of this question. The Secretary claims that he has not told any lies, and that the expenditure is really that much. However, frankly, I must point out, first, that construction workers are all suffering immensely because their unemployment rate is the highest among all trades and occupations; second, even the professionals concerned, such as architects (No,

not them because they claim that they have jobs), surveyors and engineers, all do not think that economic recovery has been of any help to the construction sector.

President, as Members know, infrastructure construction is one of the ways to promote our overall economic development. First, I wish to talk about the Shenzhen-Hong Kong Western Corridor. As the Secretary knows, Route 3 will inaugurate very soon — no, it should be the Shenzhen-Hong Kong Western Corridor. But Route 3 is tolled. I have repeatedly raised the point that many vehicles, especially container trucks, may choose to head for Kowloon via Tuen Mun Road, thus leading to serious traffic congestion there. The Democratic Party has always maintained that if we want to improve the flow of goods and launch more projects to give more jobs to construction workers and those in related industries, we must construct the northern section of Route 10 as early as possible. This has always been the solution we want to implement to relieve the traffic pressure on Northwest New Territories. The construction of the northern section of Route 10 will certainly upgrade our logistics development. But the Democratic Party does not buy the idea of importing container truck drivers as proposed by the Government in its Action Agenda for the National 11th Five-Year Plan. This reminds of me the saying "Once on shore, pray no more". I hope the Secretary can say something on this to other Members. The issue must be handled carefully.

Second, as Members know, we have been talking about the Hong Kong-Zhuhai-Macao Bridge (HZMB) for much too long. After searching the records, we find that people already started to discuss this as early as 1983 in the last century. It has been 23 years. But there is not yet any commencement date. I hope the Secretary can talk to his colleague Secretary Dr Sarah LIAO and tell her not to delay the matter any further. The reason is that the HZMB is very important to the development of Hong Kong's transportation and logistics industries. It can enable us to develop on the other side of the Pearl River Delta Currently, we concentrate on the eastern side, but if there can be a bridge on the western side, we will certainly be able to make much better progress. I hope that a conclusion can be reached and works can commence as early as possible. If it is not possible to secure any huge financing at the very beginning, the Democratic Party hopes that a bridge for vehicles can first be constructed with some room reserved for constructing a railway later on. This is my second point.

The third point is about the Guangzhou-Shenzhen-Hong Kong Express Rail Link (ERL). President, I am sorry. My Cantonese pronunciations are not so good. But I am talking about Guangzhou, Shenzhen and Hong Kong. Discussions on the ERL are underway. The Panel on Transport has discussed this issue many times. The only question that remains is the choice between a shared corridor and a dedicated corridor. This is the subject of many discussions. Legislative Council Members usually do not have too many disputes concerning infrastructure construction. Only that the Government is much too calculating. We do not think that we should be so slow. We should go for a dedicated corridor, so that the construction of the ERL can be launched earlier.

The fourth point is about the MTR island south line. As Members know, the tourism industry is developing very well. Many people are coming to Hong Kong under the Individual Visit Scheme. The Ocean Park is crammed with visitors, and the population of the Southern District is also increasing. I hope that the project can be launched as soon as possible.

In the last minute or so, I wish to talk about green taxation. The Government criticizes us for always asking it to spend money. The Democratic Party's position on introducing a green tax has always been very clear. It has never made any volte-face. But we observe that after talking about imposing this tax for a very long time, the Government has not yet taken any actions. Actually, a plastic bag tax may first be introduced. We propose to impose a tax of 50 cents for each plastic bag. Then, as much as \$230 million can be collected every year. According to the information available to us, as many as 23 million plastic bags are disposed of at our landfills every day. Secretary Dr Sarah LIAO will of course say that after implementing the green campaign and advising people not to use so many plastic bags, there has been a reduction of 10%. But I am not yet satisfied with this figure. Although there is a reduction of 10%, as many as 20 million plastic bags are still disposed of at our landfills every day.

I hope that instead of relying on a purely voluntary campaign to reduce the usage of plastic bags, a tax can be introduced. I believe that the imposition of a tax will greatly reduce our usage of plastic bags. That way, our landfills can last longer and we will not have to construct any incinerators at such an early time, thus perfecting the solid waste management of our city.

Thank you, President.

DR RAYMOND HO (in Cantonese): Madam President, I am very grateful to Mr LEE Wing-tat for mentioning the sum of \$29 billion which I have been talking about over the past three or four years, and which the Government has undertaken to spend every year in both its policy addresses and budgets. But I can tell Members that in 2005-2006, only \$26.5 billion was spent, and this is 12% less than the \$29 billion mentioned above. I am also grateful to Mr LEE Wing-tat for mentioning my insistence on building a dedicated corridor for the Guangzhou-Shenzhen-Hong Kong Express Rail Link. There is no justification for using a shared corridor. In the rest of the world, no one has ever connected an inter-city railway to local railway networks. No one has ever done so. This is a totally wrong approach under the principles of railway construction. I thought there were so many experts in the Government, but it is really surprising that it has put forward such an undesirable scheme.

DR RAYMOND HO: Madam President, it is highly possible for the Government to achieve a surplus of \$5.6 billion as estimated in the 2006-2007 Budget or even more. Its fiscal reserve stood at \$307.1 billion at 20 November 2006, not even including the investment income of \$28.9 billion from the Exchange Fund reported last week. Aspiring to be a people-based Government, it is time for the Government to plough the surplus back into the community for the benefits of the people of Hong Kong.

Among other possible measures, the Government should consider reducing the salaries tax to 2002-2003 levels so as to alleviate the financial hardship of the middle-class earners who have been bearing an unfair share in bailing the Government out of its fiscal deficit during the decade-long economic downturn. The salary scale of the civil servants has been substantially reduced in the last decade. It is high time that the Master Pay Scale should be brought back up to an appropriate level to improve the morale of the civil servants. In addition, the Government should 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. This is what I have been advocating for some time.

On the other hand, the Government must increase its investment in infrastructure development. The unemployment in the construction sector is still standing at more than twice the general unemployment rate of Hong Kong. The annual \$29 billion expenditure on infrastructure development the Government has for years committed is simply not enough if Hong Kong is to maintain its competitive edge. As reiterated by me on numerous occasions, the

Government has to expedite the implementation of essential cross-boundary infrastructure facilities as well as railway projects to strengthen our competitiveness. They include the Hong Kong-Zhuhai-Macao Bridge, Guangzhou-Shenzhen-Hong Kong Express Rail, Eastern Crossing at Sha Tau Kok, Shatin to Central Link, Route 10, MTR Island Line and the Western Extension of Island Line. With regard to the Shatin to Central Link, it makes no sense for the Government to put the project on hold pending the merger of the two railway corporations. Indeed, a rail link between Sha Tin to Central is long overdue.

Apart from infrastructure development, the Government must also invest in our education. More resources should be allocated to increase the places in higher education and improve the quality of our degree and associate degree programmes. Hong Kong must develop our own talents if we are to develop into a knowledge-based economy. Developing our higher education is totally in line with the goal of developing Hong Kong into a regional education hub as envisioned by the recently released Report on Economic Summit on "China's 11th Five-Year Plan and Development of Hong Kong". I am particularly pleased with its suggestion of increasing the intake of students from outside Hong Kong from 10% to 20%, which is what I have been calling for years for the Government to do in order to bring ourselves in line with the general practice of tertiary education in other countries.

Madam President, most of the people in Hong Kong are in agreement that the Government needs to exercise prudence in financial management. But this does not mean that the Government should simply sit on its huge surplus. It must invest for our future and take concrete measures to improve the well-being of our fellow citizens.

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

MS AUDREY EU (in Cantonese): With the imminent announcement of the Budget, a Christmas tree-like motion has been put forward. Members all seek to hang their wishes onto the original motion and the amendments. Given only seven minutes, a Member simply cannot express all of his opinions on every item. He may not agree to all items either. Even if he really agrees to all items, he may not agree to the setting of priorities. Therefore, I hope that when listening to our views, the Government can bear in mind that the central idea of

the motion is to make effective use of the surplus and plough it back into the community. The Civic Party naturally agrees to this central idea.

As for other details concerning the Budget, we already submitted some detailed statistics to the Government when we met with the Financial Secretary in November last year. Therefore, I am going to briefly discuss several points today. First, when discussing the surplus, one must know how much surplus there is and how much reserves we really need. Actually, when he was Financial Secretary, Antony LEUNG did set down quite an appropriate amount — fiscal reserves equal to 12 months' expenditure will be enough to meet regular and contingency needs. Even during the SARS outbreak in 2003, when our economy was in the worst conditions, the Government's reserves still did not fall below 12 months' expenditure. It shows that this level of reserves is sufficient to cope with emergency needs. We hope that the Government can at least consider the possibility of telling us in advance what the appropriate level of reserves should be. It is a pity that Henry TANG, who subsequently took over as Financial Secretary, seems to be very much like Joseph YAM, who thinks that the greater the reserves are, the better. Therefore, as projected by the Government, the fiscal reserves by 2011 will amount to as much as \$391.5 billion, or 17 months' expenditure, exceeding the bottomline of 12 months' expenditure by \$140 million.

President, sometimes, when we talk about very large figures, we tend to lose all ideas of their magnitude. Some may ask, "How large is \$140 billion?" The answer is "14" followed by 10 noughts. No ordinary calculators can ever display a figure with so many digits. But whenever the Legislative Council puts forward a reasonable request which may involve merely several million or several dozen million dollars, the Government will invariably, "Where comes the money?" The Government is in possession of such huge reserves, but it still asks a question like this. People thus cannot help feeling angry. If a political party proposes anything that costs \$10 billion or more, the Government will say that it is a spendthrift. How then should we look at this Government which possesses several hundred billion dollars of reserves? This Government is ultra-conservative. Every year, it overestimates its deficit but underestimates its surplus. According to our computations, the Government's actual revenue in the past nine years exceeded the amounts forecast in the Budgets by as much as \$87.4 billion.

As for the second point, I have actually discussed it here several times before. The Civic Party maintains that the Treasury's cash flood actually gives us a good opportunity to deal with Hong Kong's long-term problems, such as population ageing, health care financing, the wealth gap and environmental and ecological protection. All these problems are closely related to our future generations. And, every one of them will require huge investments and cannot be resolved by mere market forces. Since the Chief Executive Election in March is fast approaching, I hope that we can conduct serious and in-depth discussions on these problems. Unfortunately, however, every time when I heard Donald TSANG mention these problems, I did not seem to hear any visions at all. He simply said he would just concentrate on the present. I hope he will not repeat what he did with the policy address last time: When he announced the last policy address, he said that since there were only eight months left in his term of office, his policy address would only cover eight months. I hope that when he campaigns for re-election, he will not say that since the term of office is just five years, he will concentrate on the development within five years. Hong Kong really needs the formulation of long-term planning and statistics on its long-standing problems. I hope that Donald TSANG can hear the aspirations of all of us in the Civic Party.

Third, I wish to discuss the question of priorities. The Civic Party maintains that our fiscal reserves should first be spent on education, environmental protection, health care and the disadvantaged. In regard to small-class teaching, Mrs Sophie LEUNG makes special reference to "cautiously assessing the additional resources required for implementing small-class teaching" in her amendment. I wish to tell Mrs Sophie LEUNG not to be worried. The problem actually does not lie so much with whether the Government has conducted any cautious assessments. Rather, we should ask it to conduct an accurate assessment because the Government has always been on the side of overestimation when it comes to such issues. It has been employing the "cry wolf" tactic to frighten us, as what it did with the fiscal deficit and reserves. People who have knowledge about education in Hong Kong can tell us that the phased implementation of small-class teaching in primary schools year by year will not incur any extra resources in the first few years of implementation. As long as the Government can be "merciful" and refrain from cutting the number of classes and schools, many people will be extremely grateful. In the case of university education, even if we restore the admission rate to 18%, we will still be lagging far behind other developed regions. As for

associate degrees programmes, the Government has so far failed to handle the problems of subsidy and bridging.

In regard to environmental protection, we are of course very concerned. President, even the Harbour Area Treatment Scheme we have been discussing recently has in fact been discussed for a very long time. The Government has recently told the Legislative Council that Stage 1 of the scheme has to be split into two. But many experts have told us that Stage 2B will only cost \$10.8 billion. If this sum is to be paid over a period of six years, the expenditure per year will be less than \$2 billion. I hope the Government can launch the project as soon as possible. As for the establishment of an ecological conservation fund, we also hope that the Government can go ahead as early as possible. Thank you, President.

DR KWOK KA-KI (in Cantonese): Madam President, after looking at the motion topics of this Council, I believe that this may probably be the last time that we touch upon the expenditure and revenue parts of the Budget and request the Government to take corresponding actions.

There are two major viewpoints in society, both about what we should do with the huge surplus. One viewpoint is that the Government should reduce taxes and return wealth to the people. The other viewpoint is that the surplus should be used for helping those in society who are most in need of assistance.

Madam President, I am of the view that at this very time, unless we can identify solutions to Hong Kong's serious and long-standing social problems relating to the wealth gap, standards of medical services, the increasing pressure faced by the people and housing, we should not introduce any tax reduction. I am especially against the idea if tax reduction can only benefit high-income earners and the business sector.

The Secretary looks a bit fat, and I do not know whether this is what makes him look like Santa Claus. Members can see that many things have been put onto Mr SIN Chung-kai's motion, which now looks like a Christmas tree. All are waiting for Santa Claus to distribute gifts. But I very much hope that the Secretary can hand out gifts to those in Hong Kong who are badly in need of assistance. I of course know that those in the business sector want to have tax reduction to reduce their burden, and middle- or high-income earners also wish

to have tax reduction. But we can observe that if tax reduction is really introduced, the wealth gap problem will certainly worsen. Tax reduction will only plunge more poor people and disadvantaged members of society into greater difficulties. I do not think that tax reduction can help, nor do I think that we should do so either.

The motion and the amendments all touch upon the issue of medical services. I also wish to discuss this issue. The Secretary was not present at our special meeting yesterday. It was on the Standard Drug Formulary. Maybe, the Secretary does not know that since the Hospital Authority (HA) has been allocated insufficient funding and the Government has been cutting health care expenditure year after year, the HA is forced to introduce the Standard Drug Formulary. Drugs which are more expensive but have fewer side-effects are no longer prescribed to patients. Instead, patients are told to pay for the drugs they need as listed in the Standard Drug Formulary out of their own pockets. As a result, the HA even has to operate a "drug store" to make money. I think this is a wrong practice.

Second, next week, we will debate an issue which not many people in society are interested in exploring — the problem of mental health. At present, psychiatrists can only afford five to 10 minutes for each consultation, and a patient may have to wait one year for a consultation. Owing to inadequate funding, only \$2 per day may be allocated for prescribing drugs to a patient. All this is nothing new. The Secretary may have heard of it already. Therefore, I very much hope that when making effective use of the surplus and ploughing it back into the community, the Government will not forget that our medical services are becoming more and more unable to help many low-income and poor people.

This aside, there is a more positive approach — the creation of a tax allowance for private medical insurance premium as advocated by Mr CHAN Kam-lam. I think this will be a win-win solution. It can help the Government lessen its pressure on the HA on the one hand and lighten the burden of middle-class people on the other, not least because many middle-class people have now been compelled to take out health insurance or make contributions for themselves and their families. Therefore, I think that before the Government finalizes any health care financing schemes, it should consider this proposal.

I understand very well that it will not be possible to conclude the discussions on health care financing within a very short time. Although the

Secretary's colleague, Secretary Dr York CHOW, has said that something can be announced in March or April, I nonetheless believe that it will still take several years before anything can be implemented. In that case, what are we going to do during the interim? Should we watch with folded arms how the HA experiences difficulties in service provision, and how middle-class people are forced to make contributions or take out insurance due to the lack of any assistance? I therefore very much hope that the Secretary can try to tackle these two issues, that is, raising the tax deduction for private health insurance premiums and increasing the funding for some necessary services of the HA.

What are the necessary services I am referring to? They are also mentioned in the amendments, one example being Elderly Health Centres. Assistance in this respect is really necessary. At present, the waiting period is almost three years in many cases. This means that a senior citizen will have to wait three years before he can receive an annual physical check. I believe that anyone who has the means will not bother to wait. Most of those on the waiting lists actually do not have the means. We therefore encourage the Government to increase the number of places. But should all elderly persons enjoy services at half price? Some elderly persons are very wealthy. For example, the several property tycoons are all over 65. Therefore, we simply should not offer half-price concession to all elderly persons. I agree that a screening system should be established. However, I do agree that half-price concession should be offered to the majority of elderly persons. And, I also think that elderly persons, especially low-income elderly persons, should be offered extra fee waivers and assistance in seeking treatment.

There are still one or two problems. I do not know whether the Secretary is aware of them. But perhaps, these problems are also related to the Secretary. Recently, the Department of Health (DH) has created some new posts for medical officers. Totally 184 medical doctors have switched from the HA to the DH. Why? The reason is that the salaries they received from the HA were lower than their peers. Even though they had passed all the examinations, their highest salary was just some \$50,000. Why have they switched to the DH? The reason is that the DH will pay them some \$20,000 more a month. The morale of front-line doctors is very low at present, and the drain rate is also very high. A high drain rate is not desirable. One may of course argue that they may go into private practice. But what will become of our young doctors? The morale of every one is low, and once one has enough seniority, one will

resign. In that case, how can there be any good doctors in the future? I really hope that we can have a sufficient surplus to give them some help now. I am not saying that we should increase their salaries. I am only saying that those doctors who joined the HA after 2000 can receive equal pay. There are indeed many things I want to discuss, but I cannot possibly mention them all. I hope that the Government can pay more attention to medical services.

I so submit. Thank you, Madam President.

DR LUI MING-WAH (in Cantonese): It is estimated that the Government's fiscal surplus in 2006-2007 may exceed \$30 billion, far higher than its original projection of \$5.6 billion. With sustained economic development, the deficit problem plaguing Hong Kong for years has finally been eradicated, much to the relief of both the Government and the public. Recently, various social sectors have been requesting the Government to return wealth to the people and enable them to share the fruit of economic recovery. This is only understandable.

Returning wealth to the people is a matter closely affecting the interests of the public. Various social strata and political parties have all put forward many different proposals, including the reduction of salaries tax, profits tax, property tax, rates, diesel duty and wine duty. There are also proposals on introducing a tax allowance for voluntary contributions to Mandatory Provident Fund (MPF) schemes, increasing the tax deduction for home loan interests, lowering medical fees and charges, raising Comprehensive Social Security Assistance (CSSA) rates, introducing an allowance for children's education, creating a tax allowance for private health insurance premiums and introducing a tax allowance for new-born babies. All this shows that when there is such an enormous surplus, everyone is expecting the Government to distribute "bonuses" to the people to relieve their plight and allay their anxieties. Senior government officials should recognize that this is a very happy task. But in order to complete the task satisfactorily, they must satisfy the people's expectations to the maximum extent.

Under the pressure of such a huge surplus, the Government should take positive steps to return wealth to the people. But when deciding how this is to be done, it should consider the following three principles:

1. Distribution of benefits of a policy or one-off nature will affect the Government's financial control in the future. The reduction of profits tax, salaries tax and rates is of a policy nature. The rebate of tax and rates is a one-off measure. If the Government forecasts that the economy will continue to progress in the next three to five years, it will be appropriate to reduce taxes and rates. If it is not so sure about the trends of economic development in the short-term future, it will be wise to offer a tax rebate and introduce a one-year moratorium for rates, profits tax and salaries tax. But no matter what measures will be adopted, the Government should also be able to convince Hong Kong people. After all, Hong Kong people are sensible and reasonable.
2. Returning wealth to the people is conducive to economic development. Any reduction of profits tax can help induce enterprises to plough back their profits into their businesses and attract inward investments. The enhancement of Hong Kong's competitiveness will boost economic development. With sustained economic development for the better, more job opportunities will be created. In the end, all social strata will benefit, and the Government's tax revenue will also increase. The profits tax rate in Hong Kong is currently 17.5%. If the rate is lowered by 1% to 16.5%, the Government will receive \$4 billion less from this type of tax revenue. But the benefits to society as a whole will prove that this is a correct decision.

Rates affect nearly 3 million Hong Kong households, and they give the Government roughly \$3.8 billion of revenue a year. If the Government can offer a rebate of one quarter's rates charge, consumption sectors such as the retail and catering industries will certainly benefit greatly. Since this is just a one-off measure, it will not be necessary for the Government to make any long-term financial commitment. The proposal is therefore worth consideration.

3. Welfare measures. The MPF is the retirement fund for all salaried classes in Hong Kong. In order to cope with the continuous ageing of our population, the Government should deposit \$2,000 into each MPF account for the benefit of future retirees. This will be a great move and it can encourage more self-employed persons to join MPF

schemes. The Government may also be aware that many people are still self-employed persons and have not joined MPF schemes. Assuming that there are 3.5 million MPF accounts in Hong Kong, the Government will need to spend only \$7 billion on a one-off basis. But this can already benefit future retirees. It is indeed a most desirable measure, one which will produce huge effects on society. As for measures such as increasing the CSSA rates and cutting medical fees and charges, they are of a policy and passive nature. Although they may temporarily lighten the grassroots' burden, they are no ultimate solution to the wealth gap problem. We therefore should not make any rash changes. It is only when upward social mobility increases as a result of sustained economic development and new industrialization that people can have more employment opportunities and become rich along with others.

In conclusion, the overall economy of Hong Kong has not yet attained the pre-1997 level after going through the severe sluggishness that lasted many years after the onslaught of the financial turmoil. The problem of serious economic imbalance still exists. Faced with the keen competition from neighbouring places, our economic prospects are still marked by various uncertainties. It is unwise for the Government to be over-generous at this stage. Therefore, the Government must adhere to the principle of prudent financial management. It must not introduce any drastic tax reduction and increase social welfare spending for the sake of winning momentary applause lest this may sow the seed of financial crises in the future. The people can certainly understand.

President, I so submit.

DR YEUNG SUM (in Cantonese): Madam President, I wish to talk about the effective use of the surplus from the perspective of education.

Madam President, the Government has been amassing billions of surplus in recent years, but its expenditure on education has kept on decreasing, dropping from \$61 billion in 2003-2004, to \$59.5 billion in 2004-2005, and to \$58.6 billion in 2005-2006. This financial year, it has dropped further to \$56.4 billion. As our economy improves, we think that it is the right time for us to consider how we can make effective use of the huge surplus for upgrading the quality of our manpower resources.

Therefore, we have put forward two requests in relation to education:

1. the expeditious implementation of small-class teaching in primary and secondary schools; and
2. the provision of loans to associate degree holders for reading for bachelor degrees overseas.

We have always emphasized that the Democratic Party's advocacy of small-class teaching will not require the Government to spend even one extra cent. Provided that the Government does not reduce the existing level of education funding, the opportunity presented by the declining fertility rate and the consequent reduction of school-age children will enable us to phase in the target class size of 25 students in secondary and primary schools on a district-by-district and level-by-level basis. Small-class teaching can upgrade teaching quality, and if it can be implemented at a time when the fertility rate declines, it will not impose any heavy financial burden on the Government. Such alarmist talk that the Government will have to incur an extra expenditure of \$2.4 billion, \$3.1 billion and \$3.6 billion respectively will simply not come true. Last year, the Government already decided to spend so much money on implementing an education voucher scheme as a means of subsidizing pre-primary education. The implementation of small-class teaching will not incur any additional expenditure, so will it show some kind of commitment and do something to nurture talents for Hong Kong?

We at the same time think that the Government should make effective use of the surplus and properly address the two major problems related to associate degrees, namely, high tuition fees and the lack of prospects. In 2000, the Government announced the aim of enabling 60% of secondary school-leavers to receive tertiary education within 10 years. The aim has been achieved ahead of schedule. Some 66% of secondary school-leavers now have the opportunity to receive tertiary education. But the target is achieved at the price of making students read for expensive associate degrees and plunging them into uncertain prospects after graduation. The reason is that the Government refuses to subsidize newly-established sub-degree programmes. And, when formulating plans on sub-degree programmes, the Government does not provide any clear-cut avenues of further studies for sub-degree-holders. Worse still, the Government has been reducing the number of subsidized sub-degree places, from more than 11 000 in 2003-2004 to just 7 000 this year. Students are thus forced to borrow

money from the Government and enrol in self-financing sub-degree programmes. Such programmes do not have any government subsidy, so students already become heavily indebted even before graduation. Earlier on, the Government announced the allocation of an additional \$300 million per year for the provision of bursaries, with a view to easing the hardship of those sub-degree students having to extend extensive loans. But this sum of money is just a drop in the ocean, barely better nothing. It cannot solve the problem of high tuition fees faced by sub-degree students.

The Democratic Party also requests the Government to offer a new tax allowance to parents whose children are studying in private, direct-subsidy or international schools or reading for sub-degrees. The Democratic Party also proposes the establishment of a children's development fund to assist children in their development. The Financial Secretary announced some time earlier that the provision of tax allowance for associate degree tuition fees would be considered as a means of relieving the burden of students and parents. Although the announcement was made as early as almost one year ago, there has been all thunder but no rain so far. We strongly request the Government to make a further announcement as soon as possible, so as to provide relief to associate degree students and their parents. This is about the question of tax allowance.

At present, the greatest difficulty facing sub-degree students who wish to read for bachelor degrees is the acute shortage of subsidized degree places for them. There are currently 840 subsidized degree places available to them. But since there are more than 20 000 sub-degree graduates a year, this is obviously unable to meet demand. The students concerned can only make do with degree programmes that are not publicly-funded. But these degree programmes are not publicly-funded, so while students must pay all the tuition fees, their only form of assistance is the high-interest and non-means tested loan scheme. The kind of assistance is far poorer than that available to students reading for publicly-funded degrees programmes. In many cases, students become heavily indebted as a result of their education. After graduation, they must make repayments to the Student Financial Assistance Agency. This will impose a heavy burden on them. If a student received a government loan when reading for his sub-degree and then also got a high-interest loan from the Government when pursuing further studies, he must repay both loans all at the same after graduation, thus adding to their already heavy burden.

Therefore, on the one hand, we propose that the Government should increase the number of subsidized bachelor degree places to more than the current 14 000 places. This maximum intake has existed for many years. On the other, we propose to increase the number of degree places reserved for admitting a greater number of associate degree graduates. What is more, we further propose to provide subsidy to associate degree-holders who enrol in self-financing degree programmes offered by local tertiary institutions or operated jointly by local tertiary institutions and overseas universities. Applicants must fulfill certain requirements before they can receive any subsidy. Our proposal can, on the one hand, ensure that sub-degree-holders will not be barred from reading for bachelor degrees due to financial reasons. On the other hand, it can also make sure that public money is properly utilized.

We also propose to offer a new tax allowance to parents whose children are studying in private, direct-subsidy or international schools, so as to lighten their financial burden.

In the past, the Government drastically reduced its expenditure on education on the excuse of a serious deficit. The deficit has now been eradicated. But despite the huge surplus, the Government is still trying to axe its education expenditure, thus adversely affecting the quality of education and the morale of teachers. The Democratic Party maintains that this policy runs completely counter to the trend of nurturing talents. Therefore, we urge the Government to make effective use of the surplus and improve education quality.

Thank you, Madam President.

MS MIRIAM LAU (in Cantonese): Madam President, that the Government will record a huge surplus this year is already uncontested. According to conservative estimation, the surplus may well exceed \$30 billion. A good part of this surplus is actually unexpected. The Government's share of the Exchange Fund investment return is unexpectedly high; there is a drastic increase in various stamp duties; and, the results of land sales are also very satisfactory. Besides returning wealth to the people, the Government should also make good use of this windfall to enhance Hong Kong's economic development. In this connection, I very much hope that the Government can increase its investment in the shipping and logistics industries as well as

infrastructure facilities, so as to enhance their competitiveness, use money to make money and create more wealth for Hong Kong.

As a matter of fact, the logistics and shipping industries are Hong Kong's pillar industries. But they are at the same time plagued with problems, many of which were already mentioned by us in past motion debates. According to the latest statistics, the port of Singapore handled a total of 24.8 million TEUs last year. In the corresponding period, the port of Hong Kong only handled 23.23 million TEUs. Our year-on-year increase was just 2.8%. Our port is now the second largest container port in the world. But for the past decade or so ago, we have been the largest. Hong Kong has come second for two years in a row. But still, it is not at all easy to maintain the second position either. The reason is that the total throughput of the Shanghai port last year already reached 21.71 million TEUs, recording a year-on-year increase of 20%. Based on such a rate of growth, one can actually conclude that Shanghai may well catch up with Hong Kong this year. As for the Shenzhen port, its handling capacity has also been increasing tremendously. From its present rate of growth, I can say that it may also surpass Hong Kong in a matter of several years.

Faced with the challenges from other ports, the SAR Government has been striving to assist the industry in cutting costs and increasing cost-effectiveness. For example, negotiations with the Guangdong authorities are underway to lower the licences of cross-boundary freight transport. And, discussions on extending the "green corridor" are also being held. All such efforts are necessary. But they need the support of the Mainland. We are waiting for support from the Mainland.

However, I think that while we are still waiting, the Government can actually take proactive actions to enhance our logistics industry's competitiveness. One proposal is that the Government may abolish the import and export declaration charges to encourage more cargo owners to export and import their cargoes through Hong Kong. In 2005-2006, the declaration charges collected by the Customs and Excise Department of Hong Kong amounted to \$1.2 billion. This is a very small sum of money when compared with \$30 billion. But the abolition of the declaration charges will bring huge benefits because it can attract huge volumes of re-exports. As a matter of fact, the Government has recently abolished the declaration charges for gold bars, with a view to enhancing Hong Kong's competitiveness in the international gold

market. I therefore propose that the Government should consider the possibility of abolishing all declaration charges. This will not only benefit the industries concerned but also help the logistics industry to attract more re-exports to Hong Kong, thus enhancing its competitiveness.

At the same time, the Government should invest more resources in the construction of logistics-related infrastructure facilities. For example, a logistics park must be constructed as early as possible. The reason is that only a suitable operational environment can enable the industry to develop high value-added logistics services and attract a greater inflow of cargoes to Hong Kong. Besides, the Government should expedite the construction of various transport facilities, such as the building of a dedicated corridor for connection with the national express railway networks. Some Members mentioned the Guangzhou-Shenzhen-Hong Kong Express Rail Link just now. This rail link can enlarge the hinterland of Hong Kong airport and port and help facilitate the flows of both people and goods. In regard to transport infrastructure facilities such as boundary control points and the Hong Kong-Zhuhai-Macao Bridge, the Government must launch their construction as soon as possible.

When it comes to enhancing the competitiveness of Hong Kong's shipping industry, the Government should invest more resources in the training of shipping talents. Hong Kong's shipping industry is still booming indeed, but it still faces one problem in its development — the shortage of talents, especially senior management talents with shipping experience. The Government should expand and lengthen the existing Sea-going Training Incentive Scheme. The Government has allocated \$9 million for the operation of this scheme spread over four years. But the money is now nearing exhaustion. I hope that the Government can lengthen or expand the scheme and step up publicity, so as to induce more young people to join the shipping industry. Besides, government shipping scholarships are also offered in tertiary institutions this year to induce more local and mainland talents to take shipping-related courses in Hong Kong. I very much hope that, if these scholarships prove to be well-received, the Government can expand the relevant schemes to induce more talents to join the shipping industry.

Madam President, international crude oil prices have been dropping continuously, by as much as 30% from US\$77.45 per barrel during the peak period of August last year to US\$51 per barrel in recent days. Vehicle fuel prices have also dropped as result of the fall of crude oil prices. In November

last year, the prices of vehicle petrol and diesel in Hong Kong fell by some 23% and 19% respectively when compared with the prices in June last year. But pump prices dropped only by 5.9% and 3.3% respectively. Once again, this shows that oil companies are quick to increase prices but slow to reduce them, and that increases are always greater than reductions.

High fuel prices affect both the competitiveness of the logistics industry and the livelihood of the common masses. But in its reply to Members' questions a couple of days ago, the Government still claimed that it had already reminded oil companies to make immediate downward adjustments if there was any room for that. The point is that reminders are just reminders, and in spite of them, oil companies have shown no concrete response and still behaved as before. Since the Government knows clearly that high fuel prices will have enormous impact on the logistics industry and the people, and since it also knows that apart from verbal reminders, it can do nothing with oil companies, it should really make good use of the surplus and reduce the diesel duty or even petrol duty to benefit the people.

Madam President, I so submit.

MR LEUNG YIU-CHUNG (in Cantonese): President, Members may have learnt from the media that the Chairman of the Commission on Poverty, Mr Henry TANG, has made a 180-degree turn from his hard-line, public opinion-defiant position and agreed to provide a travel allowance to low-income people living in the remote parts of the territory. It is roughly estimated that over 40 000 people will be benefited. This seems to be a piece of exceptionally good news. However, President, the question is: Why has the Financial Secretary made such an about turn? In the past, Financial Secretary Henry TANG had always adopted a hard-line position on public occasions. He had said that this must not be done; otherwise, the Government would be seen as handing out money indiscriminately, which would hardly be a proper way of spending. Yet, he has made an about turn now, and we have to wonder why. Has Mr TANG decided to make some changes after waking up from a dream? Or did he find it necessary to make some changes due to certain social conditions? As a matter of fact, the issue is so self-evident that it does not require any explanation at all. President, the atmosphere of the upcoming Chief Executive Election has compelled our Financial Secretary Henry TANG to make a volte-face to create the new atmosphere and environment, in order to welcome this major event.

As Ms Miriam LAU has said just now, our economic environment is favourable. Revenues generated by the Exchange Fund, property transactions and stamp duty from stock transactions are all bringing in "a sea of money" into our financial system. Furthermore, the date of the Chief Executive Election is scheduled on 25 March, a couple of weeks after 28 February, when the Budget will be announced, thereby creating a delicate political environment. If the Budget hands out money generously to all different parties, it will contribute to a favourable ambience for the purpose of further consolidating the number of votes to be cast in the Chief Executive election.

I believe nobody would question the so-called direction of handing out money to be adopted in this Budget. Money will be given away for sure, and since everybody knows that the Government will be giving out money, the current issue is: Shall we fight for the people of our camp, so that people in our sector can be benefited? And shall we defend the interests of people we want to protect? This seems to be the right line to take under the current circumstances. Therefore, everybody is fighting for the allocation of such resources.

In the process of fighting for those resources, we can see that, and many colleagues have talked about this just now as well, this will be done more or less in the same fashion in a number of ways, such as eyeing on the tax revenue and the Government's revenue. Insofar as tax revenue is concerned, I believe there is no reason for anyone to oppose a tax reduction. Nobody will oppose this, since many people can benefit from it. Apparently, people of the middle and lower classes in particular need a tax break badly, because in the past these people had contributed their fair shares to the Government without receiving any benefits or any protection in return. At a time when their living condition is less than satisfactory while society is faring well, there is no reason why they should not receive some sort of benefit. Therefore, to them, a tax rebate or tax reduction is a benefit — I did not mean tax rebate, I actually meant to say that tax reduction should be a kind of benefit to them. To people of the middle and lower classes, I believe it is a kind of concrete benefits; this is an indisputable fact.

At the same time, the public will be benefited if certain government fees can be lowered, such as rates or even water charges. These are concrete benefits which we find hard to oppose too. However, President, I believe it is most important that these must be implemented on a premise or under a guiding principle. If everybody is scrambling for the allocation of resources, what

worries me most is that some cases of uneven allocation of resources could emerge, or there may be some cases in which resources are allocated to people who are not entitled, or *vice versa*. This is what is most worrying.

In fact, what is most important to me is that, as we talk about the economic prosperity our society is enjoying today, President, what exactly do we mean by prosperity? As society prospers and makes progress, what is of paramount importance? What is most important is that there should not be a great disparity between the rich and the poor. Yet, regrettably, Hong Kong is virtually the place in the world where the disparity between the rich and the poor is most serious. We find this a shame and a disgrace.

Therefore, from the perspectives of political and economical development, I believe the major premise today is that we must eradicate or alleviate the disparity between the rich and the poor; otherwise, everything will be meaningless. Be it the Financial Secretary or other Directors of Bureaux, they must follow a guiding principle in the course of compiling the Budget, and that is: How can the standard of living of the poor families be upgraded? This is indeed very important. Take LI Ka-shing as an example. If tax concessions are also granted to him, it does not mean anything to him at all. Some petty tax concessions do not mean anything to him, do they? However, to people of our middle and lower classes, it will make a great difference if they can enjoy the benefits.

On this major premise, I hope the Secretary can really listen to public opinions and understand the actual situation now. To those poor families caught in dire straits, the primary task of the Financial Secretary is to improve their lot, and this is an indisputable fact. If the Financial Secretary does not work hard on this, how can Hong Kong become an advanced and prosperous society?

Insofar as wealth distribution is concerned, which is today's subject of discussion, I believe this is the first guiding principle. We can see that there are many low-income people, underemployed or even unemployed people. The first thing we should do is to give them assistance. What we should do secondly is to resolve the problem of inter-generational poverty. I know some children leading a life much inferior to those from families with normal incomes. Their situations in such aspects as schooling and extra-curricular activities are not satisfactory. Therefore, I hope greater efforts can be devoted to these areas, so

that these children do not have to lead an undignified way of life and that improvement can be made to their standard of living, which is even worse than what we can imagine.

President, I so submit.

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

MR ABRAHAM SHEK: Madam President, Hong Kong's economic recovery has been rapid, and the rebound in our real GDP growth has been much faster than that of our Asian rivals. Even so, Hong Kong's *per capita* income is still lower than it was at its peak in 1997. Social problems that have arisen from an ageing population and widening gaps in wealth and knowledge have undermined our economic competitiveness in the region.

At this juncture of our city's development as a world city, I strongly believe that it is of paramount importance for the Financial Secretary to make the best use of our fiscal surpluses and resources to accelerate economic restructuring and so we can create more social wealth and pursue inclusive economic prosperity.

Restructuring infrastructure — vast network of capital-intensive services including roads, railways, highways, utility distribution systems and communications networks — is critical to our current and future economic vitality. Despite the Government's financial commitment to infrastructure investment of \$29 billion annually, unfortunately, with departmental bureaucracy in the transportation planning, our cross-boundary transportation networks have not been keeping up with the need, and in many cases have even been falling behind demand, hence significantly restraining our economic growth. The Government must also cultivate an environment to attract private sector's investment by first eliminating outdated bureaucratic laws and departmental crave for power and control, particularly those of the lands and planning department. The private sector's investment in development industry has declined substantially over the last few years.

While Singapore is planning to slash its corporate tax as a direct move at reclaiming foreign investment from Hong Kong, despite the Government's

efforts in boosting our city's status as the preferred regional base for multinational companies, the result is still not satisfactory — it needed to do more. In the 2007 Index of Economic Freedom report of the United States-based Heritage Fund, though we are number one, Singapore is hailed as the top country in business freedom and labour freedom, meaning that it is easier to start, operate, open and close a firm there. I strongly urge our Government to utilize its financial resources to create a business environment ideal for attracting more overseas corporations and encourage more local investments. Our Government must provide more incentives for private investment. What the Government can properly do is to work to sustain a competitive business-friendly environment by restraining its increasingly interventionist sentiments, particularly as I said earlier, those of the building, land and planning sectors.

Also, to raise the skill level of Hong Kong's workforce, the Financial Secretary must invest, and has invested, heavily in retraining and in upgrading higher education with an emphasis on research and building up a talent bank. It is a global trend to encourage universities to become more international in outlook and development. Our Government must invest in building more dormitories, facilities and campuses at local universities to accommodate a growing number of expatriate elites from overseas.

Madam President, I am sure our Government would not allow our problems to persist, with poverty and the widening gap between the rich and the poor, and would work hard to alleviate these unwanted realities.

As an anti-poverty issuer I applaud the Government and in particular the Financial Secretary in keeping its commitment to introduce a trial scheme providing transport subsidies to all low-income earners. The financial commitment of this scheme is insignificant but this minor step is a bold step in the right direction in alleviating poverty. And I wish they could do more in the future. The Government must also redouble its efforts to alleviate poverty at the district level by joining hands with businesses and community groups to launch pioneering social enterprises to enable the unskilled and the disabled to make a decent living. It will help them integrate into the community and enhance their sense of self-reliance.

Madam President, I am opposed to the Honourable CHAN Kam-lam's amendment urging the Government to introduce more deductible allowances that

would make our tax base even more narrower. Overstepping that limit could seriously undermine our city's competitiveness, which is built on, among other things, a low and simple tax regime. An ageing population means not only a sharp decrease in the number of salaried taxpayers, but also a higher spending pressure on health care and social welfare services. Definitely, over time we need to spend more on our health care policy and that in the education sector. I am sure that the present surplus must be carefully preserved for rainy days as we have seen in the recent years.

I believe the golden rule of fiscal policy is that a government's budget should be balanced over the economic cycle, and a sustainable public finance system is absolutely required for achieving high and stable rates of economic growth. The Financial Secretary must strive to maintain fiscal sustainability and utilize our resources to achieve broader economic and social goals.

Thank you.

MR JAMES TIEN (in Cantonese): Sorry, President. Today's motion urges the Government to make effective use of the surplus and plough it back into the community. With regard to this premise, the Liberal Party is absolutely supportive. However, regarding how the Government can make effective use of the surplus, we would like to ask: How should "effective use" be defined? Of course, we have so many amendments today, all hoping that the Government can spend more on all kinds of policies, be that on education or the elderly, and so on. The Liberal Party is of the opinion that, since we have such a substantial excess in surplus now, we should plough it back into the community.

However, in doing so, should it not be the case that only the most needy are benefited, while others are not? I find this a relatively better concept. In other words, the plough-back benefit is not automatically given to everyone. For example, can all the people in the low-income group benefit from the transport allowance, thereby in effect paying part of the employees' wages for the employers? Or shall we only offer the plough-back benefits to only the most needy? There is a substantial difference between the two.

Besides, many Members have just mentioned that, since the problem of the widening wealth gap is becoming increasingly severe, this is something we

should do. In my opinion, we in this Council should work with a common goal and do not promote division in society. With regard to the problem of the widening wealth gap, some may think that the rich should pay more. This year, the total revenue from salaries tax amounts to over \$48 billion, while the corresponding figure in 2003 was just \$30 billion. Therefore, those who have the means have already paid substantially more than previously in salaries tax.

The case with profits tax is similar. The aggregate revenue from profits tax in 2003 was only about \$40 billion or so, but the figure has grown to \$70 billion this year. In other words, those companies have paid a lot more in profits tax. The excess is already the tax they have paid additionally, but some other Members think that the 16.5%, or even 17.5%, should still be increased. The Liberal Party thinks that, with the improved economic conditions, everyone earns more than before, regardless of whether the tax rate is 16.5% or 17.5%. Since we now already have so much surplus, it will not be necessary to promote division or to ask some of the people to pay more in order to subsidize other socially disadvantaged groups.

With regard to assisting the socially disadvantaged groups, given the surplus now, particularly in the context of the present knowledge-based international economy, the Secretary must agree that it would be relatively easy to make more money by making use of our money, instead of running a bistro cafe or operating a garment factory, and so on. The Government has already seen that, the Chief Executive Officer, Mr Joseph YAM, has done a good job this year and managed to make Hong Kong catch up with Singapore. With 9.5%, we can make as much as \$103.7 billion within a very short span of time. We have so many heated arguments on various subjects. For example, someone proposes to increase the elderly's allowances; the Commission on Poverty (CoP) said that it needed to have over \$1 billion; the transport allowance proposal will require several billion dollars, and the small-class teaching initiative would require over \$1 billion. In comparison with the above returns figure — it should normally be \$50 billion to \$60 billion, but now it is over \$100 billion — so the additional return amounts to \$40 billion to \$50 billion, the total being two or three times of the \$30 billion the Government planned to generate by introducing the Goods and Services Tax.

Now, we do not have to worry that the Government might be running out of money. It has enough money. It does not have to ask the rich to pay more;

otherwise, the rich would put up opposition too. Since the Government has such a substantial surplus, according to the current surplus position, we think the Government can implement many proposals put forward by the various Members who have proposed amendments or requested by other concerned sectors. Although the motion has not worked out an aggregate amount required, we have already discussed them repeatedly in the CoP meetings and found that, with all the sums added together, these projects will only require several billion dollars in total.

Since the Government is capable of implementing these projects, it should make effective use of the surplus to plough it back into the community. Of course, the Liberal Party finds that two specific points should be implemented. In the 2003-2004 financial year, in view of the fiscal deficit, the Government requested the middle class to pay more in salaries tax. Therefore, we think that the Government should adjust the salaries tax back to either the 2003-2004 level or the 2002-2003 level.

Another item is rates. Since the rates charge percentage has all along been subject to re-evaluation, if the re-evaluation is too high, then the money collected by the Government will increase. The Government should contemplate how it can plough it back into the community. We propose a 0.5% reduction in rates charge. In doing so, the Government's revenue from this will not decrease. For example, the sales and leases of residential flats have shown an increase of 17% this year, and those of Grade A offices have also increased by 32%. Basing the estimation on such figures, the Government's revenue has actually increased. So even a further 0.5% reduction will not pose any difficulties to the Government.

With regard to other figures, we do not have any specific ideas. Basing on such figures and in view of such a substantial surplus, we think that the Government is actually capable of implementing such proposals — these proposals can be implemented without identifying the source of funding; and they can be implemented right away without waiting for money to be generated from new sources of revenue. Now, we have \$1,100 billion, together with — I am sorry — together with \$103.7 billion, which was released last time, the aggregate amount of money in our possession now has already exceeded \$1,200 billion. Even if the Government spends over \$200 billion yearly, the money we

have can meet the expenditure for four to five years. The Government absolutely does not have to worry about whether our reserve can be adequate for safeguarding the Hong Kong Dollar, nor does it have to worry for some other reasons.

The most important point is the economy of Hong Kong has been very robust this year. Of course, one of the reasons is the weakness of the US Dollar. Since the Hong Kong Dollar is pegged to the US Dollar, we can see that our economy is very robust. For example, our stock exchange sees a daily total turnover of \$40 billion to \$50 billion. Our revenue from stamp duty has also seen an increase of \$14.8 billion. In addition, we still have revenue from sources such as the sales of land, and so on. So, we feel that, in the short term, the Government will continue to see surpluses in the next couple of years.

We absolutely support the proposals put forward by other Honourable colleagues. As they have said, all these proposals would only require the spending of some small sums. Regarding this amount of about \$100 billion, our annual expenditure estimate is \$250 billion. Even if we spend several hundreds millions on this project and another several hundred millions on that project, we still think that the Government can absolutely afford them. Therefore, we think that if Members of this Council were divided in many motion debates, then we could never achieve any consensus. If no consensus can be reached by the various parties and groupings Since the Government has the surplus, we do not want to impose any tax increases on the people. Regarding some measures advocated for implementation, we would support them. Only in this way can we take a united stand in conveying a clearer message to the Government.

Certainly, we also hope the Government can understand that the wealthiest party right now is the Government itself. Although the business sector is also wealthy, the middle class is having a hard time, and the grass-roots people are having an even harder time. We have absolutely no objection to the Government's ploughing the surplus back into the people, and we also hope that the Government can do it. With such a robust economy, we shall not have to worry that our revenue may not be able to meet our expenditure or that any fiscal deficit may arise in the Budgets of the next two years.

Thank you, President.

MR CHIM PUI-CHUNG (in Cantonese): President, I believe everyone will feel happy about the motion debate today, particularly the Government. It will definitely repeat its clichéd slogan: We shall plough the surplus back into the community and leave wealth with the people.

In fact, when any government drafts its budget, it does not have to care about the deficits. The existence of deficits reminds a person or a government of a sense of crisis, conveying the feeling that poverty will come his or its way. Once this person or this government feels this way, he or it will do the best to earn money. If the reserve is too substantial, then the person or the government will become self-contented with the money already in possession without making any effort to earn any more money. Therefore, I always crack the joke to say that those richest persons in the world should be executed. Why? As long as he continues working, all his sons, grandsons and even great-grandsons do not have to work. It is because the fortune they can inherit from their "grandpa" is so substantial that it will be adequate for feeding the people of the next few generations. His existence is just an obstacle to progress. Similarly, a "mean" government also deserves such a criticism from the people.

President, if today we are saying that it is most important for the Government to plough the surplus back into the community, then I think the group of people who should be benefited most are the stock market investors. Why? In the past, regardless how hard their lives were and how painful they were, they still had to pay stamp duty. In the last debate, I said that the incumbent Chief Executive had said (when he was the Financial Secretary) that when the restrictions on the commission charged are removed, the stamp duty would also be abolished. Therefore, apart from taking care of the interests of the needs of the middle and lower classes, the Government should also review whether it is necessary to abolish the 0.1% stamp duty or reduce it by half to 0.05%, so as to meet the need of society. Why? Because I do not understand the present mentality of the SAR Government. Why should it promote the trading of warrants? It could well be The Government absolutely cannot collect any stamp duty from the trading of warrants. So the existence of warrants is very unfair to stock investors. They are made to pay the money, but they are still being treated to such unfairness. This is not in line with the policy of returning wealth to the people while the Government has attained a surplus position, thereby making many small listed companies They are allowed to be listed on the market, but they are not provided with the market. This has particularly violated this principle.

The Chief Executive has recently said that our economy is currently enjoying the best time during the past two decades. In terms of statistics, we cannot raise any objection to this claim. However, let us take a look at the situation some four decades ago. It was a time when all the people were poor when they first arrived in Hong Kong. Apart from this fact, the entire society was relatively equal and fair. True enough, from the economic point of view, we are having the best time for the past two decades. However, the best interests are being monopolized by less than 10% or even 3% of the entire population. Although 97% of the population are complaining that they are having a tough time, in view of the fact that Hong Kong is a free society, they can rely on no one but themselves to improve their lot. However, in spite of this, I think a responsible government should fully understand all the causes and effects, and it should know all the situations of each line of businesses. It should not presume that the entire society has been allocated the resources fairly just basing on some figures.

Therefore, I would like to take this opportunity to say that, if the Government wishes to boost and enhance its own revenue, it must, beyond all doubts, resume the sales of land on a regular basis. Although the Government has all along adopted a fairly conservative and reserved policy in conducting land sales since it asserts that the money generated from this is not recurrent revenue, in fact the situation in Hong Kong is rather unique. In the past, the annual revenue generated from land sales could amount to over \$10 billion or even to over \$20 billion or even \$30 billion. It did have enormous impact on the overall revenue position. Therefore, the Government now attaches great significance to the Application List System. In order to cope with the Application List System, many companies have established independent departments to conduct research work on this subject. But once an auction on a lot has been triggered, how can the original proponent bid for it successfully? Other people would also rush to bid for the lot in question. In future, who will work for the Government on a regular basis? It is because, at the end of the day, the proponent may get nothing at all. Therefore, for the sake of the existing overall interests of the Hong Kong community, it is inevitable for Hong Kong, from a practical point of view, to conduct land sales.

Let us review the overall economy of Hong Kong. Among the four major pillars of Hong Kong, the first one I shall discuss is the logistics industry. Insofar as logistics industry is concerned, we can see that the Yantian Port in

Shenzhen and the Yangtze River Delta Region will pose very great threats to Hong Kong in future. Personally, I think Hong Kong will be in even greater difficulties in three to five years' time. Secondly, in the tourist industry, Macao has already announced that the Individual Visit Scheme (IVS) will be implemented. As far as I have predicted, in the gaming industry alone, Macao reaped a profit of HK\$54.3 billion last year. The Government may collect as high as — I do not mean the tax, but the "share of the gaming dividend" — about 38%. In other words, the Macao Government will receive as much as over \$20 billion in tax. However, Macao has a population that is less than 1% of that of Hong Kong. Under such circumstances, two years later, the Macao people will be able to boast proudly of their superiority over Hong Kong people.

Undoubtedly, the IVS has really benefited some of the trades and industries in Hong Kong. However, what Hong Kong takes pride in is of course its status as a financial centre. However, let us take a look at the situation. Among local Chinese brokers engaged in this industry, the intermediaries and the smaller market participants are basically having a very hard time. Do they have reasons to laugh? Why did two such firms have to close down? If their operations were good, why did they have to take this course of action? This is something the Government has reasons to worry about, instead of taking pride in. The Government should sincerely study why such things should have happened.

True enough, the Secretary told me yesterday that the market share of small brokers had surged back to about 12%. I feel happy about that. But it is not a fact that will remain unchanged forever. We very much hope that, apart from developing Hong Kong into a world-class cosmopolitan city and an international financial centre, the Government can also take care of the local situation, and strike a right balance. There is no need for the Government to plough the surplus back for them. They are just doing their work to make a living. Why does the Government not give them the chance? If I do not state these facts here, people might think that I have overlooked the interests of my sector. Therefore, though I do not expect that the Government will plough the surplus back into the sector to which I belong, I would still request the Government to show some concern for them.

I so submit.

MR LEUNG KWOK-HUNG (in Cantonese): What is the greatest problem we are facing now? In a nutshell, the problem lies not in the scarcity of our resources, but in its uneven distribution. In fact, all the debates conducted here are political. Let us hear what Mr James TIEN has to say. He is from the Liberal Party, and since he had taken part in a direct election, so regardless of whether he is really sincere, he could not make remarks that are too ridiculous. So he definitely has to say that the poor people are having a hard time, and he definitely finds it necessary to help the poor; and the middle-class people are also very miserable, so they must also be helped. Since the Government is so rich now, it must do something about it. It is all because he cannot afford to offend those who voted for him. I still remember that he and I have run in the same election. At that time, he said that it was the rich people who paid the tax, so it was the rich people who were miserable. He asked me not to say that the poor people had made contribution to Hong Kong; instead, it was the rich people who had made contribution to society. However, today, he had changed his assertion. He dares not make such remarks anymore.

However, our Chief Executive Donald TSANG (I do not know what sort of vision he has) said the Gini Coefficient may not necessarily reflect the actual circumstances conclusively. Certainly, if the economy flourishes and the GDP doubles, even the poor people will stand to benefit. However, this is not the case in reality. Statistics actually show that there is a widening gap between the rich and the poor and there is an increasing number of people with low income too. The reason is simple enough: The number of low-income workers has been on the rise. For the sake of expediency, the Chief Executive made lots of gibberish in this Chamber and such gibberish must not be taken seriously.

What is the subject of our discussion today? It is about two triangles. One of the triangles represents the distribution of wealth, and it shows that there is a very serious gap between the rich and the poor. 1% of the people possess the vast majority of the wealth, whereas 99% of the people possess very little wealth. Worse yet, the lower the stratum, the fewer the wealth these people possess. Therefore, if the Government wanted to garner popular support for its administration, this deformed triangle must not be allowed to exist anymore. What measures can we introduce to alleviate the disparity between the rich and the poor? We should invert the triangle. That is to say, under the circumstances in which wealth is distributed unfairly amid economic recovery and on the premise that people should be given equal treatment, the more

unequally a person is treated, the more assistance he should get from the Government (meaning society). What exactly is a government? It is merely a body elected by the people to manage society and under such a name social wealth is utilized. If we can adopt such a perspective, many of the problems can be solved.

We know that the distribution of wealth is so unfair in the first tier of the system, and even though at a time when the economy is recovering, the poor people are still earning less and less. Here, I have to illustrate the situation by saying that while taxpayers have to pay taxes, whether in the form of profits tax or salaries tax, they need to pay it only after they have earned some money, and it is unmistakable that they have made more money. What is the subject under discussion in the motion put before us? It is about more than a million poor people and tens of thousands poor labourers who are being exploited in the first tier of distribution of wealth. Therefore, when adjustments are made by the Government in the second tier in order to reduce the wealth gap between the rich and the poor, it should not slash the interests of the "less well-off" for the benefit of the "better-off". On the contrary, the Government should seek to slash the interests of the "better-off" for the benefit of the "less well-off". Therefore, the Government must increase its expenditure on all fronts to help these people to get rid of poverty and to enable them to get a share of the increased wealth. This is something we should press ahead in full steam amid economic recovery. The money thus spent should not be considered as expenses at all.

In my opinion, society is built up through the collective effort and contribution of all the people. Some people may not be able to contribute their share, probably due to problems in the system. Some people may not be able to work, perhaps because they have illnesses. There may be some other reasons rendering them unable to make their contribution towards society. But we must not discriminate against these people. If we say we should not help these people, and if we say it is a waste of resources to help these people, are we not engendering inter-generation poverty? Do we think that these people should not be given a break in life?

Therefore, in my opinion, there is only one criterion determining whether or not there should be tax reduction, and that is, whether appropriations have been made by the Government to provide these people with a standard of living

that can meet the minimum requirements. Our Government has done nothing of that sort. Instead, the Government only asks these people to save themselves. If the Government does not enact the minimum wages legislation, even if these people can get a job, the wages they earn will not even be able to cover the expenses in their daily living, so they will once again fall into the net of the Comprehensive Social Security Assistance Scheme. By then these people will once again find themselves the subject of criticism.

Therefore, in this regard, the subject of today's debate is precisely a political issue. As I had told the President last time, if the men on the street in casual clothing can go and cast their votes on 25 March, instead of only people in tuxedos casting their votes, I believe Donald TSANG would probably be here in this Council today, or maybe he would have told Secretary Frederick MA to accede to whatever requests made.

Why should Mr James TIEN accede to all the requests made to him? Because he is not the one who will pay for such requests, and he does not need to canvass any vote — he does not need to solicit those 800 votes, and he had got some 60 000 votes more than I do. Therefore, whether he meant it or he faked it, the words he uttered certainly have a greater "human touch". With regard to our Chief Executive — since he does not have any vision, that as at today he has failed to tell us what vision he has got — is he trying to make Hong Kong a more equitable society at all? Can he ask those people who are so fat that they cannot even put their socks on to set aside just some of their wealth to help the impoverished to reshape their destinies? Since he does not have this vision, he will not instruct Secretary Frederick MA to work this out. In this case, when Secretary Frederick MA gives his response later on, he certainly will not be able to respond to this request. Therefore, the election to be held on 25 March will actually be the crux of all these questions and the crux of the debate held in this Council. The Government will never say that it is its duty to serve the 6 million people; all it will say is that they are here to serve those 800 dignitaries.

MR TAM YIU-CHUNG (in Cantonese): President, speaking in a raised pitch in an emotional manner does not necessarily get you anywhere. Let me try to adopt another approach by quoting some figures to illustrate the issue. According to government statistics, over the past seven years, some warning signs have emerged in the way changes took place in the household incomes of

Hong Kong. First, with the exception of high-income families with a monthly income of \$50,000 or more, all the remaining 1.95 million families have seen their income decreased. Second, the number of families with a monthly income under \$10,000 has increased from 17.6% to 28.7%. Third, the number of families living in poverty has increased by more than 200 000 if the line is drawn at half of the median household income. These figures show that Hong Kong is facing some severe structural social problems, which include the increasingly uneven distribution of household incomes and the deteriorating quality of living of the middle class, who are the most positive force in maintaining harmony in society. Although the economy has taken a turn for the better, surprisingly the number of low-income households keeps rising. As a result, there is still much grievance in the society.

Since the Government will announce the Budget for the new financial year next month, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) demands the Government to provide various tax concessions in the Budget to lessen the financial burden of the middle-class people. In addition, various proactive measures should be taken by the Government as well, because tax concessions alone may not necessarily benefit the grass-roots people. Therefore, the Administration should offer assistance to the grass-roots people, so that they too can benefit from the economic growth of Hong Kong. Measures to be carried out to this end should include making major improvement to the medical services for the elderly and helping the grass-roots people to find jobs.

As far as the elderly persons are concerned, their greatest worry is the possibility that they might not be able to afford the medical expenses. The Government should, first of all, reduce the medical charges for the elderly by 50%; secondly, the medical waiver for the elderly should be made less restrictive. At present, among patients receiving treatment in public hospitals, excluding the CSSA recipients, for whom medical waiver is provided, only 9% of the patients with financial difficulties are granted waivers upon making applications through medical social workers. The poor people have to meet conditions that are by no means loose in making such applications, as applicants are subject to an asset limit identical to the one applicable to CSSA recipients. According to a survey conducted by the Health, Welfare and Food Bureau, among the 450 000 elderly recipients of the old age allowance, 10%, or 45 000 of them live primarily on old age allowance because they do not have much

savings and they are not supported by their children. These elderly persons should be protected by the medical waiver system. For the benefit of these poor and needy elderly persons, the eligibility criteria for waiver should be less stringent and more straightforward, so that such patients should not have to go through cumbersome examination of their income declarations. Furthermore, full waiver should be granted for a period of one year or longer.

Elderly services provided by the Government should be more user-oriented; otherwise it will defeat its own purposes. Recently, the telephone appointment booking service has become available in the Government's general out-patient clinics all over the territory. This service could have spared the elderly persons of queuing up even before dawn, but the telephone system is so complicated that even young people have difficulties in using it. As a result, the elderly are unable to make use of this system to book appointments. The DAB urges the Government to provide additional resources to enhance the capacity of the Government's general out-patient clinics. Furthermore, in addition to simplifying the telephone appointment booking system for making appointments, more chips should be allotted on the spot to ensure that elderly in need can get the essential services.

Insofar as the grass-roots people are concerned, employment is their greatest concern. As such, the Government should make good use of public expenditure in providing them with assistance and encouragement in finding employment.

First of all, the current CSSA system must be reformed. At present, the CSSA "low income" category is the only measure in Hong Kong's social welfare system taking care of people suffering from working poverty. The CSSA "low income" category allows a maximum of \$2,500 to be taken as disregarded earnings monthly, and the DAB hopes that the ceiling for this disregarded earnings can be raised by the Government. We suggest that the amount of disregarded earnings should be raised in a uniform manner from \$2,500 to \$3,500. Our calculation is like this: The first \$800 of the income shall all be counted as disregarded earnings, to be followed by 75% of the subsequent \$1,500 and 50% of the subsequent \$3,150. According to this formula, all the people in Hong Kong whose income is less than half of the median household income, that is, less than \$5,450, will be able to receive adequate government assistance in improving their standard of living.

Second, the Government should detach the unemployment assistance from the existing social security protection system and implement a comprehensive "re-employment support scheme". With the provision of unemployment assistance, qualified applicants can receive an amount of money equivalent to half the sum of the median household income for a period of six months. If they should remain unemployed after that, they could once again receive CSSA payments if they are so entitled. More measures like these should be introduced in the new Budget in order to make continued improvement to the livelihood of people with low income. Only by implementing these measures can we stop the number of low-income families from further increasing and the disparity between the rich and the poor worsening for the purpose of creating a truly harmonious society.

I so submit.

MISS CHAN YUEN-HAN (in Cantonese): Madam President, last week or the week before last, the Secretary listened to our debate on how we should make good use of the public finance. On that occasion, I focused my speech on how the current situation of Hong Kong had been affecting the employment of wage earners, and cited many reasons. Today, I would like to further discuss the issue, with the main theme being the disparity between the rich and the poor.

Talking about the disparity between the rich and the poor, we can see that, despite years of economic recovery in Hong Kong, all the government statistics show that the grass-roots people have not benefited from it. Just now, Mr TAM Yiu-chung gave some information in beginning his speech, which was some figures all of us could see all along, and they are also of concern to us. In the light of these figures, I very much hope that the Government can acknowledge the fact that the disparity between the rich and the poor does exist, though it is quite a separate issue on whether the Gini Coefficient should be adopted at all. However, the Gini Coefficient is there, ready to be used in all fairness, and it objectively reflects the actual situation. I hope the Government will not be contented with the thought that everything should be fine as the economic environment is robust, the employment prospects appear to have improved and some of the people have received wage adjustments, and so on. In fact, this is not so in reality, as illustrated by the figures we have cited just now. To begin with, there are more than a million households still living in hardship. We have

obtained many statistics from scholars with a view to telling the Government that the polarization between the rich and the poor is increasing.

I would like to once again illustrate this to the Secretary that, as I pointed out last time, these problems are attributable to the unhealthy industrial structure, thus leading to the wage polarization in society. This is a fairly significant factor contributing to the disparity between the rich and the poor. The Government cannot turn a blind eye to the lack of diversity in the structure of our industries as well as their unhealthy course of development. The Government should pay attention to the fact that the monopolization by the consortia is eating into the livelihood sectors of Hong Kong economy. For example, property developers have built many hotels and developed many shopping complexes, and they are running a large number of supermarkets and property management companies. In other words, while the small and medium enterprises could still offer some competition to them in the past, once the consortia have dominated these industries, with their large scale of operation, they can easily monopolize the respective sectors. And these sectors do have a great bearing on the grassroots. For this reason, the Government must be aware of the current situation.

Of course, we must acknowledge the fact that given globalization of world economy, many different jobs can naturally become redundant in this so-called highly developed city where wages are higher than that in other places. Here in this place, wages below \$5,000 are regarded as reaching a level eligible for receiving CSSA, whereas in Shanghai, people earning wages of \$5,000 could be holders of a PhD degree, although the conditions of the two places are entirely different. All kinds of jobs can easily become redundant. We have said that the Hang Seng Bank should not withdraw from Hong Kong, nor should other companies take the same course of action. However, objectively speaking, companies have kept withdrawing from Hong Kong and the number of jobs in IT and accountancy fields have kept dwindling. What could have gone, have gone. Under the circumstance, the fact is that, among what we call the four major economic pillars of Hong Kong, with the exception of the logistics industry, the number of clerical jobs has kept dwindling, and the same has been happening with other types of job as well. In other words, under globalization, insofar as the development of our IT industry is concerned, our "brain drain" is actually taking place at a fairly rapid rate.

In a recent meeting with labour unions representing non-professional workers, that is, the white-collar workers, I realized that all of them were worried about their prospects. At present, the entire economy is moving towards either professionalism or the "trendy" industries. If a person does not have any specialties in these areas, even if he is a university graduate, he may find it difficult to have good career development in these industries. At present, university graduates are only making \$7,000 or \$8,000 a month if the subject they have read is not related to what is popular in the industries. I very much hope that the Secretary can get a grip of the trend from some relevant figures.

Under such circumstances, and given the polarization of wages, the polarization of job opportunities and the overall situation of the disparity between the rich and the poor in society, if we fail to face these issues squarely, in my opinion a very major problem will emerge. Naturally, I have to tell the Secretary: Please take some actions. When the Government has such substantial reserves, some groundwork must be done.

Tax concessions are necessary, as I explained on the last occasion. For example, should we do something about the salaries tax threshold? Take the MPF as an example. I have just talked to the person in charge of the MPF and I asked: At a time when the ceiling has been raised to over \$30,000, shall we not also give some thoughts to those who are making \$5,000? Once we have proceeded to a certain stage, will it be possible for us to make certain people pay less in certain fees? Of course, people in charge of retirement protection may worry that, with the lapse of a certain number of years, say 10 years, 20 years or 30 years, not much money can be accumulated, and such money may not be adequate for meeting the needs of their post-retirement life. I said that was another issue. At present, people with wages below \$5,000 are not required to make any contribution, but this threshold of \$5,000 was set a number of years ago. What is the situation now? There is now inflation, and while we were expressing such viewpoints, the person in charge of the MPF agreed with us. We believe exemption should be granted to certain people, so that they could lead a better and more comfortable life. These are matters that should be taken into consideration.

Apart from considering these issues, I really hope that the Secretary can give some thoughts to the current problem of the disparity between the rich and the poor in Hong Kong. In addition to tax concessions, consideration should be

given to certain issues related to the elderly. I fully agree to all the suggestions made by Honourable colleagues just now, such as granting tax concessions, increasing the rate of old age allowance, and extending the period of absence from Hong Kong to one year, and so on. Yet, with the enormous surplus in our possession, are there some longer-term measures that can be adopted, such as a universal retirement protection system?

I am saying this because I very much hope that at a time when we are enjoying economic prosperity, we can contemplate why over a million grass-roots people are still living in hardship. Society as a whole should give this some thoughts and think about this. Changes should be made to the previous purely market-oriented approach, and we should no longer overlook the fact that consortia are monopolizing the market to the effect that they are killing the vitality of small operators. At present, we are tackling these problems on a case-by-case basis. However, very often, while we are asking the Government to tackle the unemployment problem, we could see that other problems are emerging in the competitive market, such as The Link REIT incident.

A moment ago, I went out to talk to some people about The Link REIT incident. The Link Management has to bear what is called public responsibility or corporate responsibility. This is particularly significant as The Link Management is running its business in housing estates. So what are they arguing now? I am not going into the specific details, and I just want to tell the Government that although in principle the disparity between the rich and the poor can never be avoided, the polarization problem has now become very serious. If ultimately the Government still does not give some serious thoughts to these issues, some problems will inevitably emerge in society some time in future.

MR HOWARD YOUNG (in Cantonese): Madam President, since the Government is anticipated to further record a considerable amount of surplus, basically we may say that a consensus has been reached for demanding the Government to make effective use of the surplus and plough it back into the community for the purposes of enhancing the competitiveness of Hong Kong. Earlier, Mrs Sophie LEUNG of the Liberal Party has illustrated a number of points on this topic on behalf of the Party in relation to her amendment. This being the case, I will focus on matters relating to tourism.

I am very pleased that in response to the calls from the tourism industry and the Liberal Party, the Government has now placed an increasing emphasis on the development of the tourism industry. During the past two years, a number of new tourist facilitates have been commissioned, including the Hong Kong Disneyland, the Hong Kong Wetland Park and the cable cars at Tung Chung. These are new elements that enrich Hong Kong's tourism resources. Although we had only 25.25 million visitors to Hong Kong last year, which had not hit the 27 million mark as previously anticipated by the Hong Kong Tourism Board, the figure already stands for an increase of 8% over the preceding year.

With the ever intensifying competition in the tourism industry within the region, such as the completion of a series of new casinos and new tourism facilities in Macao, the rate of increase in the number of visitors to Macao last year outran that of Hong Kong by a large margin, though the actual number of visitors had not caught up with that of Hong Kong. If we do not work harder to prepare for the future by strengthening our capability, improving our tourism infrastructure and enhancing our competitiveness, I am afraid the status of Hong Kong as a tourist destination will be replaced. Furthermore, the development of the tourism industry of Hong Kong is tilted, where mainland visitors are making up half of the total number of visitors, and money spent on shopping makes up half of the consumption of tourists. So, in order to rectify this unhealthy state of affair in the long run and enable the tourism industry to develop in a balanced manner, we should provide more diversified tourism facilities.

It is a long story, insofar as tourism facilities are concerned, so I will concentrate on just a number of areas. At present, it is generally agreed that tourism is one of the four pillars supporting the economy of Hong Kong. To ensure the sustainable development of the tourism industry, additional resources should be committed to opening up more tourist attractions and enhancing support facilities in order to attract more up-market visitors from categories of family travellers and business travellers, as well as visitors from different countries and regions. Meanwhile, we should encourage visitors to stay at Hong Kong for a longer period of time. For example, new elements have been added to the Ocean Park, music and lighting shows and fireworks shows are staged at the beautiful Victoria Harbour, and new theme parks such as the Hong Kong Disneyland and the Wetland Park have been opened, all successfully attracting large numbers of visitors. Only with the continued introduction of new

elements can we maintain an increasing number of visitors on a regular basis and keep improving the quality of our services.

Both the Liberal Party and the tourism industry welcome the proposals as contained in the Action Agenda on "China's 11th Five Year Plan and the Development of Hong Kong" which was unveiled in the Economic Summit. Many of these proposals were proposed by us, including heritage tourism, green tourism, evening art and cultural activities, and tourism enhancement programmes to be completed on schedule, such as the Aberdeen tourism project, the waterfront enhancement project of Lei Yue Mun, the Tsimshatsui Piazza, and the permission given to Hong Kong tourist agents to operate outbound tours on the Mainland. We have proposed these measures before, and we hope the Government will continue implementing them. Furthermore, we hope that improvements can be made to infrastructure facilities such as airport capacity and better visa arrangements in order to provide greater convenience to tourists, and so on. We also hope that such suggestions as further co-operation with the Mainland for "multi-destination" itineraries can be implemented step by step.

In addition, the Liberal Party has the following suggestions with regard to tourism projects. In the past, we suggested that elements of gaming activities could be introduced to the development project at Lantau with the provision of a major, comprehensive recreational complex incorporating casinos, shopping arcades, spa, big event performances and even exhibition events to attract more up-market local and international visitors. Apart from that, enhancement programmes could be carried out to transform the old market adjacent to the seafood street of Sai Kung into a floating eating establishment. Furthermore, bungalow-style hotels can be built in the district to make Sai Kung a Venetian recreational villa.

We also hope that the construction of the MTR Southern Link can be implemented. I take that as a tourism facility, although it is also a transport facility at the same time. Building on the strength of the existing tourist facilities, additional tourist attractions such as Fisherman's Wharf should be in place as well to quicken the pace of development of the Southern District.

To make it even more attractive and convenient to mainland visitors, I suggest the Government to enhance the intermodal links at the airport, to set up immigration counters at SkyPier and to build a permanent cross-boundary commercial heliport for flights between Hong Kong and the Pearl River Delta

Region. Consideration could be given to using the model of co-location of immigration and customs facilities and providing fuel duty waiver for domestic flights for the purposes of promoting helicopter tours.

With regard to the much discussed cruise terminal facilities, we are very pleased to learn that the project has been given the green light. We will be all the more happy if details can be hammered out soon so that the facilities will be up and running as soon as possible.

At present, there are only approximately 43 000 hotel rooms in Hong Kong. It is estimated that by 2011, the number of hotel rooms will still be under 60 000. This rate of increase lags far behind our neighbouring regions, so much so that it is "dragging the feet" of the development of the hotel industry, making the hotel industry incapable of coping with the future demands as tourism continues to flourish. According to people of the hotel industry, every additional hotel room can create a job opportunity for a front-line hotel worker. Therefore, Hong Kong needs to provide more hotel rooms at a quicker pace, be it from the perspective of fostering tourism development or providing more employment opportunities. I hope the Government can adopt a more flexible approach too in the granting of land for this purpose.

Finally, the Liberal Party once again urges the Government to lower the wine duty, as Hong Kong's wine duty is among the highest in the world. In view of the Government's current fiscal surplus, we believe that lowering the wine duty can help consolidate Hong Kong's status and reputation as a "Gourmet's Paradise" and attract high-spending visitors to visit and spend in Hong Kong. This may be an incentive that can bring about high returns as well, and it might be possible to bring about increased revenue, just similar to what happened with the last reduction in wine duty. I hope the Government can consider this suggestion.

I so submit.

DR FERNANDO CHEUNG (in Cantonese): President, within the short span of several weeks, this is already the third debate on the issue of fiscal surplus and general public finance. Apparently, we are talking about the "massive surplus" of the Government. In my recent talks with government officials, they actually

said they were literally "drowned in a sea of funds", not because there was a calamity, but because there was too much money. At present, the fiscal surplus is generally estimated to be reaching \$40 billion. This is a huge amount of money in its own right, but if we add to it our fiscal reserve, coupled with the fairly conservative Budget for the current financial year, then there is so much money that it can literally be described as "a sea of funds". So, what shall we do? Political parties and Members have been "rather too quick" in demanding the Government to spend all the money. Of course, whatever we say, there are always ways of labelling us as "canvassing for political capital", and so on. But I am not going to discuss these issues today.

I believe we are well aware that we are facing the need for some rethinking about our public finance, such as how we should put our public wealth to good use. Hong Kong is extremely wealthy, both in terms of private and public assets. This "pie" will keep on growing in future. Of course, the question remains, in the context of an affluent society, whether the majority of the people are able to live with the minimum dignity, respect and a reasonable standard of living. Are they by and large well taken care of? Generally speaking, do we feel that we are living in a society that is open and fair and where there is justice and reason, so that we are leading a happy life with our own individual space, prospects for progress, aspirations, identity, as well as visions for the future? In the meantime, do we have the knowledge that the Government will do all it can to make sure that wealth is evenly distributed in society through government systems, whether through the taxation system or by the implementation of other measures; and that the Government has the power and the drive to enable all the citizens to keep getting on with their business of wealth creation? As far as all these are concerned, we are afraid that it is just not the case for the time being.

The widening disparity between the rich and the poor is a problem, and I do not wish to repeat the figures and the disputes here. As a matter of fact, there are many needy people in society who have to be taken care of. We do not have to look at issues that are too remote. Even on issues such as the recently discussed Standard Drug Formulary, we still find there are patients in Hong Kong who feel that they have become a burden due to financial reasons — that they are burdened with the need for life-saving drugs. But this is not justifiable at all. Until not too long ago, elderly persons still had to wake up in the middle of the night to queue up in order to get medical treatment. Later on, since we expressed our dislike of this phenomenon, a telephone booking system

was introduced to obviate the need for queuing up in person. However, their actual needs have not been addressed, as there was no enhancement of service, and as a result these people continue to face great difficulties in this aspect. Since the quality of service of private homes for the aged varies greatly, we are seeing that many elderly persons are trapped in places where the quality of service and the environment are unacceptably poor, and basically they are waiting, in great despair, for death. In many cases, the families of these patients with infirmity are unable to take care of them; yet, patients have to wait for a very long time before they can be admitted to an institution. For example, it takes as long as nine years to secure a place in an institution for a patient who is severely mentally handicapped. Are these phenomena acceptable to our society?

At present, there are still 130 000 people living in "caged homes" or in "partitioned rooms", and even today some organizations are still able to identify the existence of child labour. Let us look around in the streets or take a walk down the Central to see how many elderly people aged 60 or above — let us say these are senior citizens instead of old people — and how they are bending with brooms in hands as they carry out their cleansing or gardening work? They can be seen everywhere. Is our society incapable of giving these people a better standard of living? Today, should the SAR Government not be at least "virtuous after becoming wealthy"? Can we eliminate these heart-breaking phenomena by providing some kind of services or by implementing some policies? If we truly look forward to becoming an international world city or an Asian world city (since we always depict ourselves as highly modern and having leadership in ... or highly motivated in the economic sphere or other areas), what have we done in taking care of the disadvantaged among us? Is this not also important? As TUNG Chee-hwa once said, the way in which the disadvantaged groups are taken care of is a reflection of the quality of our society. In this regard, do we deserve to be a high-quality society?

So, it is not my objective today to propose any great and magnificent system here. However, the fact is, there are so many things that have to be done. If our Government should choose to remain a miser today and stick to that "envelope" system formulated by Antony LEUNG in the past, to the effect that our public expenditure will continue to shrink until it is reduced to 16% of our GDP in two or three years' time, I cannot see how we can eliminate the social phenomena described by me just now. Worse still, there will be widening disparity between the rich and the poor and deepening contradictions

between the "have's" and the "have-not's". I believe this is certainly not what the people of Hong Kong would like to see. Therefore, I hope the Government can sincerely do some rethinking over this issue and inject additional resources into both the system and the services. Thank you, President.

MR LEE CHEUK-YAN (in Cantonese): If somebody should ask me what is the greatest deep-rooted conflict in society of Hong Kong these days, I would definitely say it is the wealth gap between the rich and the poor. It is obvious that our society is developing towards polarization. Only a handful of people have benefited from the economic development of our society. They are just the minority in society. Under these people, there are in fact many who are working hard all the time, yet still cannot make ends meet. Further down in the social ladder, there are the unemployed, single parents, elderly and low-income persons, whose situations are even more appalling.

When the whole society has become extremely polarized, and if this deep-seated conflict is not resolved, it would be hard to attain any social harmony at all. Secretary, what do I think is your greatest problem? I think your greatest problem lies in your mindset.

President, you should be able to recall that on the day the Chief Executive attended a Question and Answer Session, a number of Members asked him how he would address the problem of the disparity between the rich and the poor. How did the Chief Executive respond then? All he could say was: I am aware of that; our present economic growth is the best in 20 years. But then these were just some cold figures. Then I already knew that, merely on the basis of such cold figures, not everybody could be benefited. That was all he could say. But the questions he had refused to answer all along were: What would he do? What would the Government do? Then he said specific policies would be dealt with by the relevant individual Policy Bureaux. However, Secretary, as you may be aware, for a long period of time, from the past to the present, various Legislative Council panels have submitted a great number of suggestions on how we could address the problem of disparity between the rich and the poor. But what have been the reactions of the Government? The majority of these suggestions have not been accepted. Therefore, we are infuriated. When we raised the question to the Chief Executive at the Question and Answer Session, he continued refusing to give us an answer, and all he said was that it would be answered by the Policy Bureaux. But when we pursued it at the level of the

Policy Bureaux, they would invariably "say no". So what exactly has the Chief Executive done? I do not know what is on his mind, or whether the problem of the disparity between the rich and the poor has ever flashed in his mind. I suspect the problems of the poor have never existed on his mind at all. He really should go and watch the movie "Marie Antoinette" which is being shown recently. She did not know that the poor people could not even have the money to buy bread as food; she asked them to have cakes instead. I think the Chief Executive is now thinking along the same line as she did. It is too awful, is it not?

But we do not want to see our Government to be like this. The government we want is one that could truly respond to the needs of the people and address the most pressing needs of society. Yet we fail to see what the Government has done with respect to this most pressing problem. Not only is the Government doing nothing, what is more horrifying is that, as you may know, President, even the "rice bowls" of the drivers are now at risk, as suggested in the Action Agenda for the importation of drivers from the Mainland. Honestly, if drivers imported from the Mainland are paid the same wages as local drivers are, I think that would not be a problem, and that may lead to standardization in the occupation. However, as we know clearly, the primary objective of the proposal for the importation of drivers from the Mainland is to suppress the wages of drivers. Fine, here comes another case of disparity between the rich and the poor.

If you think that the consortia monopolizing the Hong Kong market should be allowed to carry on with their acts of monopolization, and continue to be "drowned in a sea of profits", so that as a result of their monopolization, the prices will not go down, but the wages of the workers will; then this is the prevailing thinking in society. If this is really the case, then the poor people will be "out of luck". I hope this is not the mindset of the Government, because it has told me this is not what has been suggested. If so, please nip the problem in the bud, otherwise it will only generate other problems in society to plague the wage earners.

Therefore, President, I think the ultimate question begged by today's motion is: What exactly has the Government done for the most needy people in Hong Kong? In fact, there are approximately 1.2 million people living in poverty in Hong Kong, and they consist of four major categories of people, namely the elderly, low-income persons, the unemployed and single parents.

What exactly has the Government done for the people from these four major categories, namely the elderly, low-income persons, the unemployed and single parents?

Insofar as the elderly are concerned, until now many of them still are not eligible for applying for the CSSA. Why? Because they are living with their families. They are not eligible for applying for CSSA as long as they are living with their families, even though they have already signed a statement to declare that they are not supported by their children. And they cannot apply for CSSA as long as they are living with their families, because the level of income is calculated on the basis of household income. These elderly persons cannot apply for CSSA, unless some cases of violence have taken place, such as when the parents are abused by the children. They can apply for CSSA only when such cases have happened. But really why must this so? While these elderly persons are struggling in poverty, what is the actual amount of money involved in our discussion? In fact, only a very small amount is involved. Hong Kong has not done any justice to these people, because they are not entitled to retirement pension of any sort. Secretary, I still have not yet raised the subject of a universal retirement protection scheme for discussion with you, and all I am asking you now is: What have you done for these elderly persons? The Government is now "drowned in a sea of funds", still, in spite of such affluence, it remains unwilling to spend a fraction of the money on the elderly. As Dr Fernando CHEUNG has said just now, the Government is on the verge of getting drowned in a sea of funds, because the "body of water" in the form of money has reached not just their eyebrows, but is almost drowning them. They are drowning soon, and if they do not release this "body of water", the whole Government will really be drowned. As such, why do they still refuse to do this, which is just a tiny deed indeed?

Furthermore, I believe medical expenses are a fairly heavy burden to the elderly. I am a bit disappointed with the Liberal Party's deletion of the suggestion allowing the elderly to use public medical services at half price, leaving me undecided as to whether I should give them my support. This is because I believe we should respect the elderly. If you say assistance should only be given to the poor elderly persons, you are in fact drawing a line by drawing a line — in fact, such a line has already existed in reality — at present, if a person can prove that he is poor, he can enjoy medical waivers. However, must we treat our elderly persons this way? Can we provide a more generous

scheme for them in using public medical services? The half price request is by no means excessive.

President, just now I have spoken on matters related to the elderly, but what about the low-income persons? They are in great hardship. Still I have to commend the Financial Secretary. Although he is not in the Chamber now, I have to commend him anyway for once. After I have "threatened him with red paint", moving a motion of vote of no confidence and pulled all sorts of strings, finally we can still have harmony and enjoy prosperity, at least for the Year of the Pig. He indicated that there would be a proposal in the Budget for the provision of travel allowance to low-income persons living in the remote parts of the territory. This is some sort of progress, a breakthrough, because finally he is willing to do something for the low-income persons, give them a little "break", and acknowledge the fact that there is indeed disparity between the rich and the poor. Although I still have some opinions on this issue, at least you have started doing something. I hope the Financial Secretary will carry it out expeditiously; otherwise, in future I will pursue you for the "interests" accrued. Of course, I hope that this suggestion will be implemented as quickly as possible to help the people in need.

In this connection, President, since there is a sea of funds drowning the Government, I believe there is no reason why the Government should do nothing for those who are the poorest and badly in need of assistance in Hong Kong.

Thank you, President.

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

MR ALBERT HO (in Cantonese): Madam President, in the past, on the issue of goods and services tax, the Government has all along maintained that this matter should be raised only in times of economic boom because the public will find it more acceptable. Therefore, we also believe that since the present economic situation is so good and there is such a large sum of surplus, it is all the more necessary for the Government to examine how our wealth can be effectively utilized to take care of members of the public who are badly in need of care and attention. If not, should there be an economic downturn, the Government

would not even deign to look at these people. Furthermore, it would even tighten its belt and as a result, the poor would not get any protection and care that they deserve. Therefore, I will raise three proposals in my speech today and they include setting up a children's development fund to provide opportunities for children from low-income families to participate in extra-curricular activities, relaxing the eligibility criteria for travelling allowance for low-income groups to encourage employment and shortening the waiting time for care places for the elderly.

Madam President, first of all, we cannot but admit that compared with the past, the Government is now more concerned about the problems faced by students from poor families. At present, various types of funds and trusts are available in society to offer assistance in this area, including \$15 million in recurrent funding allocated to the Social Welfare Department since 2005 to provide support service for young people in disadvantaged circumstances in various local communities. The Hong Kong Jockey Club has also established a Youth Enhancement Scheme at a cost of \$400 million and \$75 million was also earmarked in the 2005 policy address to implement measures such as the School-based After School Learning and Support Programmes. However, the Democratic Party still requests that the Government establish a children's development fund, so that children from low-income families can have more opportunities to take part in extra-curricular activities. Our proposal is founded on the belief that in order to alleviate poverty, we should focus on education so that these people can have the opportunity to be academically accomplished, to travel extensively and to leave Hong Kong to visit various places in the world. This is the best approach in educating students. On the one hand, their vision and horizon can be broadened, and on the other, through such extra-curricular activities, it will be possible for them to come into contact with the cultures of various regions and countries. Through such cultural exchanges, the mental and intellectual development of these students can be significantly enhanced. The Chief Executive frequently encourages students to think of their Motherland, however, it will not be possible to nurture this kind of sentiment merely by listening to the national anthem broadcast on television every day and by observing flag-raising ceremonies. We propose that the Government finance students under 18 years of age from poor families to visit the Mainland or nearby countries to experience the different ways of life during their holiday or summer vacation. We believe the funding required will amount to less than 1% of the surplus, however, to children from poor families who usually do not even have

the opportunity to go on picnics, doing so will give them a valuable and rare learning opportunity.

Besides, we hope that the eligibility criteria for travelling allowance for low-income groups can be relaxed to encourage employment. I do not wish to dwell on the details of a travelling allowance or the present situation. We know that all along, the Commission on Poverty has been discussing this matter. We propose that the duration of such assistance to be provided by the Government be extended from six months at present to one year. We hope that it will be possible to put into practice the three major principles of helping low-income people find work, keeping their jobs and continuing to work in other districts. The rationale of a travelling allowance should be to encourage these people to find work. This point is certainly important, however, we also hope that they can receive the allowance for a period of time that will enable them to settle down in their jobs, then go on to secure better promotion opportunities or wage increases after accumulating some years of experience. However, we are all aware that a lot of people do not have much savings and even if they can find work, they have to spend most of their wages on costly travelling expenses every day. Often, they may have to spend \$40 to \$50, which is equivalent to one tenth or more or even 20% of their wages. Therefore, we think that these people are in great need of our support and encouragement. Again, we hope that there will be no more dilly-dallying on this matter. We should reach a conclusion and put things into practice as soon as possible.

Finally, we hope that additional resources can be allocated to addressing the problem of elderly people waiting for care places. In the 2005 policy address, the former Chief Executive, Mr TUNG Chee-hwa, pledged to deploy \$180 million to gradually convert over 10 000 residential care places in 75 homes throughout the territory into long-term care places that provide a continuum of care up to nursing level for the elderly, so as to shorten the waiting time for elderly people. However, it can be seen that in the past three years, the number of elderly people waiting for care places, including care and attention places and infirmary care places, has remained at a high level. On the one hand, the number of elderly people waiting for places has increased from 20 000 in 2004 to more than 22 000 in 2006, while the number of successful applicants has been on the drop. We hope that the Government can make use of the surplus to improve the provision of care places and to honour the pledge made by

Mr TUNG Chee-hwa two years ago as soon as possible. Thank you, Madam President.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): If no Member wishes to speak, Mr SIN Chung-kai, you may now speak on the amendments. You have up to five minutes to speak.

MR SIN CHUNG-KAI (in Cantonese): Madam President, earlier, some Honourable colleagues, such as Ms Audrey EU, said that this motion was like a Christmas tree. Madam President, one month has passed since Christmas and Chinese New Year will come soon. Just now, someone has talked about the golden pig, meaning that the public coffers are flooded by cash. Of course, people will display peach blossoms during the Chinese New Year but unlike the Christmas tree, if too many items are hung onto a peach blossom, it will break and in fact, I am also very worried that today's motion will really break.

I remember that at this time last year, a lot of people also had debates on the economic situation, the position of public finance and whether the Government should cut taxes. However, the situation this year is different. If we look at the four amendments today, there is no doubt that there is a strong consensus among various political parties and groupings in the Legislative Council: firstly, the position of government finance this year is satisfactory and not only is there no fiscal deficit, the surplus has even exceeded the target; secondly, the Government should make effective use of the surplus and plough it back into the community and thirdly, general speaking, all political parties and groupings agree that the Government should cut taxes, help the socially disadvantaged groups, develop the infrastructure and even improve the business environment.

Of course, various political parties and groupings have different views on the specifics of how to make effective use of the surplus and plough it back into the community. The Democratic Party also has reservations about some of the specifics.

As we said last year in this Council, the Democratic Party has always held that tax reductions and helping the poor is not a zero-sum game, particularly when the surplus this year amounts to tens of billions of dollars and tax reductions will only reduce government income by about \$5 billion. The resources required to help the poor will amount to only hundreds of millions dollars or just over a billion dollars. According to the calculations of the Democratic Party, even after reducing taxes and implementing the measures to help the poor, the Government can still deposit a huge sum of surplus into the Treasury.

Regarding the amendment proposed by Mr CHAN Kam-lam, the Democratic Party has a little bit of reservation about some parts therein, such as introducing an allowance for newborn babies (of course, the Democratic Party supports increasing the child allowance), introducing an allowance for private medical insurance premium and further increasing the amount of deduction for home loan interest. On providing deduction for voluntary contributions to Mandatory Provident Fund (MPF) schemes, the Democratic Party believes that the measures aimed at encouraging the public to save for their retirement should not be confined to MPF only but should be extended to other retirement savings products.

As regards waiving the rates payment for one quarter, I am aware that the sum involved is not small and waving the rates payment for one quarter is likely to involve \$2 billion or \$3 billion of income. Today, Mr CHAN Kam-lam has taken one step further by proposing a waiver of the rates payment for two quarters. How rates payment should be waived is an art and I believe the amendment proposed by Mr WONG Kwok-hing is more likely than that proposed by Mr CHAN Kam-lam to benefit the hoi polloi because we know that in fact, the stock prices of the property companies that own those shopping malls and buildings are skyrocketing, so I think there is no need to waive the rates payment for one quarter to benefit these companies.

The amendment proposed by Mr WONG Kwok-hing in fact also shares some similarities with the proposals made by the Democratic Party in the past. Of course, there are also some parts about which we have some reservation and the Democratic Party also has doubts about some parts of it, for example, that relating to relaxing the limit of absence from Hong Kong in respect of the Old Age Allowance to one year. In fact, should the limit not be less than one year?

Although the limit has now been changed to nine months and it can be relaxed further, if we make it one year, technically speaking, it seems there will not be any need to come back. At present, this requirement is calculated on the basis of the number of days of absence from Hong Kong each year, so will the amendment proposed by Mr WONG Kwok-hing make it possible for elderly persons to receive their allowance without having to come back to Hong Kong? As regards granting tax deduction on loan repayment to various student financial assistance schemes, should the Government not directly reduce the interest, so that all students can stand to benefit even more?

However, even though the Democratic Party has some views on some of the specifics, I still hope that a consensus with the broadest basis can be reached today because I believe this will offer insights into the people's expectations for the Budget. In view of this, the Democratic Party will support all the amendments today. This is similar to the proposals that the Legislative Council made on how the Government should change the arrangements for sharing the investment return of Exchange Fund. Even the International Monetary Fund has expressed its agreement and urged the Government to consider them.

The Democratic Party hopes that the motion today will not end up in vain and that a motion with the greatest consensus can be passed. For this reason, even though we have some reservation about some of the amendments, we will still support all of them.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Madam President, I would like to thank the 20-odd Honourable Members for actively putting forward their invaluable views today. As the Budget for 2007-2008 will be announced by the Financial Secretary on 28 February 2007, I will only make a brief response here.

First of all, I wish to respond to Mr SIN Chung-kai's remark concerning my speech on 10 January at the Legislative Council meeting regarding the report of the International Monetary Fund (IMF). To set the record straight, I wish to repeat what I said at this Council on that day. I said that "it is estimated by the report that, in the absence of any policy changes or reforms.....the level of reserves should preferably be maintained at a level equivalent to 30% to 50% of the GDP". I also pointed out then that the assumption of not having any policy

changes or reforms does not make sense because improvements will be made when problems are encountered by the Government. Certainly, however, just as I said on that day, the recommendations made in the report merit our consideration. Thus, there is no question of the level being bound to be set at 30% to 50% just because we have said so. I only wish to clarify this point with Mr SIN.

Mr SIN has also made a remark claiming that the Government has "falsified accounts" or "got the accounts wrong". I strongly object to the remark. I have explained in detail a number of times in the past, and I thus do not wish to waste Members' time here. If Members are interested, they can refer to past records and will then understand my strong objection to Mr SIN's argument.

Mr SIN's motion urges the Government to target at facilitating Hong Kong's long-term development by making effective use of the surplus. Just as I said in response to a related motion two weeks ago in the Legislative Council, the Government has all along been managing public finance according to the principle of "prudent management of public finance and keeping expenditure within the limits of revenues", and in the application of resources due consideration has to be given to the long-term interest of Hong Kong society as a whole. The original motion as well as the amendments proposed by several Members voice the aspiration for the Government to invest more resources in a number of aspects relating to the livelihood of the people and infrastructure. The Financial Secretary, in drawing up the Budget for the coming year, will give due consideration to all the views expressed by Members. However, I wish to reiterate here that the commitment of the Government to taking care of the disadvantaged and invest in infrastructure and manpower resources is beyond question. Facilitating economic development and improving the livelihood of the people have all along been the goals of our work. Reviewing the past decade, there have been dramatic increases of more than 100% and 40% in the recurrent expenditures on social welfare and education respectively. With respect to investment in public works mentioned by several Members just now, we earmark each year about \$29 billion on average for investment in public works so that such projects can be implemented. The Government wishes to expedite these projects, but Members may well understand that this requires the concerted efforts of many parties. In this respect, the Government will provide sufficient resources for investment in these public works projects. The

Government will continue to pursue fiscal prudence as stipulated in Article 107 of the Basic Law and manage public finance according to the principle of spending within our means.

In the consultation process of the Budget, many members of the public and economic experts in particular have urged the Government to be mindful of the structural problems such as the unstable revenue and the ageing population, and suggested that fiscal prudence should continue to be exercised so as to assure long-term financial stability. These views remind us that the position of our public finance will affect the confidence of investors as well as the long-term development of our economy. Being an open economy which allows a free flow of capital, Hong Kong is vulnerable to external factors. We have all along stressed the narrow tax base of Hong Kong and the over-reliance of the Government on profits tax, salaries tax, and revenues from land sales and investment return. These items, however, will fluctuate radically with economic variables which are out of our control. In the past decade, government revenue has peaked in 1997-1998 with \$281.2 billion and troughed in 2001-2002 with only \$175.6 billion. Moreover, the population of Hong Kong is rapidly ageing, which will cause medical and other expenditures to continue to surge. The IMF states in its report that the Government must put aside a vast reserve to alleviate pressure brought by revenue fluctuations and the ageing population on public finance. All these views warrant our attention.

I thank Members once again for expressing their invaluable views. In formulating policies, the Government will uphold Hong Kong's long-term development as our target, the welfare of the people as our goal, and in maintaining the principle of fiscal prudence, we will actively respond to the aspirations of society. The Financial Secretary will carefully listen to the views of different sectors and adopt a pragmatic and prudent attitude in drawing up the Budget for the following year.

Thank you, Madam President.

PRESIDENT (in Cantonese): I now call upon Mr Frederick FUNG to move his amendment to the motion.

MR FREDERICK FUNG (in Cantonese): President, I move that Mr SIN Chung-kai's motion be amended.

Mr Frederick FUNG moved the following amendment: (Translation)

"To add "the disparity between the rich and the poor in Hong Kong continues to aggravate, whereas" after "That, as"; to delete ", in addition to" after "the Government should" and substitute with "accord priority to alleviating the disparity between the rich and the poor and protecting the interests of the grass-roots workers and the disadvantaged groups before"; to add "and" after "burden on the middle class,"; to delete "relaxing the eligibility criteria for travelling allowance for the low-income groups to encourage employment" after "(b)" and substitute with "granting travelling allowance to the low-income groups residing in remote areas to relieve the problem of working poverty; (c) promoting the development of social enterprises by providing them with one-stop support, training and consultancy services, as well as offering them seed money, short-term rent remission and tax concessions"; to delete the original "(c)" and substitute with "(d)"; to delete the original "(d)" and substitute with "(e)"; to delete the original "(e)" and substitute with "(f)"; to delete the original "(f)" and substitute with "(g)"; to delete the original "(g)" and substitute with "(h)"; and to delete the original "(h)" and substitute with "(i)"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Frederick FUNG to Mr SIN Chung-kai's motion, be passed.

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

(Members raised their hands)

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

(No hands raised)

Mr CHAN Kam-lam rose to claim a division.

PRESIDENT (in Cantonese): Mr CHAN Kam-lam has claimed a division. The division bell will ring for three minutes, after which the division will begin.

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

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

Functional Constituencies:

Mr CHEUNG Man-kwong, Mr SIN Chung-kai, Ms LI Fung-ying, Mr WONG Kwok-hing, Dr Joseph LEE, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr KWONG Chi-kin and Miss TAM Heung-man voted for the amendment.

Mrs Sophie LEUNG, Mr Howard YOUNG, Mr LAU Wong-fat, Ms Miriam LAU, Mr Abraham SHEK, Mr WONG Ting-kwong and Prof Patrick LAU abstained.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Martin LEE, Mr Fred LI, Mr James TO, Miss CHAN Yuen-han, Dr YEUNG Sum, Ms Emily LAU, Mr Frederick FUNG, Ms Audrey EU, Mr LEE Wing-tat, Mr Alan LEONG, Mr LEUNG Kwok-hung, Mr Ronny TONG and Mr Albert CHENG voted for the amendment.

Mr CHAN Kam-lam, Mr Jasper TSANG, Mr LAU Kong-wah, Miss CHOY So-yuk, Mr TAM Yiu-chung and Mr LI Kwok-ying abstained.

THE PRESIDENT, Mrs Rita FAN, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 16 were present, nine were in favour of the amendment and seven abstained; while among the Members returned by geographical constituencies through direct elections, 22 were present, 15 were in favour of the amendment and six abstained. Since the question was agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was carried.

PRESIDENT (in Cantonese): Members have been informed that Mr CHAN Kam-lam and Mrs Sophie LEUNG will withdraw their amendments if Mr Frederick FUNG's amendment is passed. As this is the case now, Mr CHAN Kam-lam and Mrs Sophie LEUNG have therefore withdrawn their amendments. Prof Patrick LAU therefore may not move his amendment to Mrs Sophie LEUNG's amendment.

PRESIDENT (in Cantonese): Mr WONG Kwok-hing, as Mr Frederick FUNG's amendment has been passed, I have given leave for you to revise the terms of your amendment, as set out in the paper which has been circularized to Members. When you move your revised amendment, you have up to three minutes to explain the revised terms in your amendment, but you may not repeat what you have already covered in your earlier speech. You may now move your revised amendment.

MR WONG KWOK-HING (in Cantonese): President, I move that Mr SIN Chung-kai's motion, as amended by Mr Frederick FUNG, be further amended by my revised amendment.

I hope Honourable colleagues will support my amendment. Just now, I paid close attention to the comments made by Mr SIN on my amendment and I wish to add a few words. In fact, concerning the old age allowance for the elderly, why do I propose that the period of absence be relaxed to one year? I wonder if Members have noticed that I pointed out in my speech earlier that this proposal is based on the principle of fairness. Since the Government has also imposed a limit of one year on the absence of pensioned retired civil servants from Hong Kong, it should not apply another standard to elderly people receiving the old age allowance. The Government should adopt the same standard instead of a double standard which discriminates against elderly persons

receiving the old age allowance. My use of the word "discriminate" may be rather strong, however, since the Government says that it wants to venerate and respect the elderly and that the elderly should have a feeling of being useful and a sense of personal worth, it should show a little more respect to them. At present, since the public coffers are flooded with cash, there is no reason for the Government to refuse. Therefore, I hope Honourable colleagues will support my amendment. Thank you, President.

Mr WONG Kwok-hing moved the following further amendment to the motion as amended by Mr Frederick FUNG: (Translation)

"To add "; (j) relaxing the limit of absence from Hong Kong to one year in respect of the Old Age Allowance; (k) allowing tax deduction on loan repayment to various student financial assistance schemes; (l) raising the allowance for the first two children to \$50,000 and creating an allowance for unemployed dependent parents or grandparents aged over 50; (m) providing every household with a deduction of \$5,000 on rates; and (n) offering employees a tax concession of up to \$1,000 for voluntary contributions to the Mandatory Provident Fund" after "economic incentives"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr WONG Kwok-hing's amendment to Mr SIN Chung-kai's motion, as amended by Mr Frederick FUNG, be passed.

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

(Members raised their hands)

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

(No hands raised)

Mrs Sophie LEUNG rose to claim a division.

PRESIDENT (in Cantonese): Mrs Sophie LEUNG has claimed a division. The division bell will ring for three minutes, after which the division will begin.

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

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

Functional Constituencies:

Mr CHEUNG Man-kwong, Mr SIN Chung-kai, Ms LI Fung-ying, Mr WONG Kwok-hing, Dr Joseph LEE, Dr KWOK Ka-ki, Dr Fernando CHEUNG, Mr WONG Ting-kwong, Mr KWONG Chi-kin and Miss TAM Heung-man voted for the amendment.

Mr Bernard CHAN, Mrs Sophie LEUNG, Mr Howard YOUNG, Mr LAU Wong-fat, Ms Miriam LAU, Mr Abraham SHEK and Prof Patrick LAU abstained.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Martin LEE, Mr Fred LI, Mr James TO, Miss CHAN Yuen-han, Mr CHAN Kam-lam, Mr Jasper TSANG, Dr YEUNG Sum, Mr LAU Kong-wah, Ms Emily LAU, Miss CHOY So-yuk, Mr TAM Yiu-chung, Mr Frederick FUNG, Ms Audrey EU, Mr LEE Wing-tat, Mr LI Kwok-ying, Mr Alan LEONG, Mr LEUNG Kwok-hung, Mr Ronny TONG and Mr Albert CHENG voted for the amendment.

Mr James TIEN abstained.

THE PRESIDENT, Mrs Rita FAN, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 17 were present, 10 were in favour of the amendment and seven abstained; while among the Members returned by geographical constituencies through direct elections, 23 were present, 21 were in favour of the amendment and one abstained. Since the question was agreed by a majority of each of the two groups of Members present, she therefore declared that the amendment was carried.

PRESIDENT (in Cantonese): Mr SIN Chung-kai, you may now reply and you have two minutes 21 seconds.

MR SIN CHUNG-KAI (in Cantonese): President, Mr WONG Kwok-hing needs not worry actually. We support his amendment, however, as there are some technical problems in that area, so I made some comments on it.

However, in order to set the record straight, I wish to comment on the Secretary's remarks again. This is because the Secretary has reiterated the need for the reserve to be maintained at 30% of the GDP. In fact, I wonder if the Secretary has read the relevant report carefully for it is stated very clearly therein that by 2030, it will be necessary to spend 30% of the GDP to cope with the pressure and fiscal pressure arising from the medical expenditure on the elderly.

The Secretary did not respond as to how the Government will ensure the stability of its revenue either. Which approach is actually the most desirable? The Government has just shelved the discussion on GST, has it not? In fact, the report of the IMF states very clearly that a stable return on the reserve can have the effect of reducing the amount of reserve required by an amount equivalent to 7% to 10% of the GDP, and that the effect of GST on stabilizing the reserve is very limited. Often, the Government only likes to listen to comments that it finds pleasing, so it has heard but not listened to this recommendation in the IMF report. I think the Secretary should read the report from cover to cover at an appropriate time instead of reading only the first paragraph but not the 24th paragraph. Secretary, I hope that you can learn from the IMF report in earnest in future. I so submit.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr SIN Chung-kai, as amended by Mr Frederick FUNG and Mr WONG Kwok-hing, be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 11.00 am on Wednesday, 31 January 2007.

Adjourned accordingly at twenty-two minutes to Eight o'clock.

Appendix I**WRITTEN ANSWER****Written answer by the Secretary for Economic Development and Labour to Ms Audrey EU's supplementary question to Question 1**

As regards the Administration's plan to set up an independent conservation trust for the development of nature conservation, the Environment, Transport and Works Bureau is of the view that establishment of a nature conservation trust can facilitate pooling of funds from all sectors of the community for protection and conservation of the natural heritage of Hong Kong. It will provide an alternative source of funding to sustain nature conservation efforts. Some applications received under the New Nature Conservation Policy Pilot Scheme for Public-private Partnership (PPP) also propose the establishment of site-specific trust to finance the long-term conservation of the concerned site.

The Environmental Protection Department (EPD) is examining the feasibility of the suggestion, in particular the sustainability and cost-effectiveness of the trust. The EPD will make reference to the experience of the PPP Pilot Scheme and explore the possibility of establishing a nature conservation trust in Hong Kong.

Appendices II and III**WRITTEN ANSWER****Written answer by the Secretary for Housing, Planning and Lands to Mr LAU Kong-wah's supplementary question to Question 4**

As regards the cost of the maintenance work for each Home Ownership Scheme (HOS) court under 2007 Phase I and whether the Hong Kong Housing Authority (HA) would follow the practice of the Hong Kong Housing Society (HS) of providing flat owners with information on rectified items in their flats, as said in the main reply, the surplus HOS flats are generally in a good condition. Only some of them have isolated building defects, such as mini-cracks on walls as well as corrosion and malfunction of metal components, which have nothing to do with building structure. The HA has undertaken touching-up and repair works accordingly. The estimated costs for the touching-up and repair works for the HOS flats under 2007 Phase I prior to their sale are as follows:

<i>Name of HOS court</i>	<i>Number of flats</i>	<i>Estimated cost for touching-up and repair works for each flat (\$)</i>	<i>Estimated cost for touching-up and repair works for the court (\$10,000)</i>
Kingsford Terrace	1 200	2,000	240
Yu Chui Court	1 489	2,000	297.8
Tin Fu Court	367	2,000	73.4

As the touching-up and repair works for the three HOS courts are still at their final stage, the costs are yet to be finalized.

From what we have understood from the HS, the HA handles the sale of HOS flats in a similar way to the HS. Before the handover of the flats, the HS would carry out detailed inspection and undertake touching-up and repair works to ensure that the quality of the flats is up to a reasonable level. The tenants are also provided with one-year free maintenance service. However, the HS has never informed individual owners of the defect rectification works undertaken in their flats.

In fact, the rectification works required for individual flats are always different. Informing individual owners of every item of defect rectification would entail a lot of extra resources. The HA would inspect all flats in detail and carry out the necessary touching-up and repair works to ensure that they are

WRITTEN ANSWER — *Continued*

in a good condition before the handover. The HA would also follow up the defect reports submitted by the owners after the handover and offer a one-year defects liability period for flats never occupied before in order to better safeguard the interests of the owners.