

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 14 April 2010

The Council met at Eleven o'clock

MEMBERS PRESENT:

THE PRESIDENT

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

THE HONOURABLE ALBERT HO CHUN-YAN

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

THE HONOURABLE LEE CHEUK-YAN

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

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

DR THE HONOURABLE MARGARET NG

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE CHEUNG MAN-KWONG

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

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

THE HONOURABLE LEUNG YIU-CHUNG

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

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

THE HONOURABLE 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 ANDREW CHENG KAR-FOO

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

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

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

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

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

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

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

THE HONOURABLE WONG KWOK-HING, M.H.

THE HONOURABLE LEE WING-TAT

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

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

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

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

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

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 KAM NAI-WAI, M.H.

THE HONOURABLE CYD HO SAU-LAN

THE HONOURABLE STARRY LEE WAI-KING

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

THE HONOURABLE CHAN HAK-KAN

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

THE HONOURABLE CHAN KIN-POR, J.P.

DR THE HONOURABLE PRISCILLA LEUNG MEI-FUN

DR THE HONOURABLE LEUNG KA-LAU

THE HONOURABLE CHEUNG KWOK-CHE

THE HONOURABLE WONG SING-CHI

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

THE HONOURABLE IP WAI-MING, M.H.

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

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

DR THE HONOURABLE PAN PEY-CHYOU

THE HONOURABLE PAUL TSE WAI-CHUN

DR THE HONOURABLE SAMSON TAM WAI-HO, J.P.

MEMBER ABSENT:

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

PUBLIC OFFICERS ATTENDING:

THE HONOURABLE HENRY TANG YING-YEN, G.B.M., G.B.S., J.P.
THE CHIEF SECRETARY FOR ADMINISTRATION

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

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

THE HONOURABLE MICHAEL SUEN MING-YEUNG, G.B.S., J.P.
SECRETARY FOR EDUCATION

THE HONOURABLE STEPHEN LAM SUI-LUNG, G.B.S., J.P.
SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS

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

THE HONOURABLE DENISE YUE CHUNG-YEE, G.B.S., J.P.
SECRETARY FOR THE CIVIL SERVICE

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

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

PROF THE HONOURABLE K C CHAN, S.B.S., J.P.
SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY

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

DR KITTY POON KIT, J.P.
SECRETARY FOR THE ENVIRONMENT

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

THE HONOURABLE MRS RITA LAU NG WAI-LAN, J.P.
SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT

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

CLERKS IN ATTENDANCE:

MS PAULINE NG MAN-WAH, SECRETARY GENERAL

MRS CONSTANCE LI TSOI YEUK-LIN, ASSISTANT SECRETARY
GENERAL

MRS VIVIAN KAM NG LAI-MAN, ASSISTANT SECRETARY GENERAL

MRS JUSTINA LAM CHENG BO-LING, ASSISTANT SECRETARY
GENERAL

TABLING OF PAPERS

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

Subsidiary Legislation/Instruments	<i>L.N. No.</i>
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Dutiable Commodities (Exempted Quantities) (Amendment) Notice 2010	35/2010
Education Ordinance (Amendment of Schedule 3) Notice 2010	36/2010
Import and Export (Amendment) Ordinance 2007 (Commencement) Notice	37/2010

Other Papers

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| No. 82 | — | Audited statement of accounts together with the Director of Audit's report of the Hong Kong Rotary Club Students' Loan Fund for the year ended 31 August 2009 |
| No. 83 | — | Audited statement of accounts together with the Director of Audit's report of the Sing Tao Charitable Foundation Students' Loan Fund for the year ended 31 August 2009 |
| No. 84 | — | The Financial Reporting Council Annual Report 2009 |
| No. 85 | — | Research Endowment Fund
Audited financial statements together with the Report of the Director of Audit for the period from 6 February 2009 (date of establishment of the Fund) to 31 August 2009 |
| No. 86 | — | Audited statement of accounts of the Quality Education Fund for the year ended 31 August 2009 |

No. 87 — Audited statement of accounts of the Education Development Fund for the year ended 31 August 2009

Report No. 7/09-10 of the House Committee on Consideration of Subsidiary Legislation and Other Instruments

WRITTEN ANSWERS TO QUESTIONS

Personnel Employed by the United States in Hong Kong for Tax Enforcement Purposes

1. **MR PAUL CHAN:** *President, it was reported that the Criminal Investigation Division (CID) of the Internal Revenue Service (IRS) of the United States employed personnel (such as investigators, and so on) to work in its overseas offices for tax enforcement purposes. It was also reported that the Commissioner of Internal Revenue of the United States had said that the number of personnel working in those offices would be increased this year. In this connection, will the Government inform this Council:*

- (a) *whether it knows if CID personnel have ever worked in Hong Kong for the aforesaid purposes and if they are still working in Hong Kong at present; if they have worked in Hong Kong, of their number in each of the past five years and which category of visa they were granted for entering Hong Kong and carrying out their duties; and*
- (b) *given that members of the trade have indicated that countries do not normally assist one another in enforcing their respective tax laws and the United States has not been willing to enter into negotiations with Hong Kong on a comprehensive double taxation agreement, and that the United States had, in seeking to obtain information from a bank in Switzerland for United States tax enforcement purposes, used a "fishing expedition" approach which is not permitted under the standards of the Organization for Economic Co-operation and Development or under the relevant legislation of Hong Kong, whether the Government has assessed if it is in Hong Kong's best interests to have such CID personnel working in Hong Kong for the aforesaid purposes?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY:
President,

(a) and (b)

Over the past five years, there has been an attaché from the IRS of the United States in the Consulate General of United States (USCG) in Hong Kong. The said attaché post is held by an accredited consular officer with a diplomatic visa.

In addition, there is a local employee in the USCG in Hong Kong assisting the work of the United States IRS attaché.

In accordance with the Vienna Convention on Consular Relations (VCCR), which is applicable to consular relations between Hong Kong and other jurisdictions, a consular officer is a person entrusted with the exercise of consular functions. The VCCR provides that consular functions include ascertaining by all lawful means conditions and developments in the commercial, economic, cultural and scientific life of the receiving State, reporting thereon to the government of the sending State and giving information to persons interested. It is a duty of all consular officers to respect the laws and regulations of the receiving State.

The United States IRS attaché and the local officer mentioned above are carrying out liaison duties in Hong Kong. Same as all consular officers in Hong Kong, they have no law-enforcement powers in Hong Kong and have to abide by local laws. There is no question of those personnel enforcing United States laws in Hong Kong.

Fire Safety of Old Industrial Buildings

2. **DR PRISCILLA LEUNG** (in Chinese): *President, the fire which occurred on 8 March this year at an industrial building at Castle Peak Road in Cheung Sha Wan caused a tragedy in which one senior fireman died on duty and three firemen were injured. It was reported that the industrial building at which the fire occurred was constructed in 1961, and had no automatic sprinkler system*

installed. Although the existing legislation does not require that industrial buildings which were constructed in or before the 1960s must be installed with automatic sprinkler systems, this fire has revealed the potential problems of fire safety of certain old industrial buildings in Hong Kong. In this connection, will the Government inform this Council:

- (a) of the respective numbers, broken down by District Council district, of industrial buildings, godowns and warehouses in Hong Kong which do not have automatic sprinkler systems installed at present;*
- (b) whether the authorities will explore the feasibility of making it a mandatory requirement for all old industrial buildings, which were constructed in or before the 1960s in Hong Kong, to be installed with automatic sprinkler systems; if they will not, of the reasons for that;*
- (c) whether the authorities will review the Fire Safety (Buildings) Ordinance (Cap. 572) and expand its relevant scope of application to cover composite buildings which were constructed on or before 1 March 1987, and of which the part for non-domestic purposes consists of "a factory or industrial undertaking, godown, warehouse or place of bulk storage";*
- (d) focusing on the situation where old industrial buildings which were constructed in or before the 1960s are not required to be installed with automatic sprinkler systems, what special measures the authorities have at present to plug the loophole in fire safety; whether the authorities will implement more new measures to enhance the fire safety of old industrial buildings after the aforesaid fatal fire; and*
- (e) given that it was reported that three fatal fires had occurred one after another since 2007, causing tragedies in which a total of four firemen died on duty during fire-fighting operations, and all such fires had occurred at old commercial/residential or industrial buildings, whether the Fire Services Department (FSD) will review if there are loopholes in its current strategy on fire-fighting in such buildings?*

SECRETARY FOR SECURITY (in Chinese): President,

- (a) Industrial buildings, warehouses or depots completed before 1973 are not required to install automatic sprinkler systems. These buildings, around 481 in total according to the records held by the Buildings Department, are distributed as follows (broken down by the districts of District Councils):

<i>District</i>	<i>Number of factory buildings</i>	<i>District</i>	<i>Number of factory buildings</i>
Central and Western	7	Kowloon City	37
Eastern	27	Sai Kung	4
Southern	20	Kwai Tsing	58
Wan Chai	1	Tsuen Wan	52
Islands	4	Sha Tin	3
Sham Shui Po	52	Tai Po	0
Kwun Tong	122	Tuen Mun	1
Wong Tai Sin	46	Yuen Long	5
Yau Tsim Mong	42	North District	0

Some of the above buildings may have already installed automatic sprinkler systems on their own initiative. The FSD is now conducting a survey on all industrial buildings (please refer to items (c) and (d) below for details). More details of these buildings will be available after this survey.

- (b) According to the FSD's experience in the implementation of the Fire Safety (Commercial Premises) Ordinance, it is technically feasible to install automatic sprinkler systems in old factory buildings. If it is confirmed by an Authorized Person that standard water tanks for automatic sprinkler systems cannot be installed at the rooftop of the old factory buildings due to structural reasons, the enforcement authority would follow established practice and adopt a flexible and pragmatic approach in handling such cases, for example, allowing owners to use improvised automatic sprinkler systems or install the water tanks of the automatic sprinkler systems in atriums or podiums.

The FSD will study whether new measures, including compulsory installation of automatic sprinkler systems, should be introduced to enhance the fire safety of old industrial buildings after its current survey.

(c) and (d)

After the No. 4 alarm fire at Lai Cheong Factory Building, the FSD has commenced a survey on all industrial buildings in the territory since 22 March to assess the fire safety of such buildings. The scope of inspection includes building fire service installations, building fire safety management, potential fire risks, unauthorized building works and change of use, and so on.

If any irregularity is detected during the survey, the FSD will take appropriate action including prosecution, issuance of fire hazard abatement notices, and referral of cases to departments concerned for follow-up actions.

The aforementioned survey is expected to be completed within two to three months. The FSD will analyse the survey result and study whether it is necessary to introduce new measures for enhancing the fire safety of old industrial buildings.

- (e) The operational guidelines drawn up by the FSD have already set out detailed operational strategies for fire fighting in various types of buildings. The department would constantly review the relevant strategies and, where necessary, revise these guidelines having regard to lessons learnt from daily operation. In addition, the FSD will strengthen the training for front-line fire fighting personnel to enhance their safety and improve overall operational efficiency.

Household Income Distribution in Hong Kong

3. **MR LEE CHEUK-YAN** (in Chinese): *President, regarding the statistics collected from household income quarterly General Household Surveys, will the Government provide the relevant data for the past six years:*

- (a) *the range, median and mean of the annual income for each of the 10 decile groups obtained by dividing the number of all Hong Kong households according to their annual income (excluding foreign domestic helpers (FDHs) and listed in ascending order); and*
- (b) *the range, median and mean of the annual per capita household income for each of the 10 decile groups obtained by dividing the number of all Hong Kong people (excluding FDHs) according to their per capita household income (listed in ascending order)?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Chinese): President, based on the results of the General Household Survey, the Census and Statistics Department has prepared relevant statistics⁽¹⁾ on monthly household income and per capital monthly household income for each year in the period between 2004 and 2009 in the following tables:

Year: 2004

<i>Decile Group</i>	<i>Range of monthly household income (HK\$)</i>	<i>Median monthly household income (HK\$)</i>	<i>Average monthly household income* (HK\$)</i>	<i>Range of per capita monthly household income (HK\$)</i>	<i>Median per capita monthly household income (HK\$)</i>	<i>Average per capita monthly household income* (HK\$)</i>
1st	≤ 4,500	3,000	2,600	≤ 2,000	1,500	1,300
2nd	4,500 - ≤ 7,200	6,000	5,900	2,000 - ≤ 2,800	2,500	2,400
3rd	7,200 - ≤ 10,000	8,600	8,600	2,800 - ≤ 3,500	3,100	3,100
4th	10,000 - ≤ 12,700	11,100	11,300	3,500 - ≤ 4,300	3,800	3,900
5th	12,700 - ≤ 16,000	14,400	14,300	4,300 - ≤ 5,400	4,800	4,800
6th	16,000 - ≤ 20,000	18,000	18,100	5,400 - ≤ 6,800	6,000	6,000
7th	20,000 - ≤ 25,500	22,500	22,600	6,800 - ≤ 8,800	7,600	7,700
8th	25,500 - ≤ 33,000	29,500	29,100	8,800 - ≤ 12,000	10,000	10,200
9th	33,000 - ≤ 49,000	40,000	39,800	12,000 - ≤ 19,500	15,000	15,000
10th	≥ 49,000	68,000	83,800	≥ 19,500	28,400	35,900

(1) Excluding foreign domestic helpers

Year: 2005

<i>Decile Group</i>	<i>Range of monthly household income (HK\$)</i>	<i>Median monthly household income (HK\$)</i>	<i>Average monthly household income* (HK\$)</i>	<i>Range of per capita monthly household income (HK\$)</i>	<i>Median per capita monthly household income (HK\$)</i>	<i>Average per capita monthly household income* (HK\$)</i>
1st	≤ 4,600	3,000	2,600	≤ 2,200	1,600	1,300
2nd	4,600 - ≤ 7,300	6,000	6,000	2,200 - ≤ 2,900	2,500	2,500
3rd	7,300 - ≤ 10,000	8,700	8,700	2,900 - ≤ 3,600	3,200	3,200
4th	10,000 - ≤ 13,000	11,400	11,400	3,600 - ≤ 4,500	4,000	4,000
5th	13,000 - ≤ 16,000	14,500	14,400	4,500 - ≤ 5,500	5,000	5,000
6th	16,000 - ≤ 20,000	18,000	18,300	5,500 - ≤ 7,000	6,200	6,200
7th	20,000 - ≤ 25,500	22,700	22,700	7,000 - ≤ 9,000	7,900	7,900
8th	25,500 - ≤ 33,000	29,200	29,000	9,000 - ≤ 12,500	10,300	10,500
9th	33,000 - ≤ 50,000	40,000	40,000	12,500 - ≤ 20,000	15,000	15,600
10th	≥ 50,000	70,000	86,700	≥ 20,000	29,500	37,200

Year: 2006

<i>Decile Group</i>	<i>Range of monthly household income (HK\$)</i>	<i>Median monthly household income (HK\$)</i>	<i>Average monthly household income* (HK\$)</i>	<i>Range of per capita monthly household income (HK\$)</i>	<i>Median per capita monthly household income (HK\$)</i>	<i>Average per capita monthly household income* (HK\$)</i>
1st	≤ 4,600	3,100	2,600	≤ 2,200	1,700	1,400
2nd	4,600 - ≤ 7,500	6,000	6,100	2,200 - ≤ 3,000	2,700	2,600
3rd	7,500 - ≤ 10,000	8,800	8,800	3,000 - ≤ 3,700	3,300	3,300
4th	10,000 - ≤ 13,000	11,700	11,600	3,700 - ≤ 4,700	4,200	4,200
5th	13,000 - ≤ 16,700	15,000	14,800	4,700 - ≤ 5,800	5,200	5,200
6th	16,700 - ≤ 20,800	19,000	18,800	5,800 - ≤ 7,300	6,500	6,500
7th	20,800 - ≤ 26,300	23,500	23,500	7,300 - ≤ 9,400	8,200	8,200
8th	26,300 - ≤ 34,500	30,000	30,100	9,400 - ≤ 12,900	10,800	10,900
9th	34,500 - ≤ 50,000	40,000	41,300	12,900 - ≤ 20,000	15,600	16,100
10th	≥ 50,000	70,000	89,200	≥ 20,000	30,000	38,700

Year: 2007

<i>Decile Group</i>	<i>Range of monthly household income (HK\$)</i>	<i>Median monthly household income (HK\$)</i>	<i>Average monthly household income* (HK\$)</i>	<i>Range of per capita monthly household income (HK\$)</i>	<i>Median per capita monthly household income (HK\$)</i>	<i>Average per capita monthly household income* (HK\$)</i>
1st	≤ 4,700	3,100	2,700	≤ 2,300	1,700	1,400
2nd	4,700 - ≤ 7,800	6,200	6,300	2,300 - ≤ 3,100	2,800	2,700
3rd	7,800 - ≤ 10,600	9,000	9,200	3,100 - ≤ 3,900	3,500	3,500
4th	10,600 - ≤ 13,800	12,000	12,100	3,900 - ≤ 4,900	4,400	4,400
5th	13,800 - ≤ 17,500	15,400	15,500	4,900 - ≤ 6,000	5,500	5,500
6th	17,500 - ≤ 21,600	19,900	19,500	6,000 - ≤ 7,500	6,700	6,700
7th	21,600 - ≤ 27,500	24,600	24,500	7,500 - ≤ 9,800	8,500	8,500
8th	27,500 - ≤ 35,800	30,700	31,200	9,800 - ≤ 13,300	11,100	11,300
9th	35,800 - ≤ 52,500	42,400	43,200	13,300 - ≤ 21,000	16,300	16,600
10th	≥ 52,500	75,000	95,300	≥ 21,000	30,000	41,000

Year: 2008

<i>Decile Group</i>	<i>Range of monthly household income (HK\$)</i>	<i>Median monthly household income (HK\$)</i>	<i>Average monthly household income* (HK\$)</i>	<i>Range of per capita monthly household income (HK\$)</i>	<i>Median per capita monthly household income (HK\$)</i>	<i>Average per capita monthly household income* (HK\$)</i>
1st	≤ 5,000	3,200	2,700	≤ 2,400	1,700	1,400
2nd	5,000 - ≤ 8,000	6,500	6,400	2,400 - ≤ 3,200	2,800	2,800
3rd	8,000 - ≤ 11,000	9,500	9,500	3,200 - ≤ 4,100	3,700	3,600
4th	11,000 - ≤ 14,300	12,500	12,600	4,100 - ≤ 5,100	4,600	4,600
5th	14,300 - ≤ 18,000	16,000	16,100	5,100 - ≤ 6,300	5,700	5,700
6th	18,000 - ≤ 22,300	20,000	20,100	6,300 - ≤ 7,800	7,000	7,000
7th	22,300 - ≤ 28,500	25,000	25,200	7,800 - ≤ 10,000	8,800	8,800
8th	28,500 - ≤ 37,000	31,800	32,100	10,000 - ≤ 13,700	11,500	11,600
9th	37,000 - ≤ 54,800	44,000	44,400	13,700 - ≤ 21,700	16,700	17,100
10th	≥ 54,800	77,000	99,200	≥ 21,700	32,000	43,900

Year: 2009

<i>Decile Group</i>	<i>Range of monthly household income (HK\$)</i>	<i>Median monthly household income (HK\$)</i>	<i>Average monthly household income* (HK\$)</i>	<i>Range of per capita monthly household income (HK\$)</i>	<i>Median per capita monthly household income (HK\$)</i>	<i>Average per capita monthly household income* (HK\$)</i>
1st	≤ 4,500	3,000	2,500	≤ 2,300	1,600	1,400
2nd	4,500 - ≤ 7,500	6,000	6,000	2,300 - ≤ 3,200	2,800	2,800
3rd	7,500 - ≤ 10,200	8,900	8,800	3,200 - ≤ 4,000	3,500	3,500
4th	10,200 - ≤ 13,500	12,000	11,800	4,000 - ≤ 5,000	4,400	4,400
5th	13,500 - ≤ 17,100	15,000	15,300	5,000 - ≤ 6,000	5,500	5,500
6th	17,100 - ≤ 21,500	19,600	19,400	6,000 - ≤ 7,500	6,800	6,800
7th	21,500 - ≤ 27,500	24,100	24,300	7,500 - ≤ 9,800	8,500	8,500
8th	27,500 - ≤ 36,000	30,900	31,300	9,800 - ≤ 13,300	11,000	11,200
9th	36,000 - ≤ 52,500	42,500	43,200	13,300 - ≤ 21,000	16,200	16,600
10th	≥ 52,500	75,000	97,600	≥ 21,000	31,000	43,800

Note:

* Because average monthly household income is more vulnerable to the effect of extreme observations, it is not a suitable indicator in reflecting the central tendency of household income when compared with median monthly household income.

Chargeable Mobile Content Services Delivered Through Short Messaging Services

4. **MR RONNY TONG** (in Chinese): *President, it has been recently reported that some mobile network users have complained that recently their mobile phones received some unsolicited "tricky short messages" which sought to provide mobile content services (MCS) to them, and if they did not reply to indicate their refusal to receive such services, the mobile network operators (MNOs) concerned would start charging them service fees, some of which were as high as \$24 per message. In this connection, will the Government inform this Council:*

- (a) *whether the Office of the Telecommunications Authority (OFTA) had received complaints related to the aforesaid chargeable short*

messages last year; if it had, of the number of such complaints, the follow-up actions taken by the OFTA and the outcome thereof;

- (b) whether it has assessed if the aforesaid charging practice of the MNOs concerned constitutes a breach of the existing provisions in the Unsolicited Electronic Messages Ordinance (UEMO) (Cap. 593); if the assessment outcome indicates that it constitutes a breach, of the details; if not, whether the authorities will consider amending the legislation to step up the regulation of such practice; and*
- (c) apart from relying on compliance by the industry with the code introduced on 11 January this year, whether the OFTA will consider adopting other measures to curb the aforesaid practice?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Chinese): President, billing disputes associated with chargeable MCS delivered through short messaging services have been the subject of public concern in recent months. There have been complaints whereby consumers claim that they are not aware that they have registered with a chargeable MCS, that the services would be chargeable, or that messages would be sent to them in a substantial quantity. Some complainants indicate that they have difficulties in terminating the MCS with the content service providers (CSPs).

The OFTA has examined the cases and concluded that the failure to provide clear charging information and relevant service terms and conditions by some CSPs to their customers in their promotional messages or through their concerned websites in the registration process is the main reason which gives rise to the billing disputes in relation to MCS.

With a view to safeguarding consumers' interests and improving the transparency of the charging information of MCS, the OFTA has been in discussion with the industry and drew up a "Code for the Provision of Chargeable Mobile Content Services" (the Code). The Code was put into effect by the industry body, Communications Association of Hong Kong (CAHK), on 11 January 2010. The Code requires CSPs, before starting to provide MCS to

users, to indicate to them clearly the chargeable nature of the services, provide clear information on all charges, obtain clear consent from users for using the MCS, and set out clear and convenient unsubscription arrangements.

In addition, the Code requires MNOs to ensure that any charging dispute in respect of MCS would not affect the normal mobile phone services provided to the concerned subscribers. The Code also sets out the establishment of an Administrative Agency (AA) by the industry to assess the compliance of CSPs with the Code. MNOs have undertaken to enter into contracts only with CSPs which have been positively assessed by the AA, and would cancel the contract with CSPs which are found to contravene the Code and fail to rectify the breaches.

Although the Code is voluntary and is promulgated by the industry, all MNOs have pledged compliance with it. The AA has also been formed by the CAHK and came into operation on 31 March 2010.

My response to the specific questions raised by the Honourable Member is set out below:

- (a) In the period from April 2009 to March 2010, the OFTA received 54 complaints in which the complainants claimed that they were charged for MCS to which they did not subscribe. As the cases concerned were billing disputes, with the consent of the complainants, the OFTA would refer the cases to the respective MNOs for resolving the issues. So far 36 such cases have been referred to the MNOs.

By the end of March 2010, 28 out of the 36 cases referred to MNOs have been settled. For the remaining eight cases, mediation between the complainants and MNOs is being arranged upon the complainants' request.

- (b) and (c)

The UEMO (Cap. 593) targets at regulating electronic marketing activities. The sending of messages with a view to offering to

supply, advertising or promoting MCS is regulated by the UEMO, and should follow the sending rules stipulated therein. Such rules include the provision of sender information and unsubscribe arrangements in a message, and not sending messages to recipients who have registered with the do-not-call register established by the Telecommunications Authority (TA) unless consent has been obtained from the concerned recipients. The TA may issue enforcement notices to senders of messages who breach the sending rules for them to rectify the contravention. Failure to comply with an enforcement notice is an offence.

Billing disputes in relation to chargeable MCS are consumer issues, which are now regulated under the Code as aforementioned. To improve the mechanism of subscribing to chargeable MCS in the interest of consumers and to reduce associated disputes, the Code forbids CSPs to send such chargeable messages without obtaining the explicit positive confirmation of subscription from the users. MNOs will cancel the contract with CSPs which do not comply with the Code and fail to rectify any breaches.

The OFTA will monitor closely the implementation of the Code and will assess its effectiveness in due course. If the general situation in relation to MCS does not improve, we will consider whether or not there is a case to pursue legislative amendments further to enhance consumer protection.

2009 Annual Earnings and Hours Survey

5. **DR LEUNG KA-LAU** (in Chinese): *President, on 18 March this year the Census and Statistics Department released the 2009 Report on Annual Earnings and Hours Survey (the Survey Report), which set out the hourly wage level and distribution of Hong Kong employees in the second quarter of 2009. In this connection, will the Government provide the following breakdown of the weekly working hours of employees in the second quarter of 2009 according to the data in the Survey Report:*

- (a) *distribution of working hours of all employees (set out in the table below):*

<i>Percentile</i>	<i>Weekly working hours</i>	<i>Number of employees whose actual weekly working hours were more than that of the percentile</i>
<i>10th</i>		
<i>25th</i>		
<i>50th</i>		
<i>Each one from 75th to 99th</i>		

- (b) *distribution of the total number of employees analysed by weekly working hours (set out in the table below):*

<i>Weekly working hours</i>	<i>Number of employees whose actual weekly working hour was more</i>
<i>40</i>	
<i>44</i>	
<i>48</i>	
<i>52</i>	
<i>56</i>	
<i>60</i>	
<i>64</i>	
<i>68</i>	
<i>72</i>	

- (c) *the 10th, 25th, 50th, 75th, 80th, 85th, 90th and 95th percentiles of the weekly working hour distribution analysed by the following profiles (set out in the format used in Tables 9 to 13 of the Survey Report respectively):*

- (i) *sex and age group;*
- (ii) *sex and educational attainment;*
- (iii) *occupational group and sex;*
- (iv) *industry section (set out by all establishments and establishments with number of persons engaged less than 50 respectively); and*
- (v) *industry section and occupational group; and*
- (d) *distribution of the total number of employees analysed by industry section and weekly working hours (set out in the format used in Table 14(a) of the Survey Report)?*

Industry section	Total number of employees	Weekly working hours									
		<40	40 to <44	44 to <48	48 to <52	52 to <56	56 to <60	60 to <64	64 to <68	68 to <72	≥72
<i>set out by industry section in Table 14(a) of the Survey Report</i>											

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Chinese): President, according to the requests specified in items (a) to (d) of the question, the Census and Statistics Department has prepared Tables 1 to 4 in the Annex to present breakdown of weekly working hours⁽¹⁾ of employees in the second quarter of 2009 for reference.

(1) Working hours refer to the sum of the number of contractual/agreed working hours (not including rest time and meal break if no work is done or to be done during the time period concerned) and the number of paid overtime hours.

Annex

Table 1 **Distribution of weekly working hours in Q2 2009 - all employees**

Percentile	Weekly working hours	Number of employees whose weekly working hours were more than that of the corresponding percentile
10 th	36.9	2 495 600
25 th	40.6	1 767 800
50 th	44.3	1 198 700
75 th	49.0	692 500
76 th	49.9	661 300
77 th	51.0	604 000
78 th	51.0	604 000
79 th	51.9	582 900
80 th	53.7	553 000
81 st	54.0	344 400
82 nd	54.0	344 400
83 rd	54.0	344 400
84 th	54.0	344 400
85 th	54.0	344 400
86 th	54.0	344 400
87 th	54.0	344 400
88 th	54.5	330 600
89 th	56.1	304 700
90 th	57.0	273 300
91 st	59.0	249 700
92 nd	60.0	174 100
93 rd	60.0	174 100
94 th	60.9	164 200
95 th	63.7	137 000
96 th	66.0	57 600
97 th	66.0	57 600
98 th	67.4	54 100
99 th	72.0	17 300

Note : Percentile weekly working hours in the above table are rounded to 1 decimal place. Therefore, the number of employees working more than a particular percentile weekly working hours may be different from the corresponding number of employees shown in Table 2.

**Table 2 Distribution of the number of employees analysed by weekly working hours in Q2 2009
- all employees**

Weekly working hours	Number of employees whose weekly working hours was more
40 hours	2 182 400
44 hours	1 426 600
48 hours	1 017 000
52 hours	582 800
56 hours	306 400
60 hours	238 100
64 hours	135 700
68 hours	47 500
72 hours	38 300

Note: Weekly working hours in the above table are exact figures without rounding. Therefore, the number of employees working more than a particular weekly working hours may be different from the corresponding number of employees shown in Table 1.

Table 3(i) Level and distribution of weekly working hours analysed by sex and age group in Q2 2009

Sex/Age Group	Employees		Weekly working hours							
	Number ('000)	Percentage (%)	10th percentile	25th percentile	50th percentile	75th percentile	80th percentile	85th percentile	90th percentile	95th percentile
Male	1 449.4	52.2	38.1	40.6	44.3	52.6	54.0	55.4	60.0	66.0
15-24	105.8	3.8	18.0	40.2	44.8	54.0	54.0	54.0	56.3	60.0
25-34	375.1	13.5	38.1	40.6	42.7	48.0	50.9	54.0	54.5	60.0
35-44	424.0	15.3	38.1	40.6	44.3	51.0	54.0	54.7	60.0	64.2
45-54	365.3	13.2	38.1	40.6	46.2	54.0	54.0	58.7	64.6	66.0
≥55	179.1	6.5	39.6	42.0	48.0	58.9	64.5	66.0	66.0	72.0
Female	1 327.3	47.8	35.5	39.8	42.6	48.0	49.3	54.0	54.0	60.0
15-24	147.3	5.3	17.5	38.1	42.5	48.0	48.0	52.6	54.0	57.0
25-34	397.1	14.3	38.1	39.6	41.9	47.3	48.0	49.4	54.0	55.4
35-44	366.8	13.2	35.5	39.6	42.5	47.1	48.0	51.0	54.0	60.0
45-54	309.1	11.1	30.0	40.6	44.3	49.5	54.0	54.0	54.5	60.0
≥55	106.8	3.8	29.8	40.6	45.0	51.7	54.0	54.0	60.0	66.0
Overall	2 776.6	100.0	36.9	40.6	44.3	49.0	53.7	54.0	57.0	63.7
15-24	253.2	9.1	17.5	38.8	43.8	49.6	52.6	54.0	54.0	60.0
25-34	772.2	27.8	38.1	40.6	42.5	48.0	48.7	51.9	54.0	58.9
35-44	790.8	28.5	37.3	40.6	42.6	48.0	51.0	54.0	57.0	60.9
45-54	674.4	24.3	36.0	40.6	45.0	51.9	54.0	54.0	60.0	66.0
≥55	286.0	10.3	38.1	40.6	48.0	54.0	58.9	65.8	66.0	72.0

Note: Owing to rounding, there may be a slight discrepancy between the sum of individual items and the total as shown in Tables 3 (i) – (vi).

Table 3(ii) Level and distribution of weekly working hours analysed by sex and educational attainment in Q2 2009

Sex/Educational Attainment	Employees		Weekly working hours							
	Number ('000)	Percentage (%)	10th percentile	25th percentile	50th percentile	75th percentile	80th percentile	85th percentile	90th percentile	95th percentile
Male	1 449.4	52.2	38.1	40.6	44.3	52.6	54.0	55.4	60.0	66.0
Primary and below	176.9	6.4	40.6	45.0	48.0	58.9	60.6	66.0	66.0	72.0
Secondary 1 to 3	284.9	10.3	38.1	45.0	51.2	60.0	63.7	66.0	66.0	69.5
Secondary 4 to 5	450.5	16.2	39.2	41.3	45.9	52.8	54.0	54.7	60.0	60.9
Secondary 6 and above	537.0	19.3	36.9	39.6	40.6	44.3	45.7	48.0	49.6	54.0
Female	1 327.3	47.8	35.5	39.8	42.6	48.0	49.3	54.0	54.0	60.0
Primary and below	193.7	7.0	21.3	41.5	48.0	54.0	54.0	57.0	60.0	66.0
Secondary 1 to 3	176.4	6.4	26.5	42.0	48.0	54.0	54.0	57.0	60.0	66.0
Secondary 4 to 5	500.7	18.0	37.4	40.6	44.3	48.0	49.0	51.5	54.0	57.0
Secondary 6 and above	456.5	16.4	36.0	39.0	40.6	42.6	44.3	44.3	45.7	49.4
Overall	2 776.6	100.0	36.9	40.6	44.3	49.0	53.7	54.0	57.0	63.7
Primary and below	370.6	13.3	30.0	43.9	48.0	54.0	57.4	60.0	66.0	67.6
Secondary 1 to 3	461.3	16.6	36.0	44.3	48.0	55.4	60.0	63.7	66.0	67.8
Secondary 4 to 5	951.2	34.3	38.1	40.6	44.3	48.9	52.2	54.0	55.8	60.0
Secondary 6 and above	993.5	35.8	36.1	39.2	40.6	44.3	44.3	46.0	48.0	54.0

Table 3(iii) Level and distribution of weekly working hours analysed by occupational group and sex in Q2 2009

Occupational Group/Sex	Employees		Weekly working hours							
	Number ('000)	Percentage (%)	10th percentile	25th percentile	50th percentile	75th percentile	80th percentile	85th percentile	90th percentile	95th percentile
Elementary occupations	426.6	15.4	27.7	42.5	48.0	56.3	60.0	66.0	66.0	69.2
Male	211.3	7.6	39.6	45.0	50.3	66.0	66.0	66.0	67.8	72.0
Female	215.3	7.8	20.3	40.6	48.0	54.0	54.0	54.0	60.0	66.0
Service workers and shop sales workers	431.7	15.5	30.0	44.3	49.9	55.4	57.8	60.0	60.0	66.0
Male	170.2	6.1	37.6	45.0	52.8	57.9	60.0	60.0	61.6	66.0
Female	261.5	9.4	27.0	43.2	48.0	54.0	56.5	60.0	60.0	65.5
Craft and related workers, plant and machine operators and assemblers	356.7	12.8	40.6	44.4	48.0	54.0	55.0	57.9	60.8	66.0
Male	336.9	12.1	40.6	44.3	48.0	54.0	55.4	58.1	61.2	66.0
Female	19.8	0.7	35.5	45.2	48.0	51.9	54.0	54.0	54.5	60.0
Clerks	517.3	18.6	37.6	40.4	42.0	44.3	45.8	48.0	48.0	54.0
Male	142.8	5.1	38.1	40.4	41.5	44.3	46.8	48.0	48.0	54.0
Female	374.5	13.5	37.4	40.4	42.5	44.3	45.7	48.0	48.0	54.0
Others	1 044.4	37.6	37.3	39.6	40.6	44.3	44.3	48.0	48.0	54.0
Male	588.2	21.2	37.3	40.1	40.6	44.3	46.2	48.0	49.4	54.0
Female	456.2	16.4	37.3	39.0	40.6	44.3	44.3	44.3	48.0	49.8
All occupational groups above	2 776.6	100.0	36.9	40.6	44.3	49.0	53.7	54.0	57.0	63.7
Male	1 449.4	52.2	38.1	40.6	44.3	52.6	54.0	55.4	60.0	66.0
Female	1 327.3	47.8	35.5	39.8	42.6	48.0	49.3	54.0	54.0	60.0

Table 3(iv) Level and distribution of weekly working hours analysed by industry section in Q2 2009 - all establishments

Industry Section	Employees		Weekly working hours							
	Number ('000)	Percentage (%)	10th percentile	25th percentile	50th percentile	75th percentile	80th percentile	85th percentile	90th percentile	95th percentile
Manufacturing (excluding food processing and production)	112.8	4.1	42.0	44.3	45.2	50.3	52.6	54.5	57.0	60.8
Electricity and gas supply; sewerage, waste management and remediation activities	17.2	0.6	35.6	35.6	37.3	48.0	48.0	50.0	51.6	54.0
Construction	221.4	8.0	40.6	43.2	48.0	54.0	54.0	56.1	60.9	66.0
Import and export trade	447.8	16.1	38.1	40.6	40.6	44.3	44.3	44.3	45.7	48.0
Wholesale	35.0	1.3	40.6	42.0	48.0	51.0	54.0	54.0	54.0	57.0
Retail trade	249.5	9.0	30.5	42.5	48.0	54.0	54.0	56.3	60.0	63.0
Land transport	121.0	4.4	30.5	42.0	48.0	54.4	55.9	58.2	60.0	65.3
Other transportation, storage, postal and courier services (excluding local courier services)	118.6	4.3	38.3	39.9	42.9	48.0	49.8	53.0	55.4	63.2
Restaurants	195.1	7.0	28.5	45.0	54.0	60.0	60.0	60.0	63.0	66.0
<i>Hong Kong style tea cafés</i>	20.8	0.8	34.6	48.0	57.0	60.0	60.0	60.8	63.0	63.0
<i>Chinese restaurants</i>	63.9	2.3	44.3	52.8	57.7	60.0	60.0	60.0	66.0	66.0
<i>Restaurants, other than Chinese</i>	62.5	2.2	30.0	45.0	54.0	54.0	57.0	60.0	60.0	62.1
<i>Fast food cafés (including takeaway shops)</i>	48.0	1.7	21.5	30.0	48.0	57.0	58.2	60.0	62.8	66.0
Accommodation and other food service activities	46.6	1.7	39.9	44.3	48.0	48.2	49.1	54.0	54.0	54.0
Information and communications	103.2	3.7	38.8	40.6	41.9	43.2	44.3	44.3	46.5	48.0
Financial and insurance activities	194.7	7.0	38.1	39.8	40.6	40.6	41.9	42.6	42.6	44.3
Real estate activities (excluding real estate maintenance management)	30.5	1.1	38.8	40.6	42.2	48.0	51.0	54.0	54.0	55.4
Estate management, security and cleaning services	215.5	7.8	37.1	44.3	48.0	66.0	66.0	66.0	67.8	72.0
<i>Real estate maintenance management</i>	99.4	3.6	42.0	48.0	54.0	66.0	66.0	67.8	69.0	72.0
<i>Security services (including investigation activities and services to buildings and landscape care activities)</i>	34.1	1.2	42.5	48.0	59.7	66.0	72.0	72.0	72.0	74.8
Cleaning services	65.5	2.4	18.0	39.0	48.0	54.0	54.0	54.0	54.0	58.2
Membership organisations (including incorporated owners/tenants committees, kaifong welfare associations, etc.)	16.6	0.6	13.8	38.8	44.5	57.7	60.0	66.0	66.0	72.0
Professional, scientific and technical activities	133.2	4.8	36.0	38.8	40.6	42.5	44.3	44.3	46.6	48.0
Administrative and support services activities	15.8	0.6	37.2	40.6	41.5	44.4	46.8	48.0	48.8	54.2
Travel agency, reservation service and related activities	19.6	0.7	39.0	40.6	44.3	44.3	48.0	48.0	49.4	49.4

Table 3(iv) Level and distribution of weekly working hours analysed by industry section in Q2 2009 - all establishments

Industry Section	Employees		Weekly working hours									
	Number ('000)	Percentage (%)	10th percentile	25th percentile	50th percentile	75th percentile	80th percentile	85th percentile	90th percentile	95th percentile		
Education and public administration (excluding Government)	179.0	6.4	17.2	35.5	39.6	40.6	42.2	44.3	45.0	48.0		
Human health activities; and beauty and body pretifying treatment	113.6	4.1	39.0	39.0	44.3	48.0	48.0	49.4	54.0	54.0		
Miscellaneous activities	93.3	3.4	36.0	45.0	48.0	54.0	57.0	60.0	63.0	66.0		
<i>Elderly homes</i>	18.6	0.7	41.5	45.0	48.5	66.0	66.0	66.0	66.0	68.8		
<i>Laundry and dry cleaning services</i>	3.3	0.1	*	36.0	48.0	54.0	54.4	55.4	57.5	60.0		
<i>Hairdressing and other personal services</i>	42.8	1.5	40.6	45.0	50.8	54.0	54.0	60.0	60.0	63.0		
<i>Local courier services</i>	5.1	0.2	27.0	44.0	44.3	47.3	47.3	49.3	50.3	50.3		
<i>Food processing and production</i>	23.5	0.8	15.2	41.8	48.0	54.0	54.0	57.0	60.0	60.9		
Other activities not classified above	113.0	4.1	38.7	41.5	45.6	49.0	51.0	54.0	54.0	54.0		
All industry sections above	2 776.6	100.0	36.9	40.6	44.3	49.0	53.7	54.0	57.0	63.7		

Note: * Estimates are not released due to relatively large sampling error.

Table 3(v) Level and distribution of weekly working hours analysed by industry section in Q2 2009 – establishments with number of persons engaged less than 50

Industry Section	Employees		Weekly working hours							
	Number ('000)	Percentage (%)	10th percentile	25th percentile	50th percentile	75th percentile	80th percentile	85th percentile	90th percentile	95th percentile
Manufacturing (excluding food processing and production)	64.1	4.6	42.0	44.3	44.3	49.7	51.0	54.0	55.9	58.7
Electricity and gas supply; sewerage, waste management and remediation activities	1.9	0.1	*	*	48.0	59.1	59.1	59.1	59.1	59.1
Construction	132.9	9.6	40.4	42.5	48.0	51.0	54.0	57.9	60.9	66.0
Import and export trade	337.4	24.3	38.1	40.6	42.0	44.3	44.3	44.3	46.8	48.0
Wholesale	30.6	2.2	40.6	42.5	48.0	51.0	54.0	54.0	54.0	57.0
Retail trade	183.8	13.2	30.0	43.6	48.9	54.0	54.9	57.0	60.0	63.0
Land transport	33.3	2.4	24.2	36.0	48.0	54.0	55.4	56.3	58.9	60.0
Other transportation, storage, postal and courier services (excluding local courier services)	42.4	3.1	39.9	42.0	45.0	49.0	50.8	54.0	55.4	56.3
Restaurants	116.2	8.4	30.0	47.0	54.0	60.0	60.0	60.0	60.8	66.0
Hong Kong style tea cafes	19.4	1.4	30.9	48.0	55.4	60.0	60.0	60.0	63.0	63.0
Chinese restaurants	17.7	1.3	42.0	52.8	57.0	60.0	60.0	60.0	63.0	66.0
Restaurants, other than Chinese	52.3	3.8	31.4	47.5	54.0	54.0	57.0	60.0	60.0	63.0
Fast food cafes (including takeaway shops)	26.9	1.9	23.6	39.7	54.0	57.0	60.0	60.0	63.0	66.0
Accommodation and other food service activities	10.4	0.7	30.0	42.0	49.9	54.0	54.0	54.0	57.9	63.5
Information and communications	34.4	2.5	35.5	40.6	40.6	43.2	44.3	44.3	44.3	47.8
Financial and insurance activities	56.1	4.0	35.5	39.8	40.6	40.6	40.6	42.5	44.3	48.0
Real estate activities (excluding real estate maintenance management)	19.1	1.4	38.8	40.6	44.3	54.0	54.0	54.0	54.0	54.0
Estate management, security and cleaning services	44.9	3.2	37.2	42.5	48.0	66.0	66.0	66.0	67.8	72.0
Real estate maintenance management	28.0	2.0	40.6	44.3	48.0	66.0	66.0	66.0	67.8	72.0
Security services (including investigation activities and services to buildings and landscape care activities)	1.3	0.1	*	*	45.7	60.0	66.0	66.0	66.0	66.0
Cleaning services	5.0	0.4	24.0	31.2	44.3	48.8	54.0	54.0	54.0	54.0
Membership organisations (including incorporated owners/tenants committees, kaifong welfare associations, etc.)	10.7	0.8	14.3	41.5	48.0	66.0	66.0	66.0	66.0	72.0
Professional, scientific and technical activities	59.8	4.3	36.2	38.2	40.6	44.3	44.3	44.3	45.7	48.0
Administrative and support services activities	11.4	0.8	38.1	40.6	41.5	47.1	48.0	48.0	51.0	55.5

Table 3(v) Level and distribution of weekly working hours analysed by industry section in Q2 2009 - establishments with number of persons engaged less than 50

Industry Section	Employees		Weekly working hours									
	Number ('000)	Percentage (%)	10th percentile	25th percentile	50th percentile	75th percentile	80th percentile	85th percentile	90th percentile	95th percentile		
Travel agency, reservation service and related activities	13.8	1.0	39.0	39.8	44.3	44.8	48.0	49.4	49.4	54.0		
Education and public administration (excluding Government)	42.7	3.1	7.4	26.8	39.0	44.3	45.0	45.2	48.0	49.4		
Human health activities; and beauty and body pretifying treatment	42.8	3.1	24.0	42.0	48.0	54.0	54.0	54.0	54.0	57.0		
Miscellaneous activities	55.8	4.0	40.6	48.0	54.0	60.0	60.0	60.0	66.0	66.0		
<i>Elderly homes</i>	10.7	0.8	45.0	48.0	60.0	66.0	66.0	66.0	66.0	69.0		
<i>Laundry and dry cleaning services</i>	2.0	0.1	*	36.0	48.0	54.0	55.2	55.4	57.5	60.0		
<i>Hairdressing and other personal services</i>	35.5	2.6	45.0	48.0	54.0	54.0	60.0	60.0	60.0	66.0		
<i>Local courier services</i>	2.5	0.2	*	41.5	44.3	47.3	47.3	49.3	50.3	54.9		
<i>Food processing and production</i>	5.1	0.4	36.0	44.3	52.6	54.0	54.0	57.0	60.9	66.0		
Other activities not classified above	56.0	4.0	37.9	40.6	44.8	48.0	48.4	52.2	54.0	54.5		
All industry sections above	1 390.0	100.0	36.0	40.6	44.3	50.8	54.0	54.0	57.0	60.9		

Note: * Estimates are not released due to relatively large sampling error.

Table 3(vi) Level and distribution of weekly working hours analysed by industry section and occupational group in Q2 2009

Industry Section/Occupational Group	Employees		Weekly working hours							
	Number ('000)	Percentage (%)	10th percentile	25th percentile	50th percentile	75th percentile	80th percentile	85th percentile	90th percentile	95th percentile
Manufacturing (excluding food processing and production)	112.8	4.1	42.0	44.3	45.2	50.3	52.6	54.5	57.0	60.8
Elementary occupations, service workers and shop sales workers	12.6	0.5	32.7	44.3	47.5	51.0	52.6	54.0	56.1	63.7
Others	100.2	3.6	42.0	44.3	45.2	50.3	52.6	54.7	57.0	60.8
Electricity and gas supply; sewerage, waste management and remediation activities	17.2	0.6	35.6	35.6	37.3	48.0	48.0	50.0	51.6	54.0
Elementary occupations, service workers and shop sales workers	2.9	0.1	*	37.3	41.1	48.0	48.0	48.0	52.6	54.0
Others	14.3	0.5	35.6	35.6	37.3	45.2	48.0	50.0	51.6	58.6
Construction	221.4	8.0	40.6	43.2	48.0	54.0	54.0	56.1	60.9	66.0
Elementary occupations, service workers and shop sales workers	32.5	1.2	40.6	48.0	51.0	54.0	59.3	60.9	60.9	67.4
Others	189.0	6.8	40.6	42.5	48.0	54.0	54.0	54.5	59.3	66.0
Import and export trade	447.8	16.1	38.1	40.6	40.6	44.3	44.3	44.3	45.7	48.0
Elementary occupations, service workers and shop sales workers	26.5	1.0	20.3	40.4	44.3	48.0	48.0	48.7	51.0	54.0
Others	421.3	15.2	38.1	40.6	40.6	44.3	44.3	44.3	44.3	48.0
Wholesale	35.0	1.3	40.6	42.0	48.0	51.0	54.0	54.0	54.0	57.0
Elementary occupations, service workers and shop sales workers	12.7	0.5	40.6	45.0	48.0	51.0	54.0	54.0	54.0	54.0
Others	22.4	0.8	40.6	41.8	48.0	50.5	54.0	54.0	54.0	57.0

Table 3(vi) Level and distribution of weekly working hours analysed by industry section and occupational group in Q2 2009

Industry Section/Occupational Group	Employees		Weekly working hours									
	Number ('000)	Percentage (%)	10th percentile	25th percentile	50th percentile	75th percentile	80th percentile	85th percentile	90th percentile	95th percentile		
Retail trade	249.5	9.0	30.5	42.5	48.0	54.0	54.0	56.3	60.0	63.0		
<i>Elementary occupations, service workers and shop sales workers</i>	175.1	6.3	27.0	42.5	48.0	54.0	54.9	57.7	60.0	63.7		
<i>Others</i>	74.4	2.7	40.6	42.5	46.2	52.6	54.0	54.0	54.0	60.0		
Land transport	121.0	4.4	30.5	42.0	48.0	54.4	55.9	58.2	60.0	65.3		
<i>Elementary occupations, service workers and shop sales workers</i>	27.5	1.0	10.2	20.3	41.5	48.0	49.7	54.0	54.0	60.0		
<i>Others</i>	93.4	3.4	39.6	42.3	51.0	55.4	58.1	58.9	64.6	66.0		
Other transportation, storage, postal and courier services (excluding local courier services)	118.6	4.3	38.3	39.9	42.9	48.0	49.8	53.0	55.4	63.2		
<i>Elementary occupations, service workers and shop sales workers</i>	32.3	1.2	38.3	39.8	42.7	48.0	51.0	53.0	54.0	62.3		
<i>Others</i>	86.3	3.1	38.3	40.2	43.2	48.0	49.7	53.1	55.4	63.2		
Restaurants	195.1	7.0	28.5	45.0	54.0	60.0	60.0	60.0	63.0	66.0		
<i>Elementary occupations, service workers and shop sales workers</i>	168.1	6.1	27.4	48.0	54.0	60.0	60.0	60.0	63.0	66.0		
<i>Others</i>	27.0	1.0	40.6	42.0	48.0	54.0	55.4	60.0	60.0	60.0		
Hong Kong style tea cafes	20.8	0.8	34.6	48.0	57.0	60.0	60.0	60.8	63.0	63.0		
<i>Elementary occupations, service workers and shop sales workers</i>	19.6	0.7	33.2	48.0	55.5	60.0	60.0	62.3	63.0	63.0		
<i>Others</i>	1.2	#	*	*	60.0	60.0	60.0	60.0	60.0	63.0		
Chinese restaurants	63.9	2.3	44.3	52.8	57.7	60.0	60.0	60.0	66.0	66.0		
<i>Elementary occupations, service workers and shop sales workers</i>	54.1	1.9	48.0	54.0	60.0	60.0	60.0	63.0	66.0	66.0		
<i>Others</i>	9.8	0.4	36.0	44.3	54.0	54.0	60.0	60.0	60.0	66.0		

Table 3(vi) Level and distribution of weekly working hours analysed by industry section and occupational group in Q2 2009

Industry Section/Occupational Group	Employees		Weekly working hours							
	Number ('000)	Percentage (%)	10th percentile	25th percentile	50th percentile	75th percentile	80th percentile	85th percentile	90th percentile	95th percentile
Restaurants, other than Chinese	62.5	2.2	30.0	45.0	54.0	54.0	57.0	60.0	60.0	62.1
<i>Elementary occupations, service workers and shop sales workers</i>	51.3	1.8	27.5	48.0	54.0	55.0	57.0	60.0	60.0	63.0
<i>Others</i>	11.1	0.4	40.6	41.3	44.3	51.6	54.0	54.0	54.0	54.0
Fast food cafes (including takeaway shops)	48.0	1.7	21.5	30.0	48.0	57.0	58.2	60.0	62.8	66.0
<i>Elementary occupations, service workers and shop sales workers</i>	43.0	1.5	21.2	27.9	48.0	57.0	58.2	60.0	63.0	66.0
<i>Others</i>	4.9	0.2	*	45.7	54.0	57.0	58.2	60.0	60.0	62.6
Accommodation and other food service activities	46.6	1.7	39.9	44.3	48.0	48.2	49.1	54.0	54.0	54.0
<i>Elementary occupations, service workers and shop sales workers</i>	23.3	0.8	42.0	48.0	48.0	49.8	54.0	54.0	54.0	56.3
<i>Others</i>	23.3	0.8	39.9	42.5	48.0	48.0	48.2	49.1	51.1	54.0
Information and communications	103.2	3.7	38.8	40.6	41.9	43.2	44.3	44.3	46.5	48.0
<i>Elementary occupations, service workers and shop sales workers</i>	4.1	0.1	*	41.1	41.5	46.2	48.0	48.0	48.0	48.0
<i>Others</i>	99.1	3.6	38.8	40.6	41.9	43.2	44.3	44.3	46.5	48.0
Financial and insurance activities	194.7	7.0	38.1	39.8	40.6	40.6	41.9	42.6	42.6	44.3
<i>Elementary occupations, service workers and shop sales workers</i>	3.2	0.1	*	40.1	40.1	40.6	40.6	40.6	44.3	48.0
<i>Others</i>	191.5	6.9	38.1	39.8	40.6	40.6	41.9	42.6	42.6	44.3
Real estate activities (excluding real estate maintenance management)	30.5	1.1	38.8	40.6	42.2	48.0	51.0	54.0	54.0	55.4
<i>Elementary occupations, service workers and shop sales workers</i>	1.4	0.1	*	*	48.0	66.0	66.0	66.0	66.0	67.8
<i>Others</i>	29.1	1.0	38.8	40.6	42.1	48.0	51.0	54.0	54.0	54.0

Table 3(vi) Level and distribution of weekly working hours analysed by industry section and occupational group in Q2 2009

Industry Section/Occupational Group	Employees		Weekly working hours							
	Number ('000)	Percentage (%)	10th percentile	25th percentile	50th percentile	75th percentile	80th percentile	85th percentile	90th percentile	95th percentile
Estate management, security and cleaning services	215.5	7.8	37.1	44.3	48.0	66.0	66.0	66.0	67.8	72.0
<i>Elementary occupations, service workers and shop sales workers</i>	163.3	5.9	30.0	48.0	54.0	66.0	66.0	67.8	72.0	72.0
<i>Others</i>	52.3	1.9	38.1	40.6	44.3	48.0	48.0	48.0	54.0	54.0
Real estate maintenance management	99.4	3.6	42.0	48.0	54.0	66.0	66.0	67.8	69.0	72.0
<i>Elementary occupations, service workers and shop sales workers</i>	61.9	2.2	48.0	60.0	66.0	67.8	67.8	72.0	72.0	72.0
<i>Others</i>	37.5	1.4	39.2	42.5	44.3	48.0	48.0	48.7	54.0	54.0
Security services (including investigation activities and services to buildings and landscape care activities)	34.1	1.2	42.5	48.0	59.7	66.0	72.0	72.0	72.0	74.8
<i>Elementary occupations, service workers and shop sales workers</i>	30.6	1.1	44.3	48.0	66.0	71.1	72.0	72.0	72.0	74.8
<i>Others</i>	3.5	0.1	*	42.5	48.0	51.5	60.0	66.0	66.0	66.0
Cleaning services	65.5	2.4	18.0	39.0	48.0	54.0	54.0	54.0	54.0	58.2
<i>Elementary occupations, service workers and shop sales workers</i>	63.4	2.3	16.6	39.0	48.0	54.0	54.0	54.0	54.0	58.2
<i>Others</i>	2.1	0.1	*	39.9	48.0	48.0	48.0	49.4	54.0	54.0
Membership organisations (including incorporated owners/tenants committees, kaifong welfare associations, etc.)	16.6	0.6	13.8	38.8	44.5	57.7	60.0	66.0	66.0	72.0
<i>Elementary occupations, service workers and shop sales workers</i>	7.4	0.3	20.3	48.0	60.0	66.0	66.0	66.0	72.0	72.0
<i>Others</i>	9.1	0.3	11.1	38.7	41.3	44.5	48.0	48.0	48.0	48.0

Table 3(vi) Level and distribution of weekly working hours analysed by industry section and occupational group in Q2 2009

Industry Section/Occupational Group	Employees		Weekly working hours							
	Number ('000)	Percentage (%)	10th percentile	25th percentile	50th percentile	75th percentile	80th percentile	85th percentile	90th percentile	95th percentile
Professional, scientific and technical activities	133.2	4.8	36.0	38.8	40.6	42.5	44.3	44.3	46.6	48.0
Elementary occupations, service workers and shop sales workers	5.6	0.2	36.0	38.8	40.6	44.3	48.0	48.0	48.9	54.0
Others	127.6	4.6	36.0	38.8	40.6	42.5	44.3	44.3	45.7	48.0
Administrative and support services activities	15.8	0.6	37.2	40.6	41.5	44.4	46.8	48.0	48.8	54.2
Elementary occupations, service workers and shop sales workers	2.9	0.1	*	37.2	40.6	42.5	46.2	46.6	48.0	54.0
Others	13.0	0.5	38.1	40.6	41.5	44.5	47.1	48.0	48.8	54.6
Travel agency, reservation service and related activities	19.6	0.7	39.0	40.6	44.3	44.3	48.0	48.0	49.4	49.4
Elementary occupations, service workers and shop sales workers	3.9	0.1	*	44.3	44.3	45.0	47.1	48.0	48.0	54.0
Others	15.7	0.6	39.0	40.6	44.3	44.3	48.0	48.0	49.4	49.4
Education and public administration (excluding Government)	179.0	6.4	17.2	35.5	39.6	40.6	42.2	44.3	45.0	48.0
Elementary occupations, service workers and shop sales workers	19.6	0.7	24.0	40.6	45.0	49.4	49.5	51.0	52.6	54.0
Others	159.4	5.7	17.2	35.5	39.6	40.6	40.6	41.5	44.3	45.2
Human health activities; and beauty and body pre-tifying treatment	113.6	4.1	39.0	39.0	44.3	48.0	48.0	49.4	54.0	54.0
Elementary occupations, service workers and shop sales workers	36.5	1.3	45.0	45.0	45.0	51.2	54.0	54.0	54.0	56.3
Others	77.1	2.8	39.0	39.0	39.0	45.0	48.0	48.0	49.4	52.6
Miscellaneous activities	93.3	3.4	36.0	45.0	48.0	54.0	57.0	60.0	63.0	66.0
Elementary occupations, service workers and shop sales workers	66.4	2.4	24.2	45.0	48.0	57.0	60.0	60.0	66.0	66.0
Others	26.9	1.0	39.3	42.5	48.0	54.0	54.0	55.2	60.0	60.2

Table 3(vi) Level and distribution of weekly working hours analysed by industry section and occupational group in Q2 2009

Industry Section/Occupational Group	Employees		Weekly working hours							
	Number ('000)	Percentage (%)	10th percentile	25th percentile	50th percentile	75th percentile	80th percentile	85th percentile	90th percentile	95th percentile
Elderly homes	18.6	0.7	41.5	45.0	48.5	66.0	66.0	66.0	66.0	68.8
<i>Elementary occupations, service workers and shop sales workers</i>	15.6	0.6	42.0	45.0	54.0	66.0	66.0	66.0	66.0	69.0
<i>Others</i>	3.0	0.1	*	39.5	45.0	54.0	60.0	60.0	66.0	66.0
Laundry and dry cleaning services	3.3	0.1	*	36.0	48.0	54.0	54.4	55.4	57.5	60.0
<i>Elementary occupations, service workers and shop sales workers</i>	2.0	0.1	*	36.0	48.0	51.0	54.0	54.0	55.5	57.8
<i>Others</i>	1.3	#	*	*	49.5	55.2	55.4	57.5	57.5	60.0
Hairdressing and other personal services	42.8	1.5	40.6	45.0	50.8	54.0	54.0	60.0	60.0	63.0
<i>Elementary occupations, service workers and shop sales workers</i>	34.8	1.3	40.6	48.0	51.0	54.0	60.0	60.0	60.0	66.0
<i>Others</i>	7.9	0.3	39.2	40.6	48.0	54.0	54.0	54.0	54.0	54.0
Local courier services	5.1	0.2	27.0	44.0	44.3	47.3	47.3	49.3	50.3	50.3
<i>Elementary occupations, service workers and shop sales workers</i>	3.5	0.1	*	44.0	44.3	45.2	47.3	48.0	50.3	50.3
<i>Others</i>	1.6	0.1	*	*	45.7	47.3	48.0	50.3	50.3	54.9
Food processing and production	23.5	0.8	15.2	41.8	48.0	54.0	54.0	57.0	60.0	60.9
<i>Elementary occupations, service workers and shop sales workers</i>	10.5	0.4	15.2	15.2	44.3	51.9	54.0	56.1	57.0	60.6
<i>Others</i>	13.0	0.5	42.0	48.0	51.9	54.0	55.9	58.2	60.0	60.9
Other activities not classified above	113.0	4.1	38.7	41.5	45.6	49.0	51.0	54.0	54.0	54.0
<i>Elementary occupations, service workers and shop sales workers</i>	38.0	1.4	33.0	44.3	48.0	49.4	51.7	54.0	54.0	54.9
<i>Others</i>	75.0	2.7	38.8	40.6	44.7	48.9	51.0	54.0	54.0	54.0

Table 3(vi) Level and distribution of weekly working hours analysed by industry section and occupational group in Q2 2009

Industry Section/Occupational Group	Employees		Weekly working hours							
	Number ('000)	Percentage (%)	10th percentile	25th percentile	50th percentile	75th percentile	80th percentile	85th percentile	90th percentile	95th percentile
All industry sections above	2 776.6	100.0	36.9	40.6	44.3	49.0	53.7	54.0	57.0	63.7
Elementary occupations, service workers and shop sales workers	858.3	30.9	30.0	43.2	48.0	55.4	60.0	60.0	66.0	66.0
Others	1 918.3	69.1	38.1	40.4	42.0	48.0	48.0	49.1	54.0	56.1

Notes: * Estimates are not released due to relatively large sampling error.

Less than 0.05%.

Table 4 Number of employees analysed by industry section and weekly working hours in Q2 2009 - all employees

Industry Section	Total number of employees	Weekly working hours										Number of employees ('000)		
		< 40	40 - < 44	44 - < 48	48 - < 52	52 - < 56	56 - < 60	60 - < 64	64 - < 68	68 - < 72	≥ 72			
Manufacturing (excluding food processing and production)	112.8	6.8	20.1	38.9	22.9	11.2	6.8	3.5	0.9	1.2	0.5			
Electricity and gas supply; sewerage, waste management and remediation activities	17.2	11.3	0.5	1.0	3.0	0.7	0.7	*	*	*	*			
Construction	221.4	18.1	37.9	14.0	77.3	40.5	8.7	11.1	6.8	*	*			
Import and export trade	447.8	89.8	209.3	113.3	27.5	3.9	0.8	2.3	*	*	0.6			
Wholesale	35.0	2.6	8.2	4.3	12.2	5.6	0.9	0.9	*	*	*			
Retail trade	249.5	40.0	40.5	28.3	52.3	50.3	10.4	17.8	5.8	0.8	3.0			
Land transport	121.0	22.3	20.0	13.6	18.6	22.6	10.0	3.5	9.2	0.5	0.7			
Other transportation, storage, postal and courier services (excluding local courier services)	118.6	30.3	34.7	16.3	18.2	9.6	1.2	2.7	0.8	2.1	2.7			
Restaurants	195.1	32.0	9.1	12.4	23.4	45.5	16.8	40.7	10.0	0.9	4.2			
<i>Hong Kong style tea cafes</i>	20.8	2.9	0.6	0.9	2.1	3.9	2.1	7.6	0.5	*	*			
<i>Chinese restaurants</i>	63.9	4.0	1.4	3.6	6.8	14.1	4.9	20.9	5.9	*	*			
<i>Restaurants, other than Chinese</i>	62.5	8.3	4.5	4.2	10.6	22.3	2.7	7.6	1.4	*	*			
<i>Fast food cafes (including takeaway shops)</i>	48.0	16.8	2.7	3.7	3.9	5.2	7.1	4.5	2.3	0.6	1.1			
Accommodation and other food service activities	46.6	4.7	4.0	4.6	26.2	5.5	*	*	0.5	*	*			
Information and communications	103.2	18.6	61.3	15.4	6.4	0.6	*	*	*	*	*			
Financial and insurance activities	194.7	51.1	130.2	8.8	2.7	1.5	*	*	*	*	*			
Real estate activities (excluding real estate maintenance management)	30.5	6.5	10.2	4.5	3.3	4.7	*	0.6	0.6	*	*			
Estate management, security and cleaning services	215.5	30.4	19.9	14.4	53.4	23.1	3.2	5.4	44.7	2.9	18.2			
<i>Real estate maintenance management</i>	99.4	5.9	10.3	8.7	18.4	7.4	1.0	1.6	34.6	2.1	9.6			
<i>Security services (including investigation activities and services to buildings and landscape care activities)</i>	34.1	2.6	1.8	2.7	8.9	0.9	*	*	7.9	0.7	7.5			
<i>Cleaning services</i>	65.5	16.6	5.5	1.8	23.4	14.3	1.3	2.1	*	*	*			
<i>Membership organisations (including incorporated owners/tenants committees, kaifong welfare associations, etc.)</i>	16.6	5.3	2.3	1.3	2.7	0.6	*	*	*	*	*			
Professional, scientific and technical activities	133.2	43.7	59.9	16.9	8.8	1.4	0.6	1.8	*	*	*			
Administrative and support services activities	15.8	3.3	7.7	2.1	1.5	*	*	*	*	*	*			
Travel agency, reservation service and related activities	19.6	3.9	4.8	7.0	3.2	*	*	0.5	*	*	*			
Education and public administration (excluding Government)	179.0	101.7	48.7	16.8	9.2	2.2	*	*	*	*	*			
Human health activities; and beauty and body prettifying treatment	113.6	42.3	8.1	33.3	17.2	9.8	1.1	1.6	*	*	*			

Table 4 Number of employees analysed by industry section and weekly working hours in Q2 2009 - all employees

Industry Section	Total number of employees	Weekly working hours										Number of employees ('000)	
		< 40	40 - < 44	44 - < 48	48 - < 52	52 - < 56	56 - < 60	60 - < 64	64 - < 68	68 - < 72	≥ 72		
Miscellaneous activities	93.3	12.8	6.5	14.1	21.3	17.9	3.1	9.8	6.7	*	*		
<i>Elderly homes</i>	18.6	1.8	1.5	4.5	1.8	1.1	*	2.3	4.2	*	*		
<i>Laundry and dry cleaning services</i>	3.3	0.9	*	*	1.0	*	*	*	*	*	*		
<i>Hairdressing and other personal services</i>	42.8	4.2	2.6	4.3	11.0	12.6	0.8	5.3	2.0	*	*		
<i>Local courier services</i>	5.1	0.7	*	3.2	0.6	*	*	*	*	*	*		
<i>Food processing and production</i>	23.5	5.2	1.8	*	6.9	3.4	1.5	2.0	0.5	*	*		
Other activities not classified above	113.0	21.9	13.6	26.4	29.7	18.7	0.7	1.3	0.7	*	*		
All industry sections above	2 776.6	594.1	755.3	406.0	438.4	276.4	65.9	104.8	88.2	9.1	38.4		

Notes: Owing to rounding, there may be a slight discrepancy between the sum of individual items and the total.

* Estimates are not released due to relatively large sampling error.

Maintenance of Footbridges Within Areas of Private Developments

6. **MR TAM YIU-CHUNG** (in Chinese): *President, recently, some residents of various private housing estates have relayed to me that they are concerned that they are required to take on the responsibilities to manage and maintain the footbridges which were built for public use within the areas of their housing estates. In this connection, will the Government inform this Council:*

- (a) of the current total number of footbridges in Hong Kong which were built, for public use under the requirements of the land lease, within the areas of private developments, and among them, a list of those the management and maintenance responsibilities for which are to be borne by the developers or property owners of the developments concerned, according to the land lease or deed of dedication; and*
- (b) whether the authorities have, since 1980, granted waivers to developers or property owners in respect of their responsibilities to manage and maintain the aforesaid types of footbridges, and re-assigned the responsibilities to the government departments concerned; if they have, of a list of such footbridges, the year in which and the reasons why such waivers were granted, as well as the factors considered by the government departments concerned?*

SECRETARY FOR DEVELOPMENT (in Chinese): President, based on the information provided by the Lands Department, the Highways Department and the Transport Department, my reply to the two parts of the question is as follows:

- (a) Since 1980, a total of 238 footbridges have been built by developers for public use as required under the land leases of the private developments. Of these, 27 have been taken over by government departments in accordance with the relevant clauses in the land leases upon completion. The Government has also invoked the relevant clause in the lease to take over one footbridge located on Government land for management and maintenance by the departments concerned. The remaining 210 footbridges are now managed and maintained by the owners concerned, and a list of the 124 private developments involved is at Annex.

- (b) From 1980 till now, only on one occasion has the Government invoked the relevant clause in the lease of the abovementioned case in 2005 to take over the concerned footbridge and the management and maintenance responsibilities from the owners to the departments concerned. In making this very exceptional decision, the Government has taken into account the owners' requests, location of the footbridge, other practical considerations and the consolidated views of the departments concerned.

Annex

Private developments with public footbridges
required under leases to be managed and maintained by private owners
(note: public walkways which are not public footbridges are not included)

	<i>Development Name and Location</i>	<i>Relevant District</i>
1.	Hong Kong Station Development, Harbour View Street, Central	Central and Western District
2.	Citibank Plaza, 3 Garden Road	Central and Western District
3.	Pacific Place Phases I and II, 88 Queensway	Central and Western District
4.	Lippo Centre, 89 Queensway	Central and Western District
5.	Hang Seng Bank Headquarters, 83 Des Voeux Road Central	Central and Western District
6.	Far East Finance Centre, 16 Harcourt Road	Central and Western District
7.	United Centre, 95 Queensway	Central and Western District
8.	Admiralty Centre, 18 Harcourt Road	Central and Western District
9.	World Wide House, 19 Des Voeux Road Central	Central and Western District
10.	Fairmont House, 8 Cotton Tree Drive	Central and Western District
11.	Kornhill Garden, Kornhill and Kornhill Plaza (South) and (North), Kornhill Road	Eastern District
12.	City Garden, 233 Electric Road	Eastern District
13.	Central Plaza, 18 Harbour Road, Wan Chai	Wan Chai District
14.	Allied Kajima Building, 138 Gloucester Road, Wan Chai	Wan Chai District
15.	Novotel Century Hong Kong Hotel, 238 Jaffe Road, Wan Chai	Wan Chai District
16.	Royal Peninsula, 8 Hung Lai Road	Kowloon City District
17.	Langham Place, 8 Argyle Street and 555 Shanghai Street	Yau Tsim Mong District

	<i>Development Name and Location</i>	<i>Relevant District</i>
18.	Harbour Green, 8 Sham Mong Road	Yau Tsim Mong District
19.	Charming Garden, Junction of Hoi Ting Road and Hoi Wang Road	Yau Tsim Mong District
20.	Florient Rise, 38 Cherry Street and 9 Tai Kok Tsui Road	Yau Tsim Mong District
21.	Banyan Garden, 863 Lai Chi Kok Road	Sham Shui Po District
22.	Laguna City, Laguna Street, Kwun Tong	Kwun Tong District
23.	Millennium City II, 378 Kwun Tong Road	Kwun Tong District
24.	410 Kwun Tong Road	Kwun Tong District
25.	Millennium City V, 418 Kwun Tong Road	Kwun Tong District
26.	Nam Fung Commercial Centre, 19 Lam Lok Street, Kowloon Bay	Kwun Tong District
27.	Telford Gardens and Telford Plaza, 33 Wai Yip Street	Kwun Tong District
28.	Symphony Bay Villa Concerto, 530 Sai Sha Road	Tai Po District
29.	Tai Po Centre, 3 On Pong Road	Tai Po District
30.	Plover Cove Garden, 3 Plover Cove Road	Tai Po District
31.	Tai Po Centre (Phase 3), 3 Po Wu Lane	Tai Po District
32.	Jade Plaza, 3 On Chee Road	Tai Po District
33.	Fortune Plaza, 4 On Chee Rd	Tai Po District
34.	Uptown Plaza, 9 Nam Wan Road	Tai Po District
35.	Tai Po Centre (Phase 1), 9 On Pong Road	Tai Po District
36.	Sun Hing Garden, 2 On Po Lane	Tai Po District
37.	Tai Po Plaza, 1 On Tai Road	Tai Po District
38.	Elegance Garden, 1-7 Nam Wan Road	Tai Po District
39.	Oceania Heights, 2 Hoi Chu Road	Tuen Mun District
40.	Nerine Cove, 23 Hang Fu Street	Tuen Mun District
41.	Tuen Mun Parklane Square, 2 Tuen Hi Road	Tuen Mun District
42.	Blossom Garden, 11 Leung Tak Street	Tuen Mun District
43.	Venice Garden, 12 Leung Tak Street	Tuen Mun District
44.	Richland Garden, 138 Wu Chui Road	Tuen Mun District
45.	Sun Tuen Mun Centre, 55-65 Lung Mun Road	Tuen Mun District
46.	Pierhead Garden, 168-236 Wu Chui Road	Tuen Mun District
47.	Tuen Mun Town Plaza (Phase I), 1 Tuen Shing Street, 1 Tuen Shun Street, 3 Tuen Lung Street and 2 Tuen Yan Street	Tuen Mun District
48.	Tuen Mun Town Plaza (Phase II), 3 Tuen Lung Street	Tuen Mun District
49.	Tuen Mun Trend Plaza, 2 Tuen Lung Street	Tuen Mun District

	<i>Development Name and Location</i>	<i>Relevant District</i>
50.	New Town Mansion, 2 Tuen Lee Street	Tuen Mun District
51.	Kam Wah Garden, 1 Tuen Lung Street	Tuen Mun District
52.	Elite Garden, 11 Tsing Chui Path	Tuen Mun District
53.	Kam Men Mansion, 15 Tseng Choi Street	Tuen Mun District
54.	Grandeur Terrace, 88 Tin Shui Road	Yuen Long District
55.	Fanling Town Centre, 18 Fanling Station Road, Fanling	North District
56.	Dawning Views, 23 Yat Ming Road, Fanling	North District
57.	Grand Regentville, 9 Wo Mun Street, Fanling	North District
58.	Regentville, 8 Wo Mun Street, Fanling	North District
59.	Belair Monte, 3 Ma Sik Road, Fanling	North District
60.	Sheung Shui Centre, 3 Chi Cheong Road, Sheung Shui	North District
61.	Sheung Shui Town Centre, 9 Chi Cheong Road, Sheung Shui	North District
62.	Landmark North, 39 Lung Sum Avenue, Sheung Shui	North District
63.	Wing Fai Centre, 2-10 Luen Chit Street, Fanling	North District
64.	Lung Fung Garden, 33 Lung Sum Avenue, Sheung Shui	North District
65.	Metro City Phase 2, 8 Yan King Road, Tseung Kwan O	Sai Kung District
66.	The Metropolis, Metro City Phase 3, 8 Mau Yip Road, Tseung Kwan O	Sai Kung District
67.	The Pinnacle, 8 Wan Hang Road, Tseung Kwan O	Sai Kung District
68.	Beverly Garden, 1 Tong Ming Street, Tseung Kwan O	Sai Kung District
69.	Ocean Shores, 88 O King Road, Tseung Kwan O	Sai Kung District
70.	Residence Oasis, Area 38b, Tseung Kwan O	Sai Kung District
71.	Metro Town, 8 King Ling Road, Tseung Kwan O	Sai Kung District
72.	Star Plaza, 1A Chui Tong Road	Sai Kung District
73.	East Point City, 8 Chung Wa Road, Tseung Kwan O	Sai Kung District
74.	Prima Villa, 8 Chui Yan Street, Yuen Chau Kok	Sha Tin District
75.	Sunshine City, 18 On Luk Street, Ma On Shan	Sha Tin District
76.	Tolo Place, 628 Sai Sha Road, Ma On Shan	Sha Tin District
77.	Villa Oceania, 8 On Chun Street, Ma On Shan	Sha Tin District
78.	Saddle Ridge Garden, 6 Kam Ying Road, Ma On Shan	Sha Tin District
79.	Ma On Shan Centre, 1 On Chun Street, Ma On Shan	Sha Tin District
80.	Bayshore Towers, 608 Sai Sha Road, Ma On Shan	Sha Tin District
81.	Scenery Court, 1 Sha Tin Centre Street	Sha Tin District
82.	Sha Tin Plaza, 21-27 Sha Tin Centre Street	Sha Tin District

	<i>Development Name and Location</i>	<i>Relevant District</i>
83.	New Town Tower and Royal Park Hotel, 8-18 Pak Hok Ting Street	Sha Tin District
84.	New Town Plaza (Phase III), 2-8 Sha Tin Centre Street	Sha Tin District
85.	Sha Tin Racecourse, 6001 Tai Po Road-Sha Tin, Sha Tin	Sha Tin District
86.	Greenwood Garden, 7-11 Sha Kok Street	Sha Tin District
87.	Shatin Park Stage 1, 8-12 Sha Kok Street	Sha Tin District
88.	New Town Plaza (Phase I), 18 Sha Tin Centre Street	Sha Tin District
89.	Sha Tin Centre, 2-16 Wang Pok Street	Sha Tin District
90.	Greenfield Court, 9-11 Sha Tin Wai Road	Sha Tin District
91.	Belair Gardens, 52 Tai Chung Kiu Road	Sha Tin District
92.	Shatin Park Stage 3, 13-15 Kong Pui Street	Sha Tin District
93.	Chuen Fai Centre, 9-11 Kong Pui Street	Sha Tin District
94.	Garden Rivera, 20-30 Tai Chung Kiu Road	Sha Tin District
95.	Holford Gardens, 2-8 Chik Wan Street	Sha Tin District
96.	Palazzo, 28 Lok King Street	Sha Tin District
97.	New Haven, 363 Sha Tsui Road	Tsuen Wan District
98.	Chelsea Court, 100 Yeung Uk Road	Tsuen Wan District
99.	Indi Home, 138 Yeung Uk Road	Tsuen Wan District
100.	Vision City, 1 Yeung Uk Road	Tsuen Wan District
101.	Rhine Garden, 38 Castle Peak Road	Tsuen Wan District
102.	Discovery Park, 398 Castle Peak Road	Tsuen Wan District
103.	Grand City Plaza, 1-17 Sai Lau Kok Road	Tsuen Wan District
104.	City Landmark, 68 Chung On Street	Tsuen Wan District
105.	Bo Shek Mansion, 328 Sha Tsui Road	Tsuen Wan District
106.	City Landmark II, 67-95 Tsuen Wan Market Street	Tsuen Wan District
107.	Ho Fai Garden Block 1, 218-220 Sai Lau Kok Road and 90-92 Castle Peak Road, Tsuen Wan	Tsuen Wan District
108.	Ho Fai Garden Block 2, 222-224 Sai Lau Kok Road and 90-92 Castle Peak Road, Tsuen Wan	Tsuen Wan District
109.	Waterside Plaza, 38 Wing Shun Street	Tsuen Wan District
110.	Tsuen Fung Centre, 138-168 Sai Lau Kok Road and 144-172 Castle Peak Road	Tsuen Wan District
111.	Waldorf Centre, 170-184 Sai Lau Kok Road	Tsuen Wan District
112.	Tsuen Cheong Centre Cheong on Building, 186-216 Sai Lau Kok Road	Tsuen Wan District

	<i>Development Name and Location</i>	<i>Relevant District</i>
113.	Tsuen Cheong Centre Cheong Ning Building, 186-216 Sai Lau Kok Road	Tsuen Wan District
114.	Clague Garden Estate, 22-30 Hoi Shing Road	Tsuen Wan District
115.	Tsuen Wan Plaza, 4-30 Tai Pa Street	Tsuen Wan District
116.	Belvedere Garden Phases II and III, 620 and 625 Castle Peak Road — Tsuen Wan	Tsuen Wan District
117.	Bayview Garden, 633 Castle Peak Road — Tsuen Wan	Tsuen Wan District
118.	Luk Yeung Sun Chuen, 22-66 Wai Tsuen Road	Tsuen Wan District
119.	The Dynasty, 18 Yeung Uk Road	Tsuen Wan District
120.	Tierra Verde, Maritime Square, Tsing Yi Station, 33 Tsing King Road	Kwai Tsing District
121.	Greenknoll Court, 382 Castle Peak Road, Kwai Chung	Kwai Tsing District
122.	Metroplaza, 223 Hing Fong Road, Kwai Chung	Kwai Tsing District
123.	Wah Yuen Chuen, 1 and 2 Wah Yuen Drive 6, 8 and 12 Wah King Hill Road, Kwai Chung	Kwai Tsing District
124.	Coastal Skyline, 12 Tung Chung Waterfront Road, Tung Chung	Islands District

Measures to Combat Drink Driving

7. **MR LAU WONG-FAT** (in Chinese): *President, the Road Traffic Legislation (Amendment) Ordinance 2008 (the Amendment Ordinance) was enacted in 2008 to implement measures such as empowering police officers to conduct random breath test on drivers and raising the penalties on drink driving offences, in order to step up efforts in combating drink driving. The Amendment Ordinance came into operation on 9 February last year. In this connection, will the Government inform this Council:*

- (a) *of the respective numbers of traffic accidents caused by drink driving in each of the 12 months before and after the Amendment Ordinance came into operation; and*
- (b) *whether the authorities have any plan to assess the effectiveness of the aforesaid measures, and whether it is necessary to further step up measures to combat drink driving?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, the Amendment Ordinance has introduced various measures to combat drink driving. These include raising penalties on drink driving offences by disqualifying the offenders from driving for not less than three months on first conviction and requiring them to attend a driving improvement course on a mandatory basis; and empowering the police to conduct random breath tests.

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

- (a) The above measures to combat drink driving have come into effect since 9 February 2009. There were 90 and 29 drink-driving related accidents involving injuries or deaths in each of the 12-month-period before and after the implementation of the measures respectively. Detailed figures with monthly breakdowns are provided at Annex.
- (b) There has been a significant drop of about 70% in the number of traffic accidents involving drink driving since the implementation of the above measures, which shows the effectiveness of the measures. Nevertheless, drink driving can bring about grave consequences and the Killed and Serious Injuries rate for drink driving accidents has consistently been higher than the corresponding rate for all traffic accidents. The public continues to have concern about drinking driving offences. We plan to introduce a bill into the Legislative Council in this quarter with a view to implementing a series of measures to further combat drink driving and relevant offences. The measures include introducing a three-tier penalty system with a sliding scale (that is, the higher the alcohol level in excess of the prescribed limit, the longer the driving disqualification period); making a high alcohol level (at or exceeds three times of the prescribed limit) as a circumstance of aggravation in all dangerous driving offences; and providing for the consecutive implementation of imprisonment and driving disqualification.

On law enforcement, the police will continue with the random breath test operations. We will also continue to step up publicity and education to enhance the drivers' awareness of safe driving and the grave consequences of drink driving.

Number of Traffic Accidents Before and After
the Implementation of the Measures to Combat Drink Driving

<i>Number of traffic accidents involving drink driving (February 2008 to January 2009)</i>		
2008	February	3
	March	9
	April	4
	May	6
	June	7
	July	8
	August	9
	September	14
	October	4
	November	8
	December	9
2009	January	9
Total		90

<i>Number of traffic accidents involving drink driving (February 2009 to January 2010)</i>		
2009	February	2
	March	5
	April	3
	May	3
	June	1
	July	3
	August	1
	September	1
	October	1
	November	2
	December	6
2010	January (provisional figure)	1
Total		29

Retrofitting Euro II and III Buses with Selective Catalytic Reduction Devices

8. **MR JEFFREY LAM** (in Chinese): *President, in her reply on 16 March this year to my question in relation to the examination of the Estimates of Expenditure 2010-2011, the Director of Environmental Protection indicated that discussions were being held with franchised bus companies about launching a Government-funded trial of retrofitting Euro II and III buses with selective catalytic reduction (SCR) devices to reduce nitrogen oxides (NOx) emissions. In this connection, will the Government inform this Council:*

- (a) of the latest progress of and the implementation timetable for the aforesaid trial;*
- (b) whether it has studied the experience of other places in using SCR devices, including the effectiveness of such devices in reducing NOx emissions and the prices;*
- (c) whether it will consider giving priority to retrofitting SCR devices on buses which at present run in busy areas (such as Mong Kok, Central and Causeway Bay, and so on); and*
- (d) apart from retrofitting SCR devices, whether at present there are other means to help reduce emissions from Euro II and III buses?*

SECRETARY FOR THE ENVIRONMENT (in Chinese): President, the Government has been encouraging franchised bus companies to retrofit their existing buses with suitable emission reduction devices to further reduce emissions. All pre-Euro and Euro I franchised buses have already been installed with diesel oxidation catalysts to reduce particulate emissions by 30% and hydrocarbon and carbon monoxide emissions by 50%. Moreover, where technically feasible, franchised bus companies are retrofitting their Euro II and III buses with diesel particulate filters, which can reduce the emissions of particulates, hydrocarbon and carbon monoxide by about 80% to 90%. We expect that the retrofitting works will be completed within 2010. Apart from installing emission reduction devices, franchised bus companies have fully switched to Euro V diesel with sulphur content below 10 ppm (0.001%), which is cleaner than the ultra low sulphur diesel.

As regards another major roadside air pollutant, nitrogen dioxide, which is mainly formed by the oxidation of NO_x emitted from motor vehicles, it is now technically feasible to retrofit buses of some newer models (such as Euro II and III buses) with SCR devices to reduce their NO_x emissions. We understand that in some places in Europe, such as London in the United Kingdom, Belgium, Hagen in Germany and Arnhem, Nijmegen and Almere in the Netherlands, they have retrofitted some of their buses with SCR or are making the necessary preparation for conducting the retrofitting works. Among these places, London and Belgium are more experienced in this area. London has confirmed the environmental benefits of retrofitting buses with SCR back in 2006, and it is now looking further into the arrangements for the retrofit. A bus operator in Belgium has retrofitted about 170 single deck buses with SCR, and it is expected that the retrofitting works for another 80 plus single deck buses will be completed within 2010.

The experiences of London and Belgium show that the devices can reduce NO_x emissions by about 60%, thereby enabling Euro II and III buses to meet the Euro IV or above emission standard for NO_x. The estimated cost of retrofitting a bus is about HK\$150,000. The final retrofitting cost and the additional recurrent expenditure after retrofitting will depend on the complexity of the retrofitting works, exchange rate and results of the trial.

To better understand the SCR technology and overseas experience, we have contacted the major SCR suppliers. We also invited those two franchised bus companies mainly operating in the urban areas to join us and the Transport Department for a visit to the Transport for London (TfL) and a bus operator in Belgium in early 2010. The Kowloon Motor Bus Company Limited joined the delegation. Both TfL and the bus operator in Belgium confirmed the environmental benefits and technical feasibility of retrofitting buses with SCR, but the crucial factor lies in the availability of sufficient space in individual bus models for retrofitting.

We consider that as the first step we should conduct a trial locally to confirm whether retrofitting SCR can effectively reduce the NO_x emissions from Euro II and III buses. We have requested information from major SCR suppliers to help us as well as franchised bus companies to ascertain the availability of sufficient space in local buses for retrofitting SCR. We are in close contact with the franchised bus companies and hope that, where technically feasible, the trial

can begin as soon as possible with a view to studying in detail the feasibility and costs of the proposal.

Subject to a successful trial, we will discuss with the franchised bus operators how best to take forward the retrofitting works. We will also consider encouraging the operators to give priority to deploying retrofitted buses to run in busy corridors.

Application for Building Development in Harbourfront Areas

9. **MR JAMES TO** (in Chinese): *President, I have learnt that the authorities have indicated earlier that they hope to reduce the number of operators in the New Yau Ma Tei Public Cargo Working Area (PCWA) through "natural wastage" (that is, by not inviting tenders for the business concerned after the operators closed down their business), in order to reduce the area of PCWA, and they plan to ultimately develop PCWA into a harbourfront green belt. In his policy address delivered on 15 October 2008, the Chief Executive proposed to beautify the harbourfront, study the feasibility of conducting medium and long-term re-planning of the harbour, improve the accessibility of the harbourfront and, in consultation with District Councils, proceed with the construction of waterfront promenades. Moreover, the Secretary for Development has indicated on a number of occasions that the relocation of the public facilities within the harbourfront areas is under review. Yet, I have learnt that in September last year, the authorities approved a project of the Marine Department to construct a control centre at PCWA, and the authorities had never accounted for the project details at any meeting of this Council beforehand. In this connection, will the Government inform this Council:*

- (a) *what government departments and other organizations the Marine Department had consulted in relation to the project to construct the control centre, and whether it had received any objection or other comments during the consultation process; if so, of the contents of the comments;*
- (b) *given that the authorities have earlier decided to move the relevant government facilities inward, so as to tie in with the development of a waterfront promenade in To Kwa Wan, of the principles which at*

present have to be met by projects of government departments to construct buildings within the harbourfront areas, in order to prevent the buildings from impeding efforts to beautify the harbourfront; whether there is any guideline specifying that government departments have to consult District Councils and other organizations in the respective districts in putting forward the construction projects concerned;

- (c) of the respective numbers of operators which closed down their business in PCWA in each of the past three years; whether the authorities had invited tenders again for the business concerned; if so, of the number of new operators which have joined as well as the total number of operators at present;*
- (d) given that I have learnt that the aforesaid control centre will be involved in the management and operation of PCWA, whether the authorities have assessed if the construction of the control centre has violated the original intention of reducing the number of operators through "natural wastage" and reducing the area of PCWA as they have indicated earlier, as well as hampered PCWA's development into a harbourfront green belt; if an assessment has been conducted, of the outcome;*
- (e) whether the authorities had, in the past three years, assessed the impact of the construction of the aforesaid control centre on the development of a waterfront promenade connecting the Tai Kok Tsui area and the West Kowloon Cultural District, and whether they had considered dovetailing the existing development plan with the future development of a waterfront promenade; if they had, of the details; and*
- (f) apart from the aforesaid construction project, of the respective numbers of projects approved by the authorities in each of the past three years for government departments and private developers to construct buildings within the harbourfront areas, as well as their details?*

SECRETARY FOR DEVELOPMENT (in Chinese): President, the Government has no plans at present to reduce the number of operators in the New Yau Ma Tei PCWA through "natural wastage". Regarding the Marine Department's proposed construction of the Harbour Patrol Section control centre on Hoi Fai Road, Tai Kok Tsui and other related issues, the information/reply provided by the Marine Department and relevant departments is set out as follows:

- (a) To alleviate the shortage of working space and to enhance its port control capability, the Marine Department plans to construct a two-storey building of about 15 m in height as a control centre on a piece of government land of about 320 sq m, adjacent to the existing office of the Harbour Patrol Section on Hoi Fai Road, Tai Kok Tsui. The Marine Department has conducted consultation in accordance with the established procedures of land allocation and minor works projects. Consulted government departments included the Transport and Housing Bureau which is responsible for the housekeeping of the Marine Department, as well as the Planning Department, the Lands Department, the Development Bureau and other departments concerned. Externally, the Marine Department has conducted district consultation through the Yau Tsim Mong District Office. The targets of consultation included the District Council member of the concerned constituency, the relevant Area Committee and the relevant building management organization in the vicinity. The building management organization raised an objection which was withdrawn after explanation from the Marine Department.

Separately, in May last year, the Marine Department consulted the Sub-committee on Harbour Plan Review under the former Harbour-front Enhancement Committee (HEC, tenure of which expired at end-February this year). The Sub-committee asked for more information on the site selection and mitigation measures, and so on. It also suggested adopting measures to improve the pedestrian access along the typhoon shelter and landscaping the site. The Marine Department plans to consult the Yau Tsim Mong District Council upon completion of the detailed design of the port control centre. The Marine Department will proceed with seeking

other approvals as required after the design is finalized and the consultation is completed.

- (b) As to whether a government facility could be allocated a harbourfront site, the Administration will have to consider the operational needs (such as whether a harbourfront location is essential), the HEC's Harbour Planning Principles and Harbour Planning Guidelines, the urban design guidelines for the planning of the waterfront under the Hong Kong Planning Standards and Guidelines, the planning intentions of the sites stipulated on the relevant statutory plans, and views of the government departments and local community (including District Council members), and assess on relevant factors such as land use, visual impact and accessibility of the harbourfront areas. For those government facilities necessary to be located at the harbourfront, the impact on the public will be minimized as far as practicable while achieving harbourfront enhancement. For example, the proposed structures may be set back to allow for a waterfront promenade; pedestrian linkages to the waterfront may be provided around the structures concerned; elements of harbourfront enhancement may be included in the design, such as facade beautification; and landscaping works complement with the waterfront environment.

The Government has issued internal guidelines for departments to seek the views of HEC on the planning and construction of waterfront facilities, and to consult the relevant District Councils on development proposals.

- (c) The New Yau Ma Tei PCWA is the busiest public cargo working area in Hong Kong. In the past three years, one operator ceased operation in mid-2009. No tender exercise was conducted in respect of that vacant berth. At present, there are 28 operators in the public cargo working area.
- (d) The control centre in question is required to support the routine operations of the Harbour Patrol Section of the Marine Department. Such operations include marine law enforcement, marine traffic regulation and the handling of marine accidents. The Section has

not been and will not be involved in the management and operation of PCWAs. The Marine Department opines that the proposed site is most suitable for the operations of the control centre. As explained in the reply to part (b) above, the facility needs to be provided at the harbourfront due to operational needs.

- (e) At present, the pedestrian footpath of Hoi Fai Road allows pedestrians to walk from Tai Kok Tsui southward to the New Yau Ma Tei PCWA. The site of the proposed control centre will not affect the use of the footpath. We will continue to monitor the situation in assessing the feasibility of providing a waterfront promenade linking the Tai Kok Tsui area and the West Kowloon Cultural District.
- (f) The harbourfront covers a large area of land and a large number of buildings. As this question is concerned with new buildings constructed in harbourfront areas, we have listed in the Annex projects which have been granted/allocated land in the past three years to construct new buildings in harbourfront areas.

Annex

<i>Year</i>	<i>Organization/ department to which land was granted/ allocated</i>	<i>Location</i>	<i>Purpose</i>
2007	Drainage Services Department	Ting Kau, Tsuen Wan	Sewage Pumping Station
2007	Drainage Services Department	Tsuen Wan, Kwai Chung and Tsing Yi	Outfall Structures
2007	Leisure and Cultural Services Department	Tam Kon Shan Road, Tsing Yi	District Open Space
2008	Administration Wing	Tamar Site in Central	Central Government Complex, Legislative Council Complex and Open Space

<i>Year</i>	<i>Organization/ department to which land was granted/ allocated</i>	<i>Location</i>	<i>Purpose</i>
2008	Leisure and Cultural Services Department	Sun Yat Sen Memorial Park, Sheung Wan	A park cum public swimming pool complex
2008	Drainage Services Department	Tsuen Wan	Main Drainage Tunnel
2008	Environmental Protection Department	Junction of Tsing Sheung Road and Tsing Sheung Lane, Tsing Yi	Chemical Waste Treatment Facilities
2008	Kowloon-Canton Railway Corporation	Tsuen Wan Road	Non-industrial (excluding godown, petrol filling station and hotel) ^{Note}
2009	Leisure and Cultural Services Department	Junction of Shing Sai Road and Sai Cheung Street, Kennedy Town	Swimming Pool and Open Space
2009	Tourism Commission	Former Kai Tak Airport Runway	Cruise Terminal
2009	Electrical and Mechanical Services Department	Former Kai Tak Airport Runway	Underground Chiller Plant cum Underground Seawater Pump house and Above-ground Operational Facilities
2009	Leisure and Cultural Services Department	Junction of Man Hong Street and Java Road, Quarry Bay	Open Space
2009	Marine Department	Hoi Fai Road, Tai Kok Tsui	Harbour Patrol Office
2009	Leisure and Cultural Services Department	Hoi Fai Road, Tai Kok Tsui	Public Open Space

Note: It will be developed as residential units.

Operation Building Bright

10. **MR CHEUNG HOK-MING** (in Chinese): *President, the Government, in collaboration with the Hong Kong Housing Society (HKHS) and the Urban Renewal Authority (URA), launched a two-billion dollar Operation Building Bright (OBB) in 2009 to provide subsidies and one-stop technical assistance to help owners of some 2 000 target buildings which are 30 years old or over to carry out repair works. In this connection, will the Government inform this Council:*

- (a) whether the authorities have, since the implementation of OBB, assessed if there have been adjustments in the costs of the repair works of the target buildings due to the upsurge in the amount of works; if such an assessment has been conducted, of the specific details; and*
- (b) given that one of the criteria to be met by target buildings of OBB is "the buildings comprise no more than 400 residential units", whether the authorities will consider relaxing such a requirement so as to enable more buildings to meet the criteria?*

SECRETARY FOR DEVELOPMENT (in Chinese): President,

- (a) The HKHS and the URA are the implementation agencies of the OBB. Since the launch of the OBB last May, the HKHS and URA have been closely monitoring the tender prices of repair works in respect of the OBB applications, and have appointed independent professional consultants to assess the costs of repair works submitted by the applicants and provided estimated prices that are close to the market for different work items. According to the observation of the HKHS and URA so far, there has been no sign of significant upsurge in the costs of repair works for buildings participating in the OBB.
- (b) The Development Bureau is considering the next steps, including how to put into optimum use the remaining funds in the original \$2 billion as well as the additional \$500 million proposed by the Financial Secretary in this year's budget, in order to assist more

owners to carry out building repair works. We will also consider, *inter alia*, whether the requirement of "no more than 400 residential units" should be adjusted. We plan to further report to the Legislative Council Panel on Development in the middle of this year on the progress of OBB and the proposal on how to effectively utilize resources.

Utilization of Public Swimming Pools

11. **MR CHAN HAK-KAN** (in Chinese): *President, the Leisure and Cultural Services Department (LCSD) conducted a questionnaire survey in 2008 so as to study the participation patterns of members of the public in physical activities and sports. According to the findings of the survey, swimming ranked second among the sports in which the public had participated most frequently and was also the sport which they were most eager to learn. In this connection, will the Government inform this Council:*

- (a) *of the average monthly attendances at public swimming pools in the past three years (set out in table form) after discounting the numbers during the implementation of the Free Admission Scheme of LCSD Leisure Facilities in 2008;*
- (b) *whether the authorities have conducted surveys again after completing the aforesaid questionnaire survey in 2008 so as to study the utilization of public swimming pools by members of the public (including the weekly number of attendances) and their satisfaction levels towards the services in public swimming pools; if so, of the findings; if not, the reasons for that, and whether it will consider conducting such surveys;*
- (c) *of the number of public swimming pools which will be completed and commissioned in the next three years according to the existing plan; focusing on the findings of the aforesaid survey, whether the authorities will expedite the pace of constructing public swimming pools;*
- (d) *of the criteria based on which the authorities set the admission fees for public swimming pools;*

- (e) *given that the admission fees for the public swimming pools in the New Territories during weekends, Sundays and public holidays are higher than those for weekdays, whether the authorities will consider standardizing the admission fees based on those for weekdays, so as to encourage more members of the public to use public swimming pools; and*
- (f) *given that LCSD has indicated to quite a number of District Councils (including Sha Tin District Council) last year that it would conduct a feasibility study on the proposal to launch monthly tickets for public swimming pools, of the progress of the study, and when it will decide on whether or not such monthly tickets will be launched?*

SECRETARY FOR HOME AFFAIRS (in Chinese): President,

- (a) After excluding the figures recorded during the implementation of the "Free Admission Scheme of Leisure Facilities" in 2008, the average attendance per month at public swimming pools under the management of the LCSD in the past three years is tabulated at Annex 1.
- (b) To upgrade its service quality, the LCSD conducted telephone opinion surveys on its recreation and sports facilities, including public swimming pools, in 2002 and 2009. The surveys covered items such as the frequency of use of public swimming pools by members of the public and their satisfaction level with public swimming pool services. According to the findings of the surveys, among those respondents who used public swimming pools, the percentage of respondents who used the pools at least once a month increased from 44.6% in 2002 to 46.7% in 2009, and the percentages of respondents who indicated that they were very satisfied or satisfied with public swimming pool services in 2002 and 2009 were 60.1% and 60.8% respectively. The details are set out at Annex 2.
- (c) According to current plans, the LCSD will provide six new swimming pool complexes for public use in the coming three years (that is, between now and 2012). The LCSD will monitor the progress of these projects towards timely completion and commissioning.

- (d) In determining the fees and charges for public swimming pools and other recreation and sports venues, the LCSD will consider and balance the relevant factors, including utilization of the recreation and sports facilities, public affordability and acceptability, and the Government's subsidy levels.

(e) and (f)

The LCSD has set up a working group to review the fees and charges for the recreation and sports venues (including swimming pool complexes) under its management. The review covers the proposal to introduce a monthly ticket scheme for public swimming pools and the alignment of admission fees at different time slots for swimming pools in the New Territories. Given the wide range of recreation and sports venues provided by the Department, the number of fee items involved in this review is nearly 1 000. The working group has conducted a number of studies, on issues such as the utilization of swimming pools, cost recovery rates and concessionary fees. Completion of the review is at the top of LCSD's agenda, and the Department will announce the results of the review upon its conclusion.

Annex 1

Average monthly attendance at public swimming pools
under LCSD management from 2007 to 2009

<i>Year</i>	<i>Attendance per year</i>	<i>Average Attendance per month</i>
2007	9 255 173	771 264
2008*	4 041 081	449 009
2009	8 911 232	742 603

Note:

- * Only the attendance at public swimming pools from January to June 2008 and from October to December 2008 has been calculated. If the attendance of 7 628 392 recorded during the implementation of the "Free Admission Scheme of LCSD Leisure Facilities" from July to September 2008 is included, the average attendance per month in that year should be 972 456.

Annex 2

Findings of the Surveys on Recreation and Sports Facilities in 2002 and 2009

	<i>Percentage of Respondents</i>	
	<i>2002</i>	<i>2009</i>
<i>Respondents' frequency of use of public swimming pools:</i>		
Use of public swimming pools at least once a week	14.3%	14.7%
Use of public swimming pools less than once a week, but at least once a month	30.3%	32.0%
Use of public swimming pools less than once a month, but at least once every three months	32.7%	27.4%
Once every four to six months	16.5%	18.7%
Once every seven to 12 months	6.2%	7.1%
<i>Respondents' satisfaction with the public swimming pool services:</i>		
Very Satisfied/Satisfied	60.1%	60.8%
Average	35.0%	37.4%
Dissatisfied/Very Dissatisfied	4.9%	1.8%

Progress of Upgrading of Fire Safety Installations in Retail and Car Parking Facilities Under The Link Management Limited

12. **MR FRED LI** (in Chinese): *President, it has been learnt that as part of the listing requirements, The Link Real Estate Investment Trust (The Link REIT) had given an undertaking to the Hong Kong Housing Authority (HA) that it would carry out in phases the upgrading of the fire safety installations in the retail and car parking facilities under its management, so as to comply with the latest requirements under the Fire Safety (Commercial Premises) Ordinance (the Ordinance) (Cap. 502). In this connection, will the Government inform this Council:*

- (a) *whether it knows the number of the upgrading projects of fire safety installations that The Link Management Limited (The Link Management), which manages The Link REIT, has originally undertaken to carry out in phases, and in how many phases the projects will be completed; among them, the respective numbers of projects which have been completed and have not yet been completed and the details (including the contents of the projects, the completion dates originally pledged, and the actual or expected completion dates) of the projects, listed by the housing estate where the facilities are located; among them, the number of facilities which comprise public space; according to current progress, when all the upgrading projects will be completed;*
- (b) *whether the Fire Services Department (FSD) has issued any fire safety direction to The Link Management on grounds that the shopping arcades and car parking facilities under its management have failed to comply with the requirements under the Ordinance; if so, of the details, including when The Link Management was required to complete all the necessary upgrading projects of fire safety installations and the details of such projects, listed by the housing estate where the facilities are located; and*
- (c) *whether the authorities have assessed the fire hazards the public face in using shopping arcades or car parking facilities for which the upgrading projects of fire safety installations have not yet been completed; if so, whether HA, as the manager of the Deed of Mutual Covenant (DMC), has required The Link Management to complete the upgrading projects by a specified deadline; if so, of the details?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, having incorporated the inputs of the Housing Department and the Security Bureau, my reply to the three-part question is as follows:

- (a) and (b)

Since the listing of The Link REIT in November 2005, The Link Management is responsible for the management of its estates. As

in the case of other prescribed commercial premises⁽¹⁾ under private ownership, those under The Link REIT shall have fire safety upgrading works carried out as required by the Ordinance in four phases as delineated by the age of the prescribed commercial premises. The FSD and the Buildings Department (BD) will conduct joint inspections of the prescribed commercial premises at the beginning of each phase and issue fire safety directions (the directions), subject to the inspection results, to require owners to complete fire safety upgrading works by the deadline specified in the directions.

According to the agreement between the HA and The Link Management, the HA will be responsible for the first two phases of the fire safety upgrading works required by the Ordinance. Prior to the listing of The Link REIT, the first two phases of the works were largely completed. Only part of the works remained to be followed up upon the listing of The Link REIT. In this connection, the HA has earmarked provisions for reimbursements made by The Link Management on works carried out. As far as the works in the second phase are concerned, all have been completed except for some building services works in Wan Tsui Estate which may affect tenants and need to be carried out in parallel with other upgrading works. The Link Management will undertake both the third and the fourth phases of the fire safety upgrading works at its own expense. The progress of inspections of premises under The Link REIT conducted by the FSD and the BD, and the progress of the related fire safety upgrading works, are set out in the Annex.

In dealing with the fire safety upgrading works for prescribed commercial premises under The Link REIT, the FSD and the BD adopt the same standards applicable to those premises under other private ownership. The FSD and the BD meet with The Link REIT

(1) "Prescribed commercial premises" refer to a building or part of a building with a total floor area exceeding 230 sq m of which is used, or is proposed to be used as bank; off-course betting; jewelry or goldsmith's business on premises that have a security area; supermarket, hypermarket or department store; or shopping arcade.

regularly to discuss the progress of the fire safety upgrading works being carried out in compliance with the Ordinance. According to the information provided by the FSD and the BD, the progress of The Link REIT in complying with the directions is comparable to that of other prescribed commercial premises under private ownership.

- (c) The purpose of the Ordinance is to provide better protection from the risk of fire for occupants and users of, and visitors to, premises and commercial buildings. The FSD and the BD have completed inspections for the first to the third phases, and commenced in March 2010 inspections of 38 prescribed commercial premises and 55 other commercial facilities under The Link REIT in the forth phase. The FSD and the BD expect to complete the joint inspections in four to five years, and will issue directions on the inspected premises to occupants of the premises after inspection.

Since the divestment of the shopping centres and car parks in 176 public housing projects to The Link REIT in late 2005, the HA has acted as the DMC manager in 91 of these public housing projects. The HA in accordance with its powers and duties under the DMCs, manages the "Common Areas" of these projects, executes the provisions of the DMCs and ensures the owners' compliance with the DMCs. According to the DMC, "Common Areas" means the areas intended for the common use and benefit of the housing estate as a whole.

There are no "Common Areas" in the prescribed commercial premises under the management of The Link Management. As specified above, prescribed commercial premises under the management of The Link Management are regulated by the Ordinance. The Link Management has to ensure that the premises under its management comply with all fire safety statutory requirements, and conduct fire safety upgrading works according to the directions issued by the relevant departments when necessary.

Statutory authorities under the Ordinance will undertake proactive follow-up actions.

Annex

Progress of Inspection and Improvement Works for
Prescribed Commercial Premises under The Link REIT

<i>Inspection Programme</i>	<i>Progress</i>
Phases I and II	The FSD and the BD have completed the joint inspections and issued a total of 45 directions to The Link REIT. All fire safety upgrading works in Phase I have been completed. As for Phase II, apart from some building services works in Wan Tsui Estate which may affect tenants and need to be carried out in parallel with other upgrading works, all other upgrading works have been completed.
Phase III	The FSD and the BD have completed the joint inspections on all 43 prescribed commercial premises (premises) covered under Phase III. The two Departments started issuing directions to The Link REIT from September 2009. As at 31 March 2010, a total of 33 directions have been issued. The earliest expiry date of these directions is October 2010. Among the directions issued, 12 have already been complied with.
Phase IV	The FSD and the BD have commenced the joint inspections in Phase IV in March 2010. A total of 38 premises and 55 other commercial facilities will be covered in this Phase. The two Departments expect that the joint inspections would be completed in four to five years. Directions would be issued to the occupants of the relevant premises after the inspections throughout this period.

Driving Training and Driving Test Systems

13. **MS MIRIAM LAU** (in Chinese): *President, regarding driving training and driving test systems, will the Government inform this Council:*

- (a) of the number of traffic accidents in each of the past three years which involved drivers holding a probationary driving licence (P Licence) and the resultant casualties;*
- (b) whether the authorities had, in the past three years, studied the driving training and driving test systems in other places; if they had, of the results, and how such systems compare with those in Hong Kong; if not, the reasons for that; and*
- (c) whether it will review the existing driving training and driving test systems in Hong Kong, with a view to reducing traffic accidents through enhancing driving training; if it will, of the details; if not, the reasons for that?*

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

- (a) The Government launched the Probationary Driving Licence Scheme (the Scheme) for motor cycles and motor tricycles in October 2000. Any person who applies to take and passes a motor cycle or motor tricycle driving test on or after 1 October 2000 is required to undergo a 12-month probationary driving period in accordance with the Road Traffic (Driving Licences) Regulations (Cap. 374B) (the Regulations) before such person is qualified to apply for a full driving licence. The Scheme has subsequently been extended to cover private cars and light good vehicles. Any person who applies to take and obtains a pass in a private car or light goods vehicle driving test on or after 9 February 2009 is also required to undergo a probationary driving period. In respect of the vehicle classes covered by the Scheme, the numbers of traffic accidents and the resultant casualties involving P licence holders in the past three years are at the Annex.
- (b) The Transport Department (TD) from time to time makes reference to the driver training and driving test systems of other places, such as the United Kingdom, Singapore and the Mainland China, and so on. The driver training and driving test systems of these places, for

example, the regulation on driving instructors and the arrangement of driving tests, are similar to those of Hong Kong.

Similar to the driving test systems of most places, driving test in Hong Kong is divided into written and road tests to assess from the theoretical and practical perspectives whether candidates are suitable for driving and obtaining a driving licence, in order to ensure road safety. According to the existing requirements, candidates have to pass the written test before they are allowed to take the road test. Written test aims to examine candidates' understanding of the Road Users' Code, which covers driving theory, traffic offences, emergencies handling, language of the road, and so on; road test examines the driving techniques of candidates from various aspects, items to be tested include to stop the vehicle on slope, u-turn on narrow road, reverse and park the vehicle, overtake other vehicles, and meet or cross lanes, and so on.

Besides, all driving instructors have to pass the tests administered by the TD as required by the Regulations to be qualified for providing driver training services. The TD also regulates and governs the operation of designated driving schools in accordance with the Road Traffic Ordinance (Cap. 374) to ensure the quality of the driver training services provided by these schools.

- (c) The TD has been keeping a close view on the figures and causes of traffic accidents, as well as maintaining frequent contacts with the trade in respect of driver training, and reviewing the driving test system from time to time to further enhance road safety. On driver training, the TD has been overseeing the driver training programmes in the market to ensure that learner drivers can enjoy quality driver training services from either private driving instructors or designated driving schools.

The TD launched the Driving Improvement Course (DIC) Scheme for drivers in September 2002. The Court also has the discretionary power to order traffic offenders who incur five driving-offence points (DOPs) or above to complete a DIC, in order to instill in them a stronger sense of road safety and to help them improve their driving attitude and develop good driving behavior. With effect from February 2009, the TD has required offenders of serious traffic

offences or traffic offenders who have accumulated 10 or more DOPs within a period of two years to attend a DIC on a mandatory basis so as to enhance their sense of road safety.

Annex

Number of traffic accidents and resultant casualties involving
drivers holding a P licence in 2007-2009

Year	No. of Traffic Accidents [#]			No. of Resultant Casualties [^]		
	Motor cycles and motor tricycles	Private cars	Light good vehicles	Motor cycles and motor tricycles	Private cars	Light good vehicles
2007	370 (12.9%)	-	-	410 (12.8%)	-	-
2008	286 (11.2%)	-	-	298 (10.5%)	-	-
2009	210 (8.4%)	42 (0.8%)	6 (0.3%)	226 (8.1%)	56 (0.8%)	7 (0.2%)
Total	866	42	6	934	56	7

Notes:

Figures in brackets represent the percentage share out of the total number of traffic accidents involving the relevant vehicle class in that particular year.

^ Figures in brackets represent the percentage share out of the total number of the resultant casualties of traffic accidents involving the relevant vehicle class in that particular year.

Erroneous Charging at Fuel and LPG Filling Stations

14. **MR ANDREW CHENG** (in Chinese): *President, regarding incidents of erroneous charging at fuel and liquefied petroleum gas (LPG) filling stations, will the Government inform this Council:*

- (a) *of the number of complaints about erroneous charging at fuel and LPG filling stations received by the authorities in each of the past three years, broken down by name of suppliers;*

- (b) *whether it knows the time generally taken by the suppliers concerned to handle and resolve the problems, as well as to refund the overcharged amounts after cases of erroneous charging at fuel and LPG filling stations were uncovered; and*
- (c) *given that it has been reported that the Sinopec (Hong Kong) Petrol Filling Station Company Limited (Sinopec) has announced earlier that owing to erroneous LPG pricing at two of its LPG filling stations in Ma On Shan and Yuen Long between 1 and 28 February this year, it had overcharged by a total of over \$20,000, whether there is a mechanism at present for suppliers to report to the Government and the public on their own initiative incidents of erroneous charging at their fuel and LPG filling stations; if so, of the details of the operation of the mechanism; if not, the reasons for that?*

SECRETARY FOR THE ENVIRONMENT (in Chinese): President,

- (a) In the past three years, the Electrical and Mechanical Services Department (EMSD) and Consumer Council (CC) have not received any complaint about erroneous charging at petrol or LPG filling stations.
- (b) and (c)

In case of erroneous charging at petrol and non-dedicated LPG filling stations, consumers could bring up the issue with filling stations direct. Assistance could be sought from CC if necessary.

Regarding dedicated LPG filling stations, EMSD has been monitoring and publicizing the LPG price levels including approving LPG ceiling prices, publicizing ceiling prices through press releases, uploading ceiling prices onto EMSD website, and posting price information at conspicuous locations at dedicated LPG filling stations.

On 1 March 2010, Sinopec identified, on its own accord, error in the LPG price at its Ma On Shan and Yuen Long dedicated filling

stations. Sinopec reported the incident to EMSD on 2 March 2010 and issued on 3 March 2010 a press release on the incident and the reimbursement arrangements.

Ratio of Graduate Teacher Posts in Public Sector Primary and Secondary Schools

15. **DR PAN PEY-CHYOU** (in Chinese): *President, some members of the education sector have pointed out that although the upper limits on the ratio of graduate posts in public sector primary and secondary schools have been raised to 50% and 85% respectively since the 2009-2010 school year, quite a number of teachers with a recognized degree or equivalent qualifications are still occupying non-graduate teacher posts in primary and secondary schools; hence the education sector still expresses worry about the problem of unequal pay for the same work in schools. In this connection, will the Government inform this Council:*

- (a) *among the serving teachers in government and aided primary and secondary schools in Hong Kong, of the respective numbers of those who do not hold any recognized degree or equivalent qualifications as well as those who have such qualifications and are occupying non-graduate teacher posts; and*
- (b) *whether the authorities have any plan to further increase the upper limits for the ratio of graduate posts in public sector primary and secondary schools, so that all teachers who possess recognized degrees can obtain graduate posts, with a view to improving the current unfair situation of teachers in schools being paid differently for the same work; if they have such a plan, of the details; if not, the reasons for that?*

SECRETARY FOR EDUCATION (in Chinese): President,

- (a) In the 2009-2010 school year, the approximate numbers of teachers without degree qualifications and those with degree qualifications

but holding non-graduate teaching posts in public sector schools are as follows:

	<i>Primary schools (government and aided)</i>	<i>Secondary schools (government, aided and caput)</i>
Number of teachers without degree qualifications	1 800	800
Number of teachers with degree qualifications but holding non-graduate teaching posts	10 100	5 100

Note:

Figures include all teachers appointed within the teaching staff establishment or by using other sources of funding.

- (b) The ratios of graduate teaching posts within the staff establishment in public sector secondary and primary schools have been raised to 85% and 50% respectively starting from the 2009-2010 school year. It is the Government's long-term target to upgrade all teaching posts in secondary and primary schools to graduate posts. Towards this end, the Government will continue to keep in view all relevant factors, including affordability and prioritization of resources, and review the ratios of graduate teaching posts within the staff establishment of schools in due course.

Emergency Assistance for Travellers Visiting Hong Kong

16. **MR PAUL TSE** (in Chinese): *President, it was reported that a tour group of 24 travellers arriving at Hong Kong from the Philippines in the evening of 9 March this year was suspected to have been deceived, and had to wait miserably at the Hong Kong International Airport for more than six hours, but were still not received by staff of the travel agency concerned. Such travellers had later learnt that the travel agency and the receiving organization in Hong Kong had not made any accommodation arrangements for them. They had*

called the Travel Industry Council of Hong Kong (TIC), the Hong Kong Tourism Board (HKTB) and the Consulate-General of the Philippines in Hong Kong respectively to seek immediate assistance, but they did not receive any assistance. Finally, the Member of the Legislative Council returned by the tourism functional constituency had arranged for their accommodation for that night and provided them with other assistance. In this connection, will the Government inform this Council:

- (a) of the respective numbers of cases received by the various government departments concerned in each of the past three years of travellers visiting Hong Kong who requested for emergency assistance; and what established mechanisms or measures are in place for handling such cases;*
- (b) whether it has assessed if the cause of the HKTB's and TIC's failure to immediately handle the aforesaid case of request for assistance and to provide emergency assistance to such travellers was related to the fact that the incident occurred after office hours; if an assessment has been conducted, of the outcome; if not, whether it will conduct an assessment expeditiously; and*
- (c) given that some members of the trade have pointed out that at present, the Tourism Commission (TC), HKTB and TIC do not provide emergency services after office hours to travellers stranded in Hong Kong as a result of being involved in cases similar to the above deception case or other unexpected incidents, of the reasons for not providing such services; whether it has assessed the adverse impact of the lack of such services on the tourism industry in Hong Kong; if an assessment has been conducted, of the outcome; if not, whether it will conduct an assessment expeditiously; and what improvement measures are in place?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Chinese): President, in general, travellers visiting Hong Kong who encounter difficulties and wish to seek assistance may contact the Hong Kong Police Force (the police) or the HKTB. Depending on the nature of the cases, the police or the HKTB will provide assistance or refer the cases to other departments or

organizations. Inbound travellers may also seek help from consulates of their countries of origin in Hong Kong when running into difficulties.

In the evening of 9 March 2010, a tour group from the Philippines arrived at Hong Kong and found there was neither a tour guide receiving them at the Airport nor had hotel reservation been arranged by the Philippine side. According to the investigation of the TIC, the case did not involve any Hong Kong travel agent, and is suspected to be a case of fraud in the Philippines.

Although the concerned government departments and organizations could not provide immediate assistance right after the group had arrived without reception arrangements in Hong Kong, once they learned of the incident, they all worked together to help the affected tourists to enable them to continue their original itineraries on concessionary rates at their own expenses. The visitors concerned had thus experienced Hong Kong's hospitality culture. Officials of the Consulate General of the Philippines in Hong Kong also said that our response and arrangements were timely and thoughtful, and the Philippine media widely reported the arrangements made by us.

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

- (a) in each of the past three years, the total number of cases received by the TC, the HKTB, the TIC and the Consumer Council on requests for assistance from travellers visiting Hong Kong are set out below:

<i>Financial Year</i>	<i>Number of cases requiring assistance</i>
2007-2008	2 910 cases
2008-2009	2 137 cases
2009-2010	1 914 cases

The requests for assistance cover a rather wide scope, including loss of identity documents, injuries from accidents, loss of property, loss of contact with their tour groups, shopping-related matters, and so on. Front-line departments and organizations such as the police and the Immigration Department also receive requests for assistance or enquiries from travellers visiting Hong Kong but have not further categorized the requests according to whether they originated from travellers or whether they were urgent. On receiving requests for

assistance, the relevant departments and organizations will make every effort to provide timely assistance.

(b) and (c)

There is a notification mechanism among government departments and related organizations in dealing with matters concerning inbound travellers. Notifications can be made 24 hours a day whenever necessary. In fact, relevant government departments and organizations had in the past experience in and examples of handling requests for assistance from travellers after office hours. There are no statistics on whether there were cases which immediate assistance had not been offered to travellers because the requests were made outside office hours.

In the light of the Philippine tour group incident, the TC has again co-ordinated with the government departments and organizations that have relatively more contacts with inbound visitors. We have reviewed the above notification mechanism. We have looked at how communication among parties concerned after office hours could be made more timely and effective. Improvement measures were worked out to ensure that the mechanism could operate more smoothly in future. In case of emergencies involving travellers that front-line agencies cannot resolve themselves, the agencies will notify the TC and the TIC promptly, no matter whether the emergencies occur within or outside office hours. The TC, the TIC as well as the departments and organizations concerned can then follow up as soon as practicable.

Redevelopment Project at Hanoi Road in Tsim Sha Tsui

17. **MR LEE WING-TAT** (in Chinese): *President, regarding the sale of the flats in the redevelopment project at Hanoi Road in Tsim Sha Tsui, which was jointly undertaken by the Urban Renewal Authority (URA) and a private developer, will the Government inform this Council:*

- (a) *whether it knows the detailed arrangements of the internal sale conducted before the sale of the units of the aforesaid redevelopment project in the open market (including how the decision on which flats*

were to be put up for internal sale was made and how their prices were set); whether URA has discussed and agreed with the project developer a list of specially-selected buyers; if it has, what the criteria and restrictions were, including whether buyers were prohibited from selling their flats by way of "confirmor sale" (that is, after signing the formal agreement for sale and purchase with the original property owner, the buyer passes the interests in the agreement to another buyer before the specified date of transaction); whether it has prohibited staff and family members of the project developer and other partners from purchasing flats in their own name or in the names of companies through internal sale, or they were required to obtain the written authorization concerned to participate in internal sale; if they were so required, of the details; when and why URA has agreed to the internal sale arrangements for the aforesaid redevelopment project, as well as the number of flats involved; when the project developer submitted the list of specially-selected buyers to URA, the number of persons involved, and the total number of persons who actually made purchases in the internal sale, when the provisional and formal agreements for sale and purchase were signed, and when the transactions were completed;

- (b) whether it knows if URA has taken the initiative to publicize detailed arrangements for the internal sale of the aforesaid redevelopment project, and replied to the enquiry on the internal sale arrangements from the Apple Daily on 26 August last year; if so, of the details; if not, the reasons for that;
- (c) given that it was reported that quite a number of tycoons indicated that after purchasing flats of the aforesaid redevelopment project through internal sale, they immediately resold the flats by way of "confirmor sale", whether it knows if URA has followed up the resale situation of such kind of flats;
- (d) given that it was reported that the adjoining flats on the 60th floor of the aforesaid redevelopment project were sold by applications from individual buyers on invitation, whether it knows the relevant details; in what way the other adjoining and duplex flats in the project were sold and its details;

- (e) *whether it knows when and in what way in the project developer publicized the prices of the first batch of flats in the aforesaid redevelopment project put up for sale in the open market, and when the sale in the open market officially commenced; the respective numbers of flats put up for sale on the first and second days of the official sale; the total number of flats sold in this way and, among them, the number of those the buyers of which are affiliated with the project partners (such as purchases made in their own name or in the names of companies by the board members, relatives and senior management staff of the partners, and so on), and whether such purchases were executed through the estate agencies under the project developer; whether the authorities will investigate the incident;*
- (f) *whether it knows the total number of flats in the aforesaid redevelopment project sold to date and, among them, the respective numbers and percentages of those sold through sale in the open market and not through sale in the open market (such as internal sale and applications from individual buyers on invitation, and so on); and the respective numbers of flats purchased in the names of companies and persons;*
- (g) *in order to avoid estate agencies under the partners of other future redevelopment projects (that is, estate agents responsible for the sale of the flats of the project) from having priority in purchasing the first batch of flats put up for sale in the open market, so as to generate profits and boost sales, whether it knows if URA will consider adopting the method of drawing lots to decide on the buyers to purchase the first batch of flats for sale in the open market;*
- (h) *whether it knows if URA will consider expeditiously publicizing on the websites of other future redevelopment projects detailed information of the sales brochures, prices of flats, as well as daily and aggregate numbers of flats sold, and updating records of agreements for sale and purchase daily, with a view to enhancing transparency; and*

- (i) *according to the information in the sales brochure of the aforesaid redevelopment project, dedicated areas of a total of 736.358 sq m are zoned as public pedestrian walkway, the management, operation, repair and maintenance of which will be the responsibilities of property owners, whether it knows such estimated annual expenditure; how the property owners share such expenses; whether 608.03 sq m inside the dedicated areas as defined under the Deed of Dedication can only be used for public pedestrian passage, and not for other purposes (such as letting out for temporary hawking activities, and so on); whether property owners are required to shoulder the management and repair and maintenance costs of the open space for the public, public passage, tunnel connections and accesses as well as public passage and pedestrian subway connections leading to MTR stations within the project area?*

SECRETARY FOR DEVELOPMENT (in Chinese): President,

- (a) The development project referred to in the question is "The Masterpiece", which is the service apartment portion of the "K11 Owner Participation Scheme (OPS)" launched by the former Land Development Corporation (LDC) in 1998. The LDC and the former property interest owners (including the current project developer) had respectively entered into commercial contracts under the "OPS" to take the project forward.

The URA took over the project upon its establishment in 2001. The developer and its related companies held over 80% share of the property rights.

According to the contract terms of the OPS, the developer is fully responsible for the sales arrangement of the units. While the URA is vested with the power to consider and approve the price list and the terms of payment of the units proposed by the developer, it has no authority to interfere in the sales plan, marketing programme, the sales procedure, including internal pre-sale and identifying target customers. To ensure that the prices of units are in line with the

market level, the URA has appointed two independent professional valuers to examine the proposed price lists submitted by the developer.

Since the developer had already obtained the Certificate of Compliance from the Lands Department (LandsD) before "The Masterpiece" was put on sale, the developer was not restricted by the LandsD Consent Scheme.

As regards the sales arrangement for the other URA projects, based on the consensus reached between the URA and its joint-venture partners under the respective project development contract, normally there will not be any internal pre-sale of units. In the various projects launched by the URA in recent years, such as Florient Rise in Tai Kok Tsui and Island Crest in Sai Ying Pun, internal pre-sale has not been arranged. Regarding the proposed price lists, the URA will employ independent and professional valuers to examine the proposed price lists submitted by developers to ensure that the prices are in line with the market level.

Unlike the other development projects, under the terms of the "K11 OPS" contract with the developer, the URA can only ask the developer to produce for URA's record a full list of the buyers who purchase units through internal pre-sale, and the records of vetting by the developer's board of directors. The URA has been informed by the developer in writing that none of its directors, staff members or their family members are on the internal pre-sale buyers' list. As all the contracts relating to the rights and responsibility governing the sale of "The Masterpiece" were finalized before its establishment, the URA could only consider the proposed price lists submitted by the developer and refer them to two independent international valuers for professional and objective advice in compliance with the contracts. In this regard, the URA had asked the developer several times to revise the price lists before the project was put on sale so as to ensure that the prices truly reflect the market prices and that the URA's interests in the project would be protected.

There is no contractual or other legal basis for the URA to require the developer to seek its prior approval on any internal pre-sale arrangement including the list of invited buyers, or restrict buyers from selling their units through any lawful means of transaction before the specified transaction dates.

All the 39 persons/companies on the internal pre-sale list submitted by the developer to the URA had signed the provisional and formal agreements for sale and purchase by the end of August 2009 as scheduled. The Deeds of Assignment for all the 39 sold units were completed within the deadlines as specified in the formal agreements for sale and purchase and registered with the Land Registry.

- (b) The developer takes full charge of the flat sale for "The Masterpiece" under the provisions of the project contract. The flat prices were also set in accordance with the price lists approved by the URA. The URA has no right to interfere in any internal pre-sale arranged by the developer. There is also no provision in the project contract that gives the URA the right to make public the internal pre-sale arrangements.
- (c) The developer takes full charge of the flat sale for "The Masterpiece" under the provisions of the project contract. There is no contractual or other legal basis for the URA to require the developer to seek its prior approval for any internal pre-sale arrangement or restrict buyers from selling their units through any lawful means of transaction before the specified transaction dates, such as selling their units by way of "confirmor sale".
- (d) It is the understanding of the URA that the adjoining units on the 60th floor have been put up for sale by way of "invitation for open offers" through the four estate agencies appointed by the developer. The purpose of this arrangement is to identify more interested parties to make offers through the estate agencies. The URA agreed to the final price level proposed for the adjoining units. The transaction of the units was also fully executed and registered with the Land Registry. The developer is offering the remaining standard units

and special/duplex units for sale by batch in the open market and through the appointed estate agencies.

- (e) "The Masterpiece" went on sale in the open market in end August 2009. The total number of units, including the first batch and the additional units, put up for public sale on the first two days, was 130. A total of 77 units were sold on those two days. A Certificate of Compliance from the LandsD was obtained beforehand and the units were put up for sale as completed flats. Nevertheless, the developer has, in accordance with the practice agreed between the Real Estate Developers Association of Hong Kong and the Government in respect of the sale of uncompleted first-hand residential units, published the price lists before the sale of the units concerned. This includes distributing the price lists to estate agencies entrusted to help with the sale to facilitate their identification of interested buyers. Besides, all the price lists have been posted at the sales office before the flat sale. Visitors to the sales office can obtain the price lists and the sales brochures free of charge.

There is no requirement in the "OPS" agreement between the former LDC and the developer that at the stage of public sale of the units, buyers must disclose their identities to the URA or seek approval from the URA. As such, the URA does not have information on the relationship between the buyers and its project partner.

- (f) "The Masterpiece" provides a total of 345 standard units and special/duplex units. So far, a total of 243 units have been sold, including 239 standard units and four special units. Of these, 204 units (200 standard units and four special units) were sold during public sale, representing about 59% of the total number of units in the project, while 39 standard units were sold during internal pre-sale, representing about 10% of the total number of units. At present, the developer is offering the remaining 102 units (or 30%) for sale by batch in the open market. According to the information available from the sale and purchase agreements, of the 243 units sold, 82 were purchased in the name of individuals while 161 were under company names.

- (g) All along, for the URA and its joint-venture partners, when it comes to the sale of units under their development projects, it has been common practice for the developers to appoint a number of estate agencies to put up the flats for sale in the open market. The URA has confirmed that in the process, no estate agencies will have the priority to purchase the first batch of flats or other flats put up for public sale for profit or to help boost sales. The URA will discuss with the Finance Committee of the URA Board by the end of April whether it will stipulate in future development contracts with partners that internal pre-sale will be abolished and whether the declaration procedure governing the purchase of units by the partner developers and related persons during public sale should be tightened.
- (h) According to the standard co-operation arrangement between the URA and its partner developers, the sale of flats is the developers' responsibility. As required under the guidelines on flat sale issued by the Real Estate Developers Association of Hong Kong, the developers have to make public in their sales offices and their websites the transaction details of uncompleted first-hand residential units, including in each case the transaction price, the date of signing of the formal agreement for sale and purchase, and the particulars of the transacted flat, within five working days after the signing of the provisional agreement for sale and purchase. Sales brochures are made available in the sales offices to the visiting public and estate agents free of charge. As to whether the price lists and the transaction details will be made public on the URA's website as soon as possible, it should be noted that given the time lapse in the actual promulgation of the information, this may give rise to unnecessary confusion. Nevertheless, the URA will examine the feasibility of the proposal.
- (i) In accordance with the Deed of Mutual Covenant for "K11" as approved by the Government, the area of 736.358 sq m designated as public pedestrian passages at the ground level comprises two sections measuring 608.03 sq m and 128.058 sq m. They are public areas in the development project and have to be open for public use free of charge. The estimated annual expenditure on management,

operation, repair and maintenance of these areas is about HK\$1 million. All owners of the development project will have to bear the management responsibility, including the repair and maintenance expenses, of these two sections of pedestrian passages based on their management shares as stated in the Deed of Mutual Covenant.

Furthermore, the related expenses on the public open space, the subway connections, the subway exit and entrance, the MTR public passageway and the MTR subway connection within the project area, are all shouldered by the owners of the K11 Shopping Arcade in accordance with the proportion of management shares they hold as prescribed in the Deed of Mutual Covenant. As required under the lease conditions, these areas should be open to the public free of charge.

The lease conditions also stipulate that the public pedestrian passages, the public open space, the subway connections, the subway exit and entrance, the MTR public passageway and the MTR subway connection mentioned above should all be open to the public free of charge, and generally should not be used for any other purposes.

Statistical Surveys Conducted by Census and Statistics Department

18. **DR DAVID LI:** *President, it has been learnt that the Census and Statistics Department (C&SD) makes changes to the types of data it collects in its statistical surveys for publication from time to time, and that the C&SD has established channels to obtain views from data users, including conducting customer opinion surveys and holding regular meetings with major statistical data users, so as to assist it in determining the types of data to be collected and published. In this connection, will the Government inform this Council:*

- (a) *of the number of regular meetings held with major statistical data users in each of the past five years, broken down by major subject of the meetings;*

- (b) *of the subject headings introduced and suspended respectively in the statistical surveys the C&SD had conducted in each of the past five years in response to data users' views;*
- (c) *of the total number of subjects added to and deleted from the "Hong Kong statistics" in each of the past five years; and*
- (d) *whether there are objective criteria adopted by the C&SD to consider which particular statistics are to be introduced or suspended; if so, of the details of such criteria?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY:
President,

- (a) The C&SD holds regular meetings with representatives of major local data users in order to keep abreast of their changing and emerging needs in developing the department's various statistical programmes. The number of regular meetings held by major subject areas in each of the past five years is summarized below:

<i>Subject areas</i>	<i>Number of regular meetings</i>				
	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>
(i) Major development directions of Government statistical activities	2	2	2	2	2
(ii) Major macro-economic statistics covering external trade, national income and balance of payments	6	5	5	5	5
(iii) Sectoral economic statistics for specific industries	5	8	6	8	5
(iv) Population and social statistics	1	1	3	2	2

Apart from the above regular meetings, the C&SD holds consultation meetings with relevant stakeholders as and when necessary to seek their views on specific statistical projects such as

Population Census/By-census, Household Expenditure Survey and Annual Earnings and Hours Survey.

- (b) The C&SD has introduced the following new subject areas for collection of statistics in each of the past five years after considering data users' views:

<i>Year</i>	<i>New subject areas introduced for collection of statistics</i>
2005	(i) Tourism satellite account statistics
2006	(ii) Inward foreign affiliates trade in services statistics
2007	(iii) Statistics on sectoral concentration
	(iv) Statistics on babies born in Hong Kong to Mainland women
	(v) Household income distribution statistics
2008	(vi) Patent-related statistics
	(vii) Weekly reports on food prices
	(viii) Results of regular consultation on impact of financial tsunami on business operations of small and medium enterprises
2009	(ix) Statistics on the Six Crucial Industries (<i>viz</i> medical services, education services, testing and certification services, innovation and technology, cultural and creative industries and environmental industries)
	(x) Statistics on wage distribution

The C&SD has not received any feedback from the data users requesting that compilation of certain statistics be suspended in the past five years.

- (c) In the past five years, the C&SD has added a total of 13 new subject areas for collection of statistics, including the 10 subject areas set out in part (b) above. The breakdown of the number of new subject areas added in each of the past five years is given below:

	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>
Number of new subject areas added for collection of statistics	2	1	4	3	3

There was no deletion of subject areas by the C&SD from its statistical work in the past five years. But in order to make the best use of resources, for statistics of diminishing importance, the C&SD has taken steps to reduce the scale of data collection or to suspend data collection in certain subject areas (such as for which administrative data are considered as good proxy) so that resources can be redeployed to other statistical areas of growing importance.

- (d) The C&SD assesses the needs and the merits for the introduction or suspension of particular statistics on a case-by-case basis having regard to individual circumstances. In general, the C&SD will consider factors including data users' needs, relevance to the latest economic and social developments of the Hong Kong economy, the Government's policy priorities, practicability of collecting reliable data on the statistics concerned, resources implications, responding burden of sampled establishments and households, and recommendations or requirements of international statistical organizations.

Support Service Centres for Ethnic Minorities

19. **MS STARRY LEE** (in Chinese): *President, in 2009, the Constitutional and Mainland Affairs Bureau allocated funds to non-governmental organizations (NGOs) to set up and operate four centres in Kwun Tong, Wan Chai, Tuen Mun and Yuen Long to provide support services for ethnic minorities so as to help them integrate into the community. In this connection, will the Government inform this Council:*

- (a) *of the number of attendances of ethnic minorities participating in activities or receiving services of each centre since its establishment, together with a breakdown by district of residence, race and age; and*
- (b) *whether it has planned to increase the number of such centres; if it has, of the details; if not, the reasons for that?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Chinese): President,

- (a) The four support service centres for ethnic minorities came into operation progressively from May to September 2009. As at end March 2010, the number of attendances of ethnic minorities participating in various courses and integration activities or receiving services is as follows:

	<i>Number of attendances participating in activities or receiving services</i>
Hong Kong Christian Service CHEER Centre	3 400
International Social Service-Hong Kong Branch HOPE Centre	2 350
Yuen Long Town Hall (YLTH) Support Service Centre	5 700 (In addition, 6 800 participated in mass programmes organized by the centre, such as cultural shows and festive events)
Christian Action SHINE Centre	1 800

The above figures reflect the situation at the introductory stage of the service. The number of service users has been increasing progressively since the centres commenced their services. All centres continue to reach out actively to ethnic minority communities in different districts, and collaborate with NGOs and relevant government bureaux and departments to promote their services to ethnic minorities.

As for the figures on the distribution of district, race and age of their users, the mechanism of collection of information differs across the various centres in accordance with their operational situation, and also depending on whether it is feasible or appropriate to collect the relevant information for the programmes or services concerned (for example, relevant information is not collected for mass programmes or telephone interpretation service), and whether individual persons

are willing to provide the information. In the circumstances, the breakdowns below by district, race and age (up to end February/March 2010) only reflect the profile of users who have provided the relevant information.

Statistics on users participating in activities or receiving services by district of residence:

<i>District</i>	<i>CHEER Centre**</i>	<i>HOPE Centre</i>	<i>YLTH Support Service Centre</i>	<i>SHINE Centre**</i>
Central and Western	7	376	8	4
Eastern	13	274	7	3
Southern	5	269	0	1
Wan Chai	13	460	3	0
Kowloon City	63	175	3	1
Yau Tsim Mong	23	81	19	0
Sham Shui Po	22	67	8	6
Wong Tai Sin	75	29	1	0
Kwun Tong	95	55	2	15
Tai Po	2	30	5	2
Tuen Mun	5	27	51	253
Yuen Long	2	25	2 132	91
Northern	0	17	5	3
Sai Kung	27	61	1	2
Sha Tin	9	40	0	0
Tsuen Wan	4	35	12	3
Kwai Tsing	31	29	116	1
Islands	11	79	3	0
Not provided*	7	0	9	1
Total	414	2 129	2 385	386

Statistics on users participating in activities or receiving services by race:

<i>Race</i>	<i>CHEER Centre**</i>	<i>HOPE Centre</i>	<i>YLTH Support Service Centre</i>	<i>SHINE Centre**</i>
Filipino	48	1 080	163	48
Indonesian	33	350	357	26
Indian	77	131	18	36
Nepalese	13	156	1 343	35
Thai	10	194	0	1
Pakistani	223	113	490	106
Others	10	105	14	92
Not provided*	0	0	0	42
Total	414	2 129	2 385	386

Statistics on users participating in activities or receiving services by age:

<i>Age group</i>	<i>CHEER Centre**</i>	<i>HOPE Centre</i>	<i>YLTH Support Service Centre</i>	<i>SHINE Centre**</i>
10 and below	77	79	263	46
11 to 20	75	87	786	65
21 to 30	106	501	494	73
31 to 40	100	656	450	114
41 to 50	34	452	220	49
51 to 60	11	142	116	26
61 and above	11	42	39	9
Not provided*	0	170	17	4
Total	414	2 129	2 385	386

Notes:

* Some of the users providing other types of information have not responded in respect to the type of information in question.

** A membership mechanism is adopted. The centres only collect relevant statistics on their members. Members who participate in multiple activities are only counted once.

- (b) The four centres just came into operation last year, and are promoting their support services to ethnic minorities in all districts in Hong Kong through different means including co-operation with other service providers and units.

We will monitor the usage situation of the centres closely, and keep under review the support services and consider necessary adjustments in the light of the operational experience and the needs of ethnic minority communities, in order to provide more suitable services for ethnic minorities. For example, we have provided additional sponsorship for three of the centres to operate tutorial classes for ethnic minority students in various districts. In addition, we continue to sponsor other NGOs to operate other support services in different districts. These include language classes and Community Support Teams. In the circumstances, we have no plan at this stage to increase the number of centres.

Leasing of Offices and Multi-function Areas in Youth Square

20. **MR CHEUNG KWOK-CHE** (in Chinese): *President, the Chief Executive announced in his 1998 policy address the construction of a centre for development in Chai Wan to provide a focal point for youth development work and activities. The centre is now called the Youth Square (Y²) and has been commissioned by phases since the end of last year. It has been learnt that the offices and multi-function areas on the 8th and 9th floors of the Y², which has a total area of about 1 300 sq m, have been officially commissioned for leasing to youth groups. In this connection, will the Government inform this Council:*

- (a) *of the application procedure and eligibility for leasing the aforesaid offices and multi-function areas; the number of applications received so far and, among them, the respective numbers of those which have been approved and rejected, as well as the reasons for rejecting such applications;*

- (b) *of the area, rental, name of the leasing group and lease period of the aforesaid various office units (set out in the table below); and*

<i>Unit number of the office</i>	<i>Area of the unit</i>	<i>Rental</i>	<i>Name of the leasing group (or vacant)</i>	<i>Lease period</i>

- (c) *whether the authorities have any mechanism in place to subsidize those youth groups which do not have sufficient funds but wish to lease the aforesaid offices?*

SECRETARY FOR HOME AFFAIRS (in Chinese): President, with reference to the three parts of the question, our reply is as follows:

- (a) There is a total of 14 382 sq ft available on the 8th and 9th floors of the Y² for leasing. Two rounds of open invitation were made to organizations/individuals from 31 August to 25 September and 18 November to 4 December respectively to submit leasing application forms for multi-function areas/offices. The leasing applications were considered by a Selection Board which comprised members of the Home Affairs Bureau and members of the Management Advisory Committee of Y².

Y² primarily aims to serve as a focal point for territory-wide youth activities in Hong Kong. In this regard, priority would be given to youth organizations and non-profit-making organizations when allocating the space. The order of priority is listed below:

- (i) Local registered non-profit-making youth organizations without independent offices
- (ii) Local registered non-profit-making youth organizations with independent offices
- (iii) Local registered non-profit-making organizations with youth as primary service group

- (iv) Other local registered non-profit-making organizations
- (v) Overseas non-profit-making organizations
- (vi) Other organizations, business ventures and individuals

The Leasing Guide was uploaded to the website of Y². The Guide contains application procedures, background information, rental policy, floor plans, and so on.

We received a total of 49 leasing application forms for multi-function areas/offices. The Selection Board considered the applications with reference to the above order of priority and other requirements listed on the Leasing Guide. Subsequently, 13 organizations were allocated with units. Since the total required area in the two rounds of applications exceeds total lease area, some applicants were not allocated with units.

- (b) The areas, rentals, names of leasing groups and lease periods of various office units at Y² are at Annex.
- (c) Y² serves to provide facilities and venues for youth development and training activities for the enhancement of young people. It also provides offices and multi-purpose facilities for youth organizations committed to youth development. Therefore, the affordability of youth organizations has been taken into account in the formulation of the rental policy. The oversubscription in the past two rounds of application for leasing of multi-function areas/offices indicates that the rental level is acceptable by local organizations. Rental discount has been made available to local registered non-profit-making organizations for leasing of multi-function areas/offices and there is no need to establish separate mechanism to subsidize organizations which wish to lease the said venues.

Annex

The areas, rentals, names of leasing groups and lease periods of multi-function areas/office units at Y²

<i>Office Unit No.</i>	<i>Area (sq ft) IFA</i>	<i>Rental per sq ft (HK\$)</i>	<i>Name of Leasing Group (in alphabetical order of its name)</i>	<i>Lease Period (Year)</i>
910-911	1 030	Average approx \$6.8 ^{Note}	Committee on Youth Smoking Prevention	2
802	484		Hong Kong Association of Youth Development	2
907, 915	1 212		Hong Kong Dance Federation	2
904, 908-909, 912-914	2 565		Hong Kong Federation of Youth Groups	2
812-813	1 005		Hong Kong Model United Nations Club	2
905	362		Hong Kong Shanghai Youth Exchange Promotion Association	2
814	347		Hong Kong — Shanxi Youth Exchange Promotion Association	2
801, 807-808, 901-903	2 525		Hong Kong United Youth Association	2
809	572		Hong Kong Youth Exchange Promotion United Association	2
803	493		The Boys' Brigade, Hong Kong	2
804-806, 810-811, 816-817	2 945		The Scout Association of Hong Kong	2
815	498		The YElites Group	2
906	344		U-focus	2

Note:

Rental rate of individual unit varies with regards to its location, and so on. The rental per sq ft of each unit ranged from \$6.1 to \$7.5.

STATEMENTS

PRESIDENT (in Cantonese): Statement. The Chief Secretary for Administration will make a statement on the "Package of Proposals for the Methods for Selecting the Chief Executive and for Forming the Legislative Council in 2012".

In accordance with Rule 28(2) of the Rules of Procedure, no debate may arise on the statement but Members may put to the public officer making the statement short and succinct questions, provided that they are relevant to the statement.

Package of Proposals for the Methods for Selecting the Chief Executive and forming the Legislative Council in 2012

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, later today, the Government of the Hong Kong Special Administrative Region (SAR) will publish the "Package of Proposals for the Methods for Selecting the Chief Executive and for Forming the Legislative Council in 2012", summarizing the results of the public consultation concerned and putting forth specific proposals on the two electoral methods for 2012.

On 18 November last year, the SAR Government published the "Consultation Document on the Methods for Selecting the Chief Executive and for Forming the Legislative Council in 2012" (the Consultation Document), setting out the directions which might be considered regarding how the democratic elements of the two electoral methods for 2012 could be enhanced, and launched a three-month public consultation. The consultation period ended on 19 February this year. The consultation was carried out on the basis of the Decision of the Standing Committee of the National People's Congress (NPCSC) on Issues Relating to the Methods for Selecting the Chief Executive of the Hong Kong Special Administrative Region and for Forming the Legislative Council of the Hong Kong Special Administrative Region in the year 2012 and on Issues Relating to Universal Suffrage (the Decision) in December 2007, that is, universal suffrage shall not be implemented in 2012, but appropriate amendments conforming to the principle of gradual and orderly progress may be made to the two electoral methods.

To ensure that the proposed package would have a broad basis of public opinion, we consulted the community widely and systematically through a variety of channels to collect the views of the Legislative Council, District Councils (DCs), organizations and individuals from different sectors of society, as well as members of the public on the Consultation Document. We organized a number of open and regional forums, attended three public hearings and a special meeting organized by the Constitutional Affairs Panel of the Legislative Council, as well as meetings of the 18 DCs, so as to directly listen to the views of the public, Members of the Legislative Council and DC members on the Consultation Document. We also attended forums and meetings organized by a number of organizations and invited political parties and groupings, academics and alliances formed by different political parties and groupings to meetings to listen to their views. A total of more than 70 relevant forums and meetings were held.

In addition, we received a total of some 47 200 written submissions and more than 1.6 million signatures.

At the same time, we also monitored closely the relevant public opinion polls conducted by various academic, community and media organizations and regarded them as an important means to reflect public opinions.

On behalf of the SAR Government, I wish to take this opportunity to thank various sectors of society for their valuable views. The views have provided a very useful reference and basis for us to better gauge public opinions, thereby designing a proposal relatively more acceptable to the community.

The document to be published later today puts on record all the opinions received during the consultation period. It also faithfully summarizes and reflects the views of various parties. In short, in the sea of opinions, a few common threads are obvious:

- (a) Members of the public generally wish to see progress in the constitutional arrangement in 2012;
- (b) Sixty percent of the respondents support the key elements about the two electoral methods for 2012 as set out in the Consultation Document; and

- (c) Over half of the respondents support the passage of the 2012 constitutional reform proposal put forth by the Government in the Legislative Council.

After carefully analysing and summarizing the views expressed by various parties, the SAR Government has sought to identify the most appropriate point of balance and now puts forth this package of proposals on the two electoral methods for 2012.

In the following, I wish to highlight the major elements of the proposed package.

Regarding the method for selecting the Chief Executive, we propose:

- (a) that the number of members of the Election Committee (EC) be increased from 800 to 1 200;
- (b) that the number of members of the four sectors of the EC be increased by the same proportion, that is, the number of seats for each sector be increased by 100;
- (c) that 75 of the 100 new seats in the fourth sector (that is, the political sector) be allocated to elected DC members. Together with the existing 42 seats, the DC subsector will have a total of 117 seats, which will be returned through election from among elected DC members and appointed DC members will not take part in the election. As for the remaining 25 new seats, aside from the 10 seats to be allocated to the Legislative Council, 10 seats will be allocated to members of the National Committee of the Chinese People's Political Consultative Conference and five to Heung Yee Kuk;
- (d) that the nomination threshold be maintained at the ratio of one eighth of the total membership of the EC. No upper limit on the number of subscribers should be set at this stage; and
- (e) that the requirement that the Chief Executive should not have any political affiliation should not be changed at the present stage but can be reviewed in the long term.

Regarding the method for forming the Legislative Council, we propose:

- (a) that the number of Legislative Council seats be increased from 60 to 70, 35 seats returned by geographical constituencies through direct elections and 35 returned by functional constituencies (FCs);
- (b) that all the five new FC seats and the existing seat for the DC FC be returned through election by elected DC members from among themselves, that is, appointed DC members will not take part in the election;
- (c) that the six seats for the DC FC be returned under the proportional representation system; and
- (d) that the existing arrangement that permanent residents of Hong Kong who are not of Chinese nationality or who have the right of abode in foreign countries can stand in the elections for the 12 FC seats be maintained.

The advantage of this package is to enhance the democratic elements of the two electoral methods through the participation of elected DC members who have a broad electorate base. Particularly concerning the Legislative Council FC elections, no more traditional FC seat will be created and the 41 seats (that is, close to 60% of all the seats) will be returned through direct or indirect geographical elections.

Regarding the concern of some people about enhancing the participation of elected DC members in the respective elections of the Chief Executive and the Legislative Council, I wish to take this opportunity to make a response.

There are views that DC members are elected by only a few thousand to 10 000 voters, and their vision focuses only on district matters. Increasing the number of DC seats in the Legislative Council to six will blur the distinction between DCs and the Legislative Council. We consider that DC members should not be belittled. DCs are the cradle for nurturing political talents. The experience of DC members in politics and serving the public at the district level will facilitate their work in the Legislative Council. In fact, a number of incumbent Members of the Legislative Council are also DC members. They are

able to attach equal importance to the overall interest of society and local interests.

There are also views that under the Basic Law, DCs are not organs of political power. Empowering DC members to elect the Chief Executive and Members of the Legislative Council is not consistent with the Basic Law.

We should emphasize that there are already representatives of DCs in the current EC and the Legislative Council. The Basic Law and the District Councils Ordinance have already stipulated the powers and functions of DCs. The legal basis for the participation of DC members in the elections of the EC and the Legislative Council is provided by the Chief Executive Election Ordinance and the Legislative Council Ordinance. For these reasons, enhancing the participation of DC members in the two elections will not transform the DCs into organs of political power, nor will it change the powers and functions of the DCs.

During the consultation period, there were a considerable number of views in the Legislative Council and the DCs that the DC appointment system should be abolished. Our proposal that appointed DC members will not take part in the elections of DC seats in the EC and the Legislative Council in 2012 is a constitutional issue relating to the two electoral methods. The DC appointment system, on the other hand, is an issue relating to local legislation and laws.

Appointed DC members strive to serve the community with dedication and their achievements are there for all to see. The SAR Government is grateful for their efforts and recognizes their contributions to district administration. In the hope that constitutional development in 2012 can be rolled forward, they accept and support the Government's proposal that appointed DC members will not take part in the elections of DC seats in the EC and the Legislative Council. This indicates that they are willing to place the overall interest of the community ahead of their own.

Certainly, we understand that some political parties and groupings, as well as Members, of the Legislative Council are concerned about the DC appointment system. We also note that, as indicated by a public opinion poll, more than 60% of the respondents agree that the DC appointment system should be abolished. The SAR Government adopts an open and constructive attitude towards the

abolition of the appointment system concerned. In order to respond to this concern, after the proposed package for the two electoral methods for 2012 has been passed by the Legislative Council, we will put forth as soon as possible the respective proposals at the local legislation level for social discussions.

To respond to the aspiration of some political parties and groupings of the Legislative Council and some individuals in the community for commencing the discussion on universal suffrage models as soon as possible, we made it clear in the Consultation Document that we would make a summary and conclusion of the views on universal suffrage received during the public consultation, so that the SAR Government to be formed in 2012 and 2017 might have reference in dealing with the issue of universal suffrage for the Chief Executive and the Legislative Council.

The views received have all been put on record. They focus mainly on the following three areas:

- (a) The timetable for implementing universal suffrage for the Chief Executive and the Legislative Council in future;
- (b) Whether the current-term SAR Government should put forth a roadmap for universal suffrage; and
- (c) How the FC seats should be dealt with when universal suffrage for the Legislative Council is implemented.

The goal of the SAR Government at this stage is to roll forward Hong Kong's democratic development in 2012 by injecting new democratic elements into the two electoral methods, so as to pave the way for implementing universal suffrage in 2017 and 2020. The Central Authorities and the SAR Government fully appreciate the public's aspiration for universal suffrage. In this connection, the SAR Government can make it clear that the timetable for implementing universal suffrage as stipulated in the Decision of the NPCSC made in 2007 is solemn and it bears constitutional and legal effect.

At an appropriate time prior to 2017, the package for implementing universal suffrage for the Chief Executive to be put forth by the SAR Government will include that a broadly representative nominating committee

formed with reference to the composition of the EC in accordance with the Basic Law shall, in accordance with democratic procedures, nominate a certain number of candidates for the office of the Chief Executive, who is to be elected through universal suffrage by all the eligible electors of the SAR.

As to how the FC seats should be dealt with when universal suffrage for the Legislative Council is implemented, different sectors of the community, as well as various political parties and groupings and Members of the Legislative Council, still have diverse views. For example, in response to a question of whether or not all the FCs should be abolished, 36% to half of the respondents in various public opinion polls answered in the affirmative while roughly 40% considered otherwise. At this stage, the community has yet to reach a general consensus on this major and critical constitutional issue, nor does it have the conditions for making a conclusion. More time is needed to discuss the issue thoroughly, so as to forge a consensus. Since the current-term SAR Government has only been authorized by the NPCSC to deal with the relevant arrangements for the two electoral methods in 2012, we have already put on record the different proposals put forth recently in the community and recommended the next-term SAR Government to follow up actively and consider seriously the relevant proposals.

We have been racing against the clock in the past one month to consolidate the views received during the consultation period and formulate the proposed package. We would like to announce the proposed package as soon as possible, so as to allow the public and the Legislative Council ample time to discuss the proposals. Our goal is to table before the Legislative Council the two motions on amending the electoral methods for the Chief Executive and the Legislative Council and put them to vote before the Legislative Council recesses in July this year. This is to allow sufficient time to complete the procedures for reporting to the NPCSC for approval or record and deal with the relevant local legislation between autumn this year and the second quarter of next year, as well as formulating detailed arrangements for the electoral methods concerned before the end of next year. As to the specific time of putting the two motions to vote, this will depend on the progress of the Legislative Council's scrutiny of the proposals.

In accordance with Annexes I and II to the Basic Law, any amendment to the two electoral methods for 2012 requires the endorsement of a two-third majority of all the Members of the Legislative Council. To address the

constitutional issue arising from the vacancies in the Legislative Council due to the resignation of five Members of the Legislative Council, the Department of Justice has considered carefully the basis for calculating the "two-thirds majority of all the members of the Legislative Council".

On this issue, we have made reference to the relevant Basic Law provisions, the purpose of setting a quorum requirement and the relevant case law in overseas jurisdictions. Overall speaking, the relevant information supports the interpretation of "total membership of the Council" as the entire authorized membership of the Legislative Council, that is, the Legislative Council shall be composed of 60 Members, as stipulated in Article 1 para 1 of Annex II to the Basic Law. If the basis for calculating the "total membership of the Council" does not include the number of vacant seats, in an extreme situation, for example, the number of Members is reduced to only a few, these Members may still exercise all the powers of the Legislative Council, including the passage of bills, and so on. This will be unreasonable and inconsistent with one of the important purposes for setting a quorum requirement, that is, to avoid the situation in which a decision is only supported by a few Members, thus rendering it unable to have the necessary and appropriate respect.

In the Basic Law, references to the "total membership of the Council" appear in various articles and this expression should be construed consistently in various articles in the Basic Law. For example, Article 67 provides that permanent residents who are not of Chinese nationality or who have the right of abode in foreign countries may also be elected Members of the Legislative Council, provided that the proportion of such Members does not exceed 20% of the total membership of the Council. If the basis for calculating the "total membership of the Council" does not include the number of vacant seats, when vacancies do arise, then the number of seats to be taken up by permanent residents who are not of Chinese nationality or who have the right of abode in foreign countries may exceed 20%. Some of the remaining Members of the Legislative Council may need to cease duties, so as to comply with Article 67 of the Basic Law. This unusual situation reflects that the expression "total membership of the Council" in Article 67 should be construed to mean the entire authorized membership of the Legislative Council.

After careful consideration from different angles, we consider that the entire authorized membership of the Legislative Council (that is, 60 Members),

rather than the number of all the Members of the Legislative Council in office, should be taken as the basis for calculating a two-third majority of all the Members of the Legislative Council.

In other words, the proposed package put forth by the SAR Government must obtain the support of at least 40 Members for it to be regarded as being endorsed by a two-third majority of all the Members of the Legislative Council.

President, the Central Authorities and the SAR Government have been promoting the development of democracy in Hong Kong with the utmost sincerity. Shortly after its establishment in July 2007, the third-term SAR Government issued the "Green Paper on Constitutional Development" to widely consult the public on the models, roadmap and timetable for implementing universal suffrage for the Chief Executive and the Legislative Council.

In December the same year, the Chief Executive submitted a report to the Central Authorities, reflecting faithfully the views received during the public consultation. Having considered the report submitted by the Chief Executive, the NPCSC endorsed the Decision in late December and made it clear that universal suffrage might be implemented for electing the Chief Executive and all the Members of the Legislative Council in 2017 and 2020 respectively. The timetable for implementing universal suffrage lays a solid foundation and provides the authoritative direction and basis for our pursuit of democracy.

The transitional electoral methods for the two elections in 2012 represent an important step in implementing the Decision of the NPCSC to attain universal suffrage. There is a general consensus in the community that there should be progress in the constitutional arrangements in 2012, so as to pave the way for universal suffrages for the Chief Executive and the Legislative Council in 2017 and 2020. Hence, after consulting the public extensively, we have put forth this proposed package. As the issue of constitutional development is complex and controversial, it will be impossible to formulate a package that presents a perfect scenario for everyone. However, we hope that people will recognize that the SAR Government has already responded actively to the aspiration of those Members of the Legislative Council who vetoed the proposed package in 2005 by attaining a clear timetable for implementing universal suffrage and proposing that the DC seats in the EC and the Legislative Council will only be elected from among elected DC members. We have also responded positively to the

aspirations raised during the recent consultation by various sectors of the community and political parties and groupings of the Legislative Council.

It can be said that under the framework of the Decision of the NPCSC, we have already strived for the maximum latitude to enhance the democratic elements of the two elections in 2012 and pave the way for implementing universal suffrage. We believe that the proposed package stands the best possible chance of being accepted by a majority of the public, the Legislative Council, the Chief Executive and the Central Government, thus enabling Hong Kong's constitutional development to roll forward instead of marking time.

We understand the concern of the community about the ultimate proposal on implementing universal suffrage. The proposed package can also determine the directions for forming the Legislative Council by universal suffrage in the future, including that no traditional FC will be created and all the eligible voters will form the electorate base, so that the election of Members of the Legislative Council can ultimately comply with the principle of universality and equality.

Once we have put forth the proposed package, it will be the priority task of the SAR Government to strive for the support of the community and the Legislative Council and endeavour to obtain the Legislative Council's endorsement of the relevant amendments to Annexes I and II to the Basic Law. By its very nature, constitutional development is an issue which attracts controversy. In the coming few months, our readiness to accept different views and our ability to seek common ground and accommodate differences will be put to test. We certainly will not underestimate the difficulty of forging a consensus, but the SAR Government and Members of the Legislative Council have a shared responsibility to deal with the issue of constitutional development in a constructive manner.

It is indeed encouraging to see that, against the noisy background deliberately created by some people, recent discussions on constitutional development in the community have become more pragmatic and rational, which will be conducive to the positive interaction in society and further democratization in Hong Kong's constitutional development. I sincerely hope that Members can set aside differences, place the overall interest of the community ahead of personal interests and support the proposed package which will take forward our democratic development. We firmly believe that, if we are

willing to exercise our collective wisdom and endeavour, Hong Kong will be able to reach a consensus on the democratic development in Hong Kong and take the SAR towards attaining universal suffrage according to the principles of universality and equality.

President, Rome was not built in one day. By endorsing the 2012 package, we are building together our road to Rome.

Thank you, President.

PRESIDENT (in Cantonese): There are 19 Members who have already indicated their wish to ask questions. I wish to remind Members again not to start any debate on the contents of the statement when asking questions. Members will please ask succinct questions and refrain from making arguments. The same as the previous arrangement, Members may not ask follow-up questions after the public officer has given a reply.

MR JEFFREY LAM (in Cantonese): *In the past, Members of the Legislative Council returned by FC elections made contribution to Hong Kong. Can the Chief Secretary for Administration tell us here whether the FCs will be retained in the course of attaining universal suffrage? And how can the FC elections be made to better conform with the principle of universality and equality?*

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, according to the Decision made by the Standing Committee of the National People's Congress (NPCSC Decision) in December 2007, the SAR Government can make amendments conforming to the principle of gradual and orderly progress to the two electoral methods for 2012. As such, we have put forward this package of proposals that is in line with the Basic Law and the NPCSC Decision. As to the question of how the FCs should be dealt with after 2012, we have all along maintained that FC Members, given their historical background, play a certain function in the current legislature and have made certain contribution to the community. Regarding questions about how changes can be made in a gradual and orderly manner and whether the FCs should be abolished

or otherwise, there is a need for further discussion and consideration. This is a matter that will be dealt with after 2012 by the next-term SAR Government.

MR CHEUNG MAN-KWONG (in Cantonese): *In paragraph 33 of the Chief Secretary's statement, it is stated that there should be progress in constitutional arrangements in 2012 so as to pave the way for universal suffrages for the Chief Executive and the Legislative Council in 2017 and 2020. It is also mentioned in paragraph 35 that the democratic elements of the Legislative Council will be further enhanced so that Legislative Council elections will ultimately comply with the principle of universality and equality. I wish the Chief Secretary for Administration to clarify this: if universal suffrages in 2017 and 2020 shall be universal and equal, then should the element of equality be realized in the three rights, namely, everyone shall be equal in terms of the right to nominate, the right to stand for election and the right to vote? And hence, when universal suffrage is implemented for the Legislative Council in 2020 and if everyone is equal in terms of these three rights, it means that the privilege of the FCs should no longer exist, then should the FCs not be abolished?*

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, I believe we have the same understanding of universality and equality. In other words, I am confident that with our wisdom and efforts, we will achieve the goal of universal suffrage after 2012 by working together to seek and forge a consensus on the right package. I believe we have the wisdom to achieve this, and I also believe we will work together to find this package. We will not blindly copy other people's models. I would also like to point out that insofar as the principle of universality and equality is concerned, the electoral methods of some so-called democracies do not necessarily comply with the principle of universality and equality. Let me illustrate this with the United States Senate election. Under its electoral system, 100 Senators are elected from 50 states, that is, each state is represented by two Senators. Although California has 10 million to 20 million voters, probably 20 million voters, while Wyoming has probably less than 1 million voters, these two states will both elect two Senators.

In other words, this electoral system complies with the principle of universality but it is not equal. Hence, under the circumstances, I believe the meaning of universality and equality is formulating a package that takes into account the circumstances of individual places and answers the common aspiration of the people. I trust we have such wisdom to do so and I also think that we will all strive to find this package.

(Mr CHEUNG Man-kwong stood up)

PRESIDENT (in Cantonese): Mr CHEUNG, I have already said that we cannot let this question session turn into a debate. Therefore, although you may not be satisfied with the public officer's reply, please follow up on other occasions. I think Members will have ample time to discuss the matter on other occasions from now on until the Government presents the relevant motion for voting by the Council.

MR CHEUNG MAN-KWONG (in Cantonese): *Thank you, President. But if he has clarified at all, can I ask him to clarify a little bit more?*

PRESIDENT (in Cantonese): If we allow Members to follow up, this session might likely turn into a debate. Please, Mr CHEUNG.

MS MIRIAM LAU (in Cantonese): *President, the Chief Secretary mentioned the FCs in paragraph 24 of his statement just now, but he only talked about their abolition or otherwise. In his speech, the Chief Secretary also pointed out that as a general consensus on the issue had yet to be reached, there was a need for more thorough discussion to forge consensus and for the different proposals be put on record. However, during the consultation, many citizens indicated that the electorate base of FCs should be broadened and many citizens, accounting for half of the people surveyed, indicated that FCs would need to be reformed.*

But no mention is made of these views in today's political reform package. In fact, these views can be incorporated into the two electoral methods right away without the need to wait for some future date. In view of this, may I ask the Chief Secretary to first elucidate his reasons for not taking on board these views at all, and then to explain how we can achieve universal suffrage for the FCs in a gradual and orderly manner if no review and reform is activated now?

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, Ms Miriam LAU is right in saying that during the consultation, we indeed received many views about the FCs such as how they can be adjusted, their electorate base broadened and changed. Precisely because we have received many different views that we have yet to formulate a proposal for changing the FCs that has majority support of the community. That is why we have not put forward any proposal for change. Instead, we have proposed that no more traditional FC seats will be created and that the new FC seats to be created will be returned through election by elected DC members from among themselves. The reason is that we have identified the way to fill the new FC seats with the broadest electorate base, that is, DC members who are elected by more than 3 million voters. The new DC FC seats will have the broadest electorate base. Under the package, the six DC FC seats, including the five new ones to be created, will make up one of the largest grouping in the Legislative Council. As to the question of whether further changes are required for the FCs, we will deal with the issue with an open mind. I believe we need time to thoroughly examine and discuss the issue before a consensus can be forged.

MS CYD HO (in Cantonese): *The present proposal has enabled the continued existence of the small-circle EC as well as the continued existence in the Legislative Council of the FCs which put sectoral interests above public interest, and that of separate voting in two groups which allows the minority to veto the majority. If this policy continues to tilt towards the consortia, the efforts and life savings of many of us*

PRESIDENT (in Cantonese): Ms HO, please come to your question.

MS CYD HO (in Cantonese): yes, I am coming to my question now. The personal efforts and life savings of many of us will be very easily crushed single-handedly by the Government's policies. May I ask the Chief Secretary whether he has, in the course of contemplating the present proposal, considered how to resolve the disparity between the rich and the poor in Hong Kong as well as the deep-rooted conflicts in the 10 years from now until 2017 and 2020? Whether they have the intention to resolve these problems when contemplating this proposal?

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, the SAR Government as well as Legislative Council Members and members of the public all have the responsibility of complying with the Basic Law and the Decision made by the NPCSC. Our present proposal is in line with the NPCSC Decision.

MR IP KWOK-HIM (in Cantonese): President, I notice that the Chief Secretary has mentioned DCs in paragraphs 14 to 19. As the representative of the DC FC, I am very grateful to the Chief Secretary for his recognition of DC members and the work of DCs. In his statement, he has particularly made a rather fair assessment of appointed DC members, to which I very much agree. But in paragraph 19, he mentioned that the Government would put forward the respective proposals at the local legislation level as soon as the two proposed electoral methods for the 2012 elections have been approved by the Legislative Council. Can he clarify whether no proposals will be put forward by the Government at the local legislation level if the proposed package is not passed, as there is always a probability that it may be passed or negated?

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, the Government will review various organizations and systems from time to time. Regarding the system of appointed members of DCs, I have given my full recognition to their contribution and work in my statement. We firmly believe that appointed DC members are working as hard as elected members in serving the local community and the public. I am also sure that the appointed DC members will serve the public and the local community not only through DCs but also other organizations by contributing their resources such as money, services or both. Therefore, we should give full recognition to their work. Besides, after our announcement on the proposal on 18 November that the appointed DC members could not participate in the election, they put community interest before their own and expressed their understanding by giving support to the reform package. So, we are affirmative of their work and contribution. Nevertheless, considering our regular reviews, reviews of the system from time to time, we very much hope that the electoral methods for the 2012 elections can be passed before we proceed further to discussions on the appointment system of DC members.

MR RONNY TONG (in Cantonese): *President, I believe many Hong Kong people are as disappointed as I am at the fact that the proposed package has not answered their wish for a roadmap. Here I would like to ask the Chief Secretary a specific question. Regarding the design of the EC, although it is proposed in paragraph 10 of the statement that the seats for elected DC members will be increased to 75, there is no mention of the electoral method. However, I can see that proportional representation is mentioned in respect of the formation of the Legislative Council. Let me ask my first question: In the Chief Secretary's idea, will these 75 seats also be returned by proportional representation? Secondly, concerning the design, it is proposed by the Government that more than 300 members be returned by a small circle, but the seats to be returned by indirect election will be increased by 75 only. Does the Chief Secretary consider that this is a proper approach to democratizing of the EC?*

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, regarding the election of the new 75 DC representatives in the fourth sector in the future, as well as the existing 42 seats, there is room for further discussion. There is room for discussion in terms of whether they should be elected from among themselves or returned by each district, because legislation can be enacted at the local level. As there will be 100 new seats in the fourth sector, we propose that in order to comply with the principle of balanced participation, 75 seats be returned by DCs, 10 seats be allocated to Legislative Council Members, 10 seats be given to representatives of the Political Consultative Conference, and the remaining five seats be given to the Heung Yee Kuk.

MR ALBERT HO (in Cantonese): *President, today, the Chief Secretary stresses again that there is a clear timetable for constitutional reform, that is, the Chief Executive and all Legislative Council Members will be elected by universal suffrage in 2017 and 2020 respectively. However, regarding such issues as how and by what method universal suffrage will be conducted, including specific matters such as whether or not the FCs will be retained in the formation of Legislative Council, I think there is still no clear indication and we are confused. But most unfortunately, in answering Mr CHEUNG Man-kwong's question just now, the Chief Secretary cited the Senate election in the United States when he mentioned the principle of universality and equality and added that the election is equal despite the varied numbers of voters in different states. In the United States where a federal system is practised, equality will certainly be ensured for every state. Thus, the Chief Secretary's concept is most confusing.*

President, under such circumstances — I certainly have no idea whether or not the Chief Secretary would like to adopt a federal system, but I am sure that he dares not. President, if the Chief Secretary does not give us a clear picture of the ultimate target concerning the elections in 2017 and 2020, but maintains in paragraph 35 that the endorsement of the package for 2012 will enable us to achieve the future goal through transition, may I ask the Chief Secretary how he can ensure that we would not "take the wrong vehicle" and the vehicle would not be derailed in the future if we boarded it?

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, I thank Mr Albert HO for his question. In fact, the NPCSC Decision made in December 2007 has drawn up a timetable for the election of the Chief Executive and formation of the Legislative Council by universal suffrage, which is one of the most important points in response to the fact that some Legislative Council Members opposed the 2005 constitutional reform package on the ground of lacking a timetable, according to the voices I heard at that time. Now, with the timetable, we have to pave the way for the two universal suffrages so that we can move towards universal suffrage step by step in accordance with the timetable. The SAR Government has reiterated on many occasions that the existing model of FCs does not tally with the principle of universality and equality. Thus, when universal suffrage is implemented in the future, we must discuss the issue together and forge a consensus so as to fulfil the principle of universality and equality ultimately.

MR ANDREW LEUNG (in Cantonese): *The Chief Secretary mentioned in paragraph 13 that the transitional electoral methods for the two elections in 2012 represented an important step, and there should be progress in constitutional arrangements in 2012 so as to pave the way for 2017 and 2020. May I ask the Secretary how he can try his best to ensure the passage of this motion? If the motion is negated, what is the consequence on paving the way for the above?*

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, after the three-month public consultation, we have received more than 47 200 submissions and over 1.6 million signatures. They included *inter alia* many diversified views and manifested the characteristics of our pluralistic society, that is, many people have different views, including those in the Legislative Council, which have also submitted a wide variety of views.

Therefore, it is not easy for us to prepare the proposed package, because I believe all 55 Legislative Council Members present here will consider that there is still further room for improvement in the proposed package, that is, it may not be an ideal package to you. Nevertheless, we put forward this proposed package mainly because, after taking into account the views of various parties, we consider that the proposed package stands the best possible chance of receiving

the endorsement of a two-thirds majority of all the Legislative Council Members. Even though it may not be so satisfactory, or not so desirable to Members, we still hope that it is adequate to win your support. For that reason, we will devote all our energies to strive to gain Members' support for the proposed package.

MS EMILY LAU (in Cantonese): *President, the Chief Secretary stated in paragraph 34 that "..... believe that the proposed package stands the best possible chance of being accepted by the majority of the public, the Legislative Council, the Chief Executive and the Central Authorities, which can allow Hong Kong's constitutional development to be rolled forward." The Chief Secretary is also aware of the fact that most Hong Kong people do not wish to see the constitutional development stays put, while opinion polls also reflect that more than half of the people hope to attain dual universal suffrage by 2012. Members of the public told us that if it was not possible by then, there should be some firm guarantee that the elections in 2017 and 2020 would be a genuine universal suffrage. President, why should the Chief Secretary believe the proposed package can be endorsed without such a guarantee? It is because members of the political parties and these parties which gained more than 60% of the ballots in the last Legislative Council election are not in favour of this undemocratic proposal.*

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, just now Emily mentioned some guarantee, I really cannot think of anything better than the Decision made by the NPCSC, that is, the stipulation that elections of the Chief Executive and the Legislative Council in 2017 and 2020 may be by universal suffrage. The NPCSC is the highest authority of the State, the Decision was made after careful consideration, and it is also a solemn decision. For that reason, I consider this the best guarantee. If Emily remains not convinced, I shall have nothing more to say, because if one does not trust the highest authority of the State, then in whom should one trust?

MR LAU KONG-WAH (in Cantonese): *President, the Government's proposed package has extensive public opinion support, and more than 1 million people did take to the streets to support it. The public is very keen to move a step forward, which is better than making no progress at all. The Chief Secretary said in*

paragraph 38 that "By endorsing the 2012 package, we are building together our road to Rome." May I ask the Chief Secretary to clarify whether, if the package is negated, the road leading to universal suffrage will become narrow or it will become harder?

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, after the NPCSC had made the Decision in December 2007, Deputy Secretary General of NPCSC, Mr QIAO Xiaoyang, held a briefing in Hong Kong to explain the Decision, and he said the five steps mentioned in the NPCSC's interpretation in 2004 is a must for any amendment to Annex I and Annex II. As to these five steps, I believe Members must be very familiar with them, so I will not repeat them. In other words, regarding the selection of the Chief Executive by universal suffrage in 2017, the next-term SAR Government has to propose the first of the five steps in due course, that is, to submit a request to the NPCSC on amendment of Annex I to the Basic Law. In other words, even if it is not passed this time around, the next-term SAR Government can still initiate the five steps of selecting the Chief Executive by universal suffrage in 2017, which is clearly stipulated in the law and elaborated by Deputy Secretary General QIAO Xiaoyang in the said briefing.

However, if you ask me, I would consider universal suffrage is our common goal, a goal between you and me, as well as Honourable Members here. We all hope to achieve that goal, and we also hope that a consensus can be reached in society. Insofar as the constitutional system is concerned, election is a very important matter, I hope that we can have thorough discussions and then seek a consensus under the principle of gradual and orderly progress for universal suffrage. Therefore, if we exert our best efforts this time around but we still cannot secure the endorsement by a two-thirds majority of all Members, which leaves us making no progress once again, I believe Hong Kong people will be extremely disappointed by what we have done, and in saying "we", I do not only mean the SAR Government. I believe it also includes you, and you will also be disappointed. For that reason, you may ask whether achieving the goal in one go is better than achieving the goal in a gradual and orderly manner. If we gain no progress this time around, there will be no change in 2012, that is, when we have to select the Chief Executive by universal suffrage in 2017, we should have to find a way to achieve that in one go. Will you say that it is a better option? I do not believe it is a better option. I believe that if we can move a step closer

to universal suffrage, a step closer to the 2017 selection of the Chief Executive by universal suffrage, and a step closer to the 2020 formation of the Legislative Council by universal suffrage, I believe it would be a more pragmatic approach which better serves the interest of the majority public.

MR LEE CHEUK-YAN (in Cantonese): *The worst thing about this matter is that this package is not taking any step towards achieving universal suffrage. The Chief Secretary asked Ms Emily LAU just now who else she could trust if she did not trust the Central Authorities. The worst is that what the Chief Secretary said in paragraph 24 of the statement is not convincing at all. He said in paragraph 24, "As to how the FCs should be dealt with when universal suffrage for the Legislative Council is implemented," and he ended that line, "the debate is far from conclusive.". The issue under discussion now is universal suffrage, and universal suffrage certainly does not mean any FCs. But what he meant is that even if universal suffrage would be implemented in 2020, there was no conclusion as to whether FCs will be abolished. This is what he meant. How could we believe him? Hence, I wish to seek an elucidation from the Chief Secretary on the last paragraph President, he said in paragraph 38, "Rome was not built in one day. By endorsing the 2012 package, we are building together our road to Rome." Will he clarify at which time of Rome that he referred to? Is the Rome he referred to the one under the fascist rule by Mussolini where FCs were adopted or the Rome today? Will he please clarify this?*

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, the NPCSC made the Decision in December 2007, and in relation to the two arguments based on which Mr LEE Cheuk-yan opposed the package in 2005, the Decision also We have dealt with those two opposing arguments in this package. The two opposing arguments he held then were, first, about the timetable, and we have now provided this timetable, that is, in 2017 and 2020. The other argument was that he opposed the granting of the right to vote to DC members, and we have removed this in this package. If he

MR LEE CHEUK-YAN (in Cantonese): *President, I wish to make a clarification. Would you allow me to make a clarification? He has misunderstood us. At that time*

PRESIDENT (in Cantonese): Mr LEE Cheuk-yan. Has the Chief Secretary misunderstood your question?

MR LEE CHEUK-YAN (in Cantonese): *We opposed a number of things in the 2005 package, including the timetable and the roadmap. He only mentioned the timetable and the appointed DC members just now. He has put words into our mouth. I wish to clarify that we opposed the timetable and the roadmap then.*

PRESIDENT (in Cantonese): Mr LEE Cheuk-yan, please sit down. I heard just now that when the Chief Secretary referred to your opposition to the package at that time, he included those two arguments. Chief Secretary, please continue.

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): included those two arguments I mentioned just now. *(Laughter)* Let me say this again. I thank the President for saying this for me, but I wish to say it once again because he did include these two arguments when he opposed the package then. As he has stated these two arguments and the NPCSC has now made the Decision to address one of his important opposing arguments, I believe the overwhelming majority in Hong Kong are excited about having this timetable. I remember I kept hearing him say that there was no timetable and now we have this timetable. We have now put forth a 2012 proposal. It is a step forward and paves the way to universal suffrage. I earnestly hope that he can consider this proposal with a pragmatic, accommodating and rational attitude.

(Mr LEE Cheuk-yan stood up again to express his view)

PRESIDENT (in Cantonese): You may pursue this issue further on other occasions.

DR PHILIP WONG (in Cantonese): *Article 68 of the Basic Law provides for the way how universal suffrage is ultimately achieved. And one of the conditions is the principle of gradual and orderly progress. This tells us that universal suffrage cannot be achieved in one go. The other condition is the need to consider the actual situation. May I ask the Chief Secretary what such actual situation is? There is little discussion on this in society. Will the Chief Secretary lead more discussion in society on what such actual situation is? Moreover, given the fact that Hong Kong is a commercial city, how can the business sector take this as the actual situation and keep their minds on developing the economy of Hong Kong?*

(Some persons on the public gallery shouted aloud)

PRESIDENT (in Cantonese): The persons on the public gallery keep quiet.

(Several security officers approached the persons on the public gallery to stop them from shouting, but the persons continued to shout aloud)

PRESIDENT (in Cantonese): Will the persons causing the disturbance leave the public gallery immediately.

(The persons on the public gallery continued to shout aloud)

PRESIDENT (in Cantonese): Leave the public gallery now.

(Several security officers tried to escort the persons shouting aloud out of the public gallery, but they continued to shout aloud)

PRESIDENT (in Cantonese): Leave the public gallery now.

(Several security officers escorted the persons shouting aloud out to the passageway of the public gallery, but they continued shouting aloud)

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, the NPCSC has provided in the Decision the timetable for implementing universal suffrage for the two elections. In order to pave the way for achieving universal suffrage, the SAR Government will exert all efforts to formulate the two electoral methods

(Someone talked on the public gallery)

PRESIDENT (in Cantonese): Chief Secretary, please hold on. The person on the public gallery, keep quiet immediately.

(The person on the public gallery continued to make noises. The security officers later escorted the person out of the public gallery)

PRESIDENT (in Cantonese): Chief Secretary, please continue.

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): Philip's question just now in fact has a well intent. We are authorized by the NPCSC to deal with the electoral methods for the two elections in 2012. We hold that the present proposal for the two electoral methods stands the best possible chance of securing the support of a two-thirds majority of all Members of the Legislative Council and a majority of the people. We firmly believe that after the passage of the proposal, we can proceed to explore further the issues mentioned just now, such as those concerning the DCs and the other issues. I also trust that the next-term Government will spare no efforts to find a package for the election in 2016 and the election of the Chief Executive in 2017, which is in line with social and public interests and stands the best chance of being endorsed by the Legislative Council.

Hence, the next-term Government will have to lead discussion and forge a consensus on issues concerning the principle of gradual and orderly progress, the

actual situation and the democratic procedures, as mentioned in Philip's question just now. We have affirmed our commitment to summarizing and collating views on the arrangement after 2012, which is exactly what we have done this time.

MR FREDERICK FUNG (in Cantonese): *President, I will mainly ask a question in relation to paragraph 37 of the statement made by the Chief Secretary, but I will use paragraphs 19 and 24 as examples to illustrate my question on paragraph 37. The Chief Secretary stated in paragraph 37 that discussions on constitutional development will be conducive to the positive interaction within society and further democratization in Hong Kong; and he hoped that these discussions can be pragmatic and rational. However, in paragraphs 19 and 24 where the Chief Secretary mentioned the DC appointment system and the FC elections, he stated in paragraph 24 that the community has yet to reach a general consensus on the abolition of FCs and more time is needed to discuss this issue; and he clearly stated in paragraph 19 that more than 60% of the public support the abolition of the DC appointment system, but only after the passage of the package — I am not sure if he has made this a condition — will this issue be tabled for deliberation. To me, whether or not a consensus is reached, the Chief Secretary will not do it. If so, may I ask how such discussions can be pragmatic and rational as he so claimed in paragraph 37? As a member of the Alliance for Universal Suffrage, may I ask the Chief Secretary whether he will continue to fight for us and discuss this matter with the Central Government officials charged with the duty to handle Hong Kong affairs?*

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, the Government of the Hong Kong Special Administrative Region (SAR) is an organ authorized by the Central People's Government. It is consistent with such authorization for the SAR Government to put forth the proposal for the two electoral methods and to communicate with the Central People's Government. I also truly believe and stand by the notion that strengthening communication within society is conducive to all matters. Just as I said in my previous meeting with members of the Alliance for Universal Suffrage, we will relay the public's wish for dialogue and communication with the Central Authorities to the Central Government. We have done so and we will continue to follow up this matter. I hope that Members can establish more channels of communication on this

matter and adopt a pragmatic and accommodating attitude when engaging in further discussion on this topic.

As regards the timing of tabling the proposal I mentioned in the statement, which the Honourable Member has mentioned just now, it is only a matter of time. In the coming months, we will seek to table them for endorsement in mid-July before the Legislative Council rises. As time is really limited, I hope Members can engage in more discussion, express more opinions and exchange more views on this topic, so as to secure the endorsement of a two-thirds majority of all the Members of the Legislative Council.

MR WONG KWOK-HING (in Cantonese): *President, I welcome the proposal that the five new FC seats will all be returned through election by elected DC members from among themselves and the appointed DC members will not take part in such election. I had been an elected DC member for 17 years and an elected Urban Council member for five years. I think the present proposal is a progressive development as regards the DCs following the dissolution of the Urban Council and the Regional Council in 1999. As the Chief Secretary has proposed that the proportional representation system be adopted for the election among DC members, may I ask the Chief Secretary to clarify how the proposal of having the five Legislative Council seats returned by way of proportional representation system — a total of six seats (including the original seat) are to be returned by the DCs — is consistent with the principle of universality and equality? If the practice of having six Legislative Council seats returned by the DC FC by way of the proportional representation system is consistent with the principle of universality and equality, why is it that the newly added 75 seats together with the original 42 seats — that is 117 seats — in the EC for electing the Chief Executive will be returned through election by elected DC members among themselves instead of adopting the proportional representation system at the same time? I hope the Chief Secretary can elaborate on this.*

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, Mr WONG Kwok-hing has actually raised two questions. First, regarding the principle of universality and equality mentioned by me, the system should be consistent with the principle of universality and equality at the time when we

ultimately achieve universal suffrage. I believe Mr Albert HO should be very satisfied with my reply earlier, namely I should have answered his question already. I hope that we can put aside all preconceived ideas in this process, and explore how we can ultimately achieve universal suffrage which is consistent with the principle of universality and equality in an accommodating, pragmatic and rational manner.

In the Package of Proposals for 2012, we propose that 75 representatives from the DCs be elected into the EC for electing the Chief Executive, which will, together with the original seats, make up a total of 117 seats, that is, nearly 30% of the elected DC members can be elected into the EC. As to the question of how these 117 persons are to be elected and whether the simple majority system or the proportional representation system will be adopted, we can have further discussions as this can be dealt with at the level of local legislation. That is, as Mr Ronny TONG said in his question, we have time for further discussions. Regarding the issue of what precisely the fairest method is, we are also more than prepared to discuss it with Members so that these 117 DC members can be elected into the EC.

MR LEE WING-TAT (in Cantonese): *President, I have to clarify that Chairman Albert HO is not very satisfied.*

President, the question I want to ask is: a train with a timetable can run to Rome direct, while a train with a timetable but taking the wrong route may arrive at Ethiopia in Northern Africa, and these two places are just situated opposite to each other. President, after the NPCSC had made the Decision in 2007 approving the implementation of universal suffrage for 2017 and 2020, Mr ZHANG Xiaoming, Deputy Director of the Hong Kong and Macao Affairs Office, stated that FC election was also universal suffrage. Actually, this statement prompted the Hong Kong people to think that the universal suffrage so called is not genuine universal suffrage. Does the Chief Secretary think that this statement has misled Hong Kong citizens into thinking that they have a real timetable?

May I ask the Chief Secretary whether he thinks that this timetable does not resolve all problems even though the NPSCS has made the Decision in 2007? I

particularly hope the Chief Secretary can note that an opinion survey released by The Chinese University of Hong Kong last Friday indicated that the issue of FCs is also a source for radical reactions of the Hong Kong community apart from monopolization of the Hong Kong economy by property developers. I hope the Chief Secretary will respond as to whether he agrees that the NPCSC Decision in 2007 has actually mislead Hong Kong people into thinking that the universal suffrage proposed for 2017 and 2020 will completely replace the privileged small-circle and FC elections so that we may now need to discuss this issue further for another five years, 10 years, or even 15 years?

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, despite not majoring in Geography during my studies, I know that the route from Europe to Northern Africa is separated by an ocean in between, and so you will probably not arrive there if you are riding on a train. However, we also have to cross an ocean travelling from Europe to Egypt, and we cannot go from Egypt to Rome as well, so I think this is not necessarily a very good analogy.

Nonetheless, I have to solemnly point out that the Decision made by the NPCSC in December 2007 on the election of the Chief Executive in 2017 and the subsequent formation of the Legislative Council in 2020, both by universal suffrage, is a solemn decision. If someone says that the Decision has misled members of the public, very sorry, I beg to differ, and I think such a saying is an insult to the NPCSC.

MR TAM YIU-CHUNG (in Cantonese): *The FC elections have already had a history of more than 20 years, that is from 1985 up to now, and the representatives from FCs have been making a lot of contribution in the Legislative Council both before and after the reunification and in society. They are substantially recognized by the community, and supported by their respective sectors. It is mentioned in paragraph 24 of the statement made by the Chief Secretary that about 40% of the citizens opine that the FCs should not be abolished. However, recently there have been acts of demonizing and discrediting FC Members in society, and I think these acts will only increase the*

difficulty in discussing how to deal with the issue of FC election in future, as we also see FC Members reacting quite strongly to this. In this connection, what will the Government do or how will it deal with these problems?

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, I feel very sorry about the recent ambience in society regarding FCs, as currently the 60 Members who form the Legislative Council come from different backgrounds and are returned through elections. They are playing their respective roles, and they work vigorously and wholeheartedly to serve members of the public in their capacity as Members of the Legislative Council — I think their work should be recognized by members of the public.

Hong Kong is a Special Administrative Region of the People's Republic of China. I believe that if we want to contribute to the development of our country in the future, and if we have to vigorously and wholeheartedly serve Hong Kong people, so as to enable them to lead a better life — to live better in all aspects, including the economic, employment and social aspects, as well as their livelihood and democratic development — we all need to work together with a pragmatic, accommodating and rational attitude. We will lag behind the development of Asia as a whole if our society sinks into endless internal attrition and division, as I strongly believe that Asia will become the bright spot in the global economy in the wake of the financial turmoil. Now, when I look at the places around us, I find not only the Motherland but many of our neighbouring economies are also making progress in the social and livelihood aspects, and so on. What will Hong Kong become if we do not step up our efforts to work more vigorously for Hong Kong people, and work for the well-being of Hong Kong people?

So, as I said in reply to Mr Albert HO's question — albeit Albert may think that I had better talk more on our future roadmap — I think we are all in the future government in the future government I do not know how many Members of the current 60 seats in this Council will run in the election or be elected again in 2012, but I believe they will vigorously and wholeheartedly come up with a proposal for 2016 and 2017 with a view to moving towards universal suffrage.

MS AUDREY EU (in Cantonese): *President, today the Chief Secretary for Administration and Mr LAU Kong-wah have both coincidentally mentioned the road to Rome, and I wonder if they have talked with Cardinal ZEN Ze-kiun on what precisely the road to Rome is, particularly in regard to achieving universal suffrage.*

President, I wish to ask the Chief Secretary a question on the abolition of FCs. He said that this question is very contentious, and a lot of opinion surveys have been conducted at different times, with some saying 35%, and some saying 40%, and so on. As the Chief Secretary is aware that the by-election will take place on 16 May, in which the election platform of certain candidates is "to get rid of the functional constituencies" as they think that only through this can genuine universal suffrage be realized. May I ask him if the SAR Government really wants to listen to public opinions, how many votes in support of the notion of "getting rid of the functional constituencies" will be required in his opinion to make the Government willing to abolish the FCs and clearly spell out how and when the FCs will be abolished?

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): *President, the reason for us to conduct a by-election on 16 May is that five Legislative Council seats are vacated, and we therefore need to conduct a by-election. We will conduct the by-election in accordance with the law in an honest, open and fair manner. That is it.*

MS AUDREY EU (in Cantonese): *He has not answered my question. Is it that the Government will not listen anyway regardless how many people vote for the notion. Is that what he meant? He has utterly not answered my question.*

PRESIDENT (in Cantonese): *Ms EU, if you think that the Chief Secretary has not answered your question, could you please follow this up on other occasions.*

DR RAYMOND HO (in Cantonese): *As the saying goes: "heeding the views of the brother may offend the sister-in-law", it is not easy to put forth a package of proposals that can please everyone. I am impressed by the Chief Secretary's confident, smooth and composed demeanor today.*

I would like to ask the Chief Secretary to clarify paragraph 35, in which he said "determine the directions for attaining universal suffrage" followed by "including that no traditional FCs will be created", and then "the democratic elements of the Legislative Council will be further enhanced". The Basic Law and the Decision of the NPCSC must be followed if amendments to the Basic Law, especially to the part relating to the Legislative Council are to be made. We have heard many voices from the public and various sectors saying that the Basic Law has utterly no mention of the imperative abolishment of FCs, nor has it drawn any definition for universal suffrage. On the other hand, many have said that there are three models: First, one vote for each person in order to achieve universality and equality; second, also one vote for each person, but one can choose to cast his or her vote in either FCs or geographical constituencies; third, two votes for each person, one can make two choices, that means one can cast his or her vote in both FCs and geographical constituencies. If the Chief Secretary said the direction has been determined, is it that now there are already limitations to the future development of FCs? The Chief Secretary said no more FCs will be created, however, if the third model is adopted in the future, there may really be a need to create new FCs for voters to choose. The Chief Secretary said that the elections should be consistent with the principle of universality and equality. If read together with Article 68 of the Basic Law, then the stipulation is "The ultimate aim is the election of all the members of the Legislative Council by universal suffrage". The Basic Law refers to "universal suffrage" while the Chief Secretary refers to "universality and equality". Is that tantamount to the Chief Secretary having drawn a definition for universal suffrage which is not mentioned in the Basic Law?

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, we attended so many activities, including innumerable forums, seminars and talks organized by different parties and groups during the consultation period. We made use of these occasions to repeatedly make it clear that, just as I mentioned in my reply to Mr Albert HO, we regard universality and equality as the measuring criterion for universal suffrage. However, this notion of universality

and equality is not something we should achieve today as we do not have universal suffrage for the time being. Given the NPCSC Decision that universal suffrage will not be implemented in 2012, this criterion should not be used to measure the FCs today or in 2012. The current package of proposals formulated by us is only a transitional one, leading to universal suffrage. I believe the 30 Members returned by FCs present today are as devoted as Members returned by geographical constituencies in serving the public. I believe those who voted for Dr Raymond HO would thank him for his efforts and contribution to the constituency represented by him. As far as I am aware, sometimes he is still working at 3 am. Irrespective of the future of FCs, universality and equality is something that will be achieved ultimately.

Also, I would like to point out that not all places on earth adopt the "one person, one vote" model for their elections, but their elections are still consistent with the principle of universality and equality. Take Germany as an example, their elections adopt the "one person, two votes" model, but no one would say that their elections fail to comply with universality and equality. I am very confident that our wise Hong Kong people would pursue universal suffrage for Hong Kong with a pragmatic, accommodative and rational attitude.

MR LEUNG YIU-CHUNG (in Cantonese): *President, I believe many people will still remember that the Government reported a 60% support rate for dual universal suffrage in the community when the consultation on constitutional reform was conducted in 2005. However, unfortunately, the constitutional reform proposals put forth this time or the proposals that have been realized to date are but "rehatched" versions of the 2005 constitutional reform proposals. This shows that in contrast to the 60% of people, the contents of these proposals are based only on the views of the minority instead of the majority. In this case, it is contrary to the so-called "people-oriented" philosophy of administration adopted by the Chief Executive all along. What is more, this is only the views of a small group of people.*

Yet, in paragraph 37, the Chief Secretary said, and I quote: "It is indeed encouraging to see that, against the noisy background some people deliberately create, recent discussions on constitutional development within the community has become more pragmatic and rational, which will be conducive to the positive interaction within society", end of quote. May I ask the Chief Secretary to clarify, insofar as the package of proposals put forth by the Government for the

consultation on constitutional reform and the several proposals that have been realized to date are concerned, when he said "the noisy background some people deliberately create", whether he meant the noisy background created by the Chief Secretary himself? Does he want the outcry for dual universal suffrage from 60% of people to be overwhelmed by a noisy background? President, I know the Chief Secretary's answer will certainly be "no". If it is a "no", when he said "some people", what did he mean? What did he mean by "the noisy background"? Besides, he also said we need to be rational, pragmatic and accommodating

PRESIDENT (in Cantonese): Mr LEUNG, please ask your question precisely.

MR LEUNG YIU-CHUNG (in Cantonese): *President, I am asking him to clarify. Can he tell us how to be rational, pragmatic and accommodating if he denies that he is not "some people" who made the noises?*

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, I believe a force has been formed in the community lately as many people are tired of the quarrels, debates and noises over constitutional development during the last 20 years. They very much hope that we can move a step forward, and that step means the package of proposals on the two electoral methods for 2012 we put forth today. I have also heard many voices saying that we should stop arguing, work together and take a step forward, be it a big step or a small step, a step forward. Do not stand still and simply argue without moving forward.

I have heard many such voices and I believe this is nothing easy. It is not easy for the moderate voices to stand out because when the community is drawn in a radical atmosphere, pretty much courage is needed. I am sure that these voices, this group of people have the courage to come forth. We, therefore, with this group of people and these voices respond to these voices and concerns, and communicate further with these rational and moderate people. We will cherish this opportunity. In the next few months, we will also do our best to strive for support from society and Members in the hope that the proposals can be passed with the endorsement of two thirds of the Members.

MR CHIM PUI-CHUNG (in Cantonese): *President, the Chief Secretary referred to the interpretation of total membership of the Council in paragraphs 26, 27, 28, 29 and 30 of the statement. President, according to my understanding, the power to interpret the Basic Law is vested in the NPCSC. May I ask the Chief Secretary when the SAR Government took that power to give interpretation from the NPCSC? Which charter has ever made that authorization?*

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, this is our view instead of our interpretation. Our view is that total membership should be construed as meaning 60 Members, hence I made that remark.

MR ANDREW CHENG (in Cantonese): *I would like to continue to follow up paragraph 19 of the statement. Just now the Chief Secretary gave his clarification in response to Mr IP's question regarding the DC appointment system, but it seems to me that he tried to evade the question and failed to respond to the point that upon the passage of the two electoral methods for 2012, the appointment system would be raised for deliberation as soon as possible as mentioned in paragraph 19.*

President, my question is about the Chief Secretary's clarification. Insofar as the abolishment of the appointment system at the local legislation level — this is something that can be proceeded with immediately — is concerned, if the Chief Secretary even fails to make a pledge for that, it seems the appointment system may not necessarily be abolished if the proposed package is not passed. If that is the case, is the repeated talk by the Government or the Chief Secretary on striving for the timetable and roadmap for universal suffrage or even a "road to Rome" not only empty talk and bragging?

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, I do not know why Mr Andrew CHENG is so hostile to the appointed DC members. Is it because Mr Andrew CHENG had

MR ANDREW CHENG (in Cantonese): *I clarify that I have not mentioned the word "hostile", the Government also said this is active President, this word is very critical. I think his comment is most unfair to me.*

PRESIDENT (in Cantonese): Chief Secretary, please continue.

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, I do not know why Mr Andrew CHENG is so eager to abolish the appointment system for DC members. I very much believe that Mr Andrew CHENG, having served the local communities for years, should understand how appointed DC members dedicate themselves to serving the public and their contribution to the community is obvious to all. Hence, we should take their contribution into account. At the time when the consultation with initial directions was conducted, the Government already proposed that appointed DC members would not have the right to take part in the elections. Placing the overall interest of the community ahead of their own, appointed DC members stated that they would accept and support the Government's proposal. I think this a most considerate and respectable stance. Therefore, I hold that we should still deliberate on whether to give this a go and the matter of timing if we are to move on to abolish the appointment system. I believe we have stated our open and proactive attitude in the statement. I very much hope that a consensus can be reached and support can be secured for the two electoral methods for 2012, so that we would be able to move forward to deliberating the issues relating to appointed district council members.

MR PAUL TSE (in Cantonese): *President, the Chief Secretary mentioned in paragraphs 12 and 35 that "no more 'traditional' FC seats will be created". First of all, I do not quite agree with the use of the term "traditional" because the system of FCs has only been put in place for 20-odd years, which is indeed a new invention. I think the term "traditional" is not appropriate at all. As mentioned by the Chief Secretary just now, he will consider perfecting FCs in an open manner. But he appears to show no enthusiasm to do so. In my opinion,*

if he continues to cling to the habitual ways and muddle through by adopting such a stopgap measure, there will even be no remedy for the ill-ridden system of FCs.

In this regard, may I ask the Chief Secretary whether the so-called "traditional" FCs include those groups with a large electorate base and wide representation, such as housewives, elderly people, youngsters and healthy people?

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, if my memory is not wrong, among the existing 28 FCs, there are neither sectors for housewives and elderly people, nor other sectors mentioned by the Honourable Member just now. Therefore, these sectors are, of course, not included in "traditional" FCs. "Traditional" FCs to which I referred are those 28 FCs. As far as I know, some sectors have a large electorate base while some have a rather small one. The review in this regard is not our task today. I will convey a message to the Government of the next term that it should discuss with Members when it conducts such a review, so as to identify a direction for development.

DR PAN PEY-CHYOU (in Cantonese): *President, I would like to raise a question in respect of paragraphs 37 and 38 of the statement made by the Chief Secretary. He mentioned in paragraph 37 that Hong Kong people should exercise our collective wisdom and endeavour in order to reach a consensus, and in paragraph 38 that Rome was not built in one day.*

I very much agree with the Chief Secretary that indeed, Hong Kong people are very smart nowadays, who are also very concerned about various issues relating to our future. There is a famous saying by Sir Winston CHURCHILL, "Give us the tools and we will finish the job". The Chief Secretary mentioned in these two paragraphs that Hong Kong people should exercise our collective wisdom and endeavour, while I think that members of the public in Hong Kong should be given the tools. Why am I saying this? In order to forge a consensus, Hong Kong people should make analyses and decisions by exercising their wisdom, and such decisions can only be made with the benefit of adequate information. The Chief Secretary mentioned twice in his statement the political

systems in other places of the world. I consider that such knowledge is very important. People in Hong Kong

PRESIDENT (in Cantonese): Dr PAN, please raise your question precisely.

DR PAN PEY-CHYOU (in Cantonese): *Right, I am about to raise my question. In fact, Hong Kong people are so smart that we can make good analyses. But, we can observe that the information on political development so released is very often one-sided. I believe the general public in Hong Kong may not know how the systems in many other successful countries in the world are formulated, nor do they have any idea of their history and existing systems*

PRESIDENT (in Cantonese): Dr PAN, please stop expressing your views.

DR PAN PEY-CHYOU (in Cantonese): *Okay. May I ask the Government if it will provide more information in this regard to the people of Hong Kong in future, so as to enable them to acquire more comprehensive knowledge of political development? This is my question.*

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, we are, of course, willing to exchange more information on how other places implement their systems with the public, say, through the Panel on Constitutional Affairs, so as to enable them to gain a better understanding of the systems adopted in other places. We are more than prepared to do so.

Dr PAN mentioned the development in future just now. I think in my statement today, apart from giving an account on the views collected during the consultation period, I have further explained our understanding that 60 seats will be taken as a basis in voting. But more importantly, I hope Members can note that we have put forth our vision on implementing universal suffrage in future. According to the Decision made by the NPCSC in 2007, universal suffrage could be conducted in 2017 and 2020. Therefore, regarding universal suffrage, we should continue to work in collaboration to achieve this vision and objective

through pragmatic, accommodating and rational discussions. Therefore, the 2012 package proposed today is only a transitional one. Some may think that this step is too small, while some may think that this transitional package may not present a perfect scenario for them. Every Honourable Member present here may have different opinions. After all, it is a transitional step. Therefore, I still hope that we can have the courage to take this step forward in an accommodating, pragmatic and rational manner.

MR JAMES TO (in Cantonese): *President, the Chief Secretary mentioned in paragraph 33 that the Government has already responded actively to the aspiration of those Legislative Council Members who vetoed the proposed package in 2005 as a clear timetable for universal suffrage has been secured. President, I am one of those Members who vetoed the proposed package. I wonder if the Chief Secretary really does not understand or simply plays the fool. According to him, the 2005 package was supposed to take a step forward, the 2012 package will take another step forward, and so should we in 2007 and 2008. But at the end, what we attained is a solemn and serious commitment made by the NPCSC that FCs can be retained. Is this the timetable that the Chief Secretary has secured? If so, how can we tell him that such a transitional package is acceptable? How can we continue to communicate with him? Is there any rational basis, that is, the so-called rational, peaceful or accommodating basis? There is none. If the Chief Secretary fails to confirm the NPCSC's meaning is that this is indeed a timetable for universal suffrage under which FCs can be retained, is this a genuine timetable for universal suffrage? I should rather return it to you.*

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, the Decision made by the NPCSC in 2007 is that universal suffrage may be implemented for electing the Chief Executive and all Members of the Legislative Council in 2017 and 2020 respectively. This is a solemn and serious decision made after thorough considerations. I think that we, in particular those who have studied law, should follow and respect the Decision.

As I have mentioned time and again in response to a number of questions just now, the SAR Government considers that the existing FCs fail to comply with the principle of universality and equality to achieve universal suffrage

ultimately. No matter what the package is, it should be in compliance with the principle of universality and equality. Therefore, it seems that what Mr James TO has just said is to substitute stealthily my meaning that FCs can be retained. If he adopts such a stealthy approach to mislead the judge in a common law court, I believe the judge will in no way be misled. And now, I have to point out solemnly that what Mr TO has just said is misleading.

MR JAMES TO (in Cantonese): *President, does the Chief Secretary mean that FCs will not be retained?*

PRESIDENT (in Cantonese): Mr TO, please sit down.

MR JAMES TO (in Cantonese): *President, such an allegation is very serious as it is directed against me. I have to seek a clarification.*

PRESIDENT (in Cantonese): Mr TO, as I have already said, if Members are not satisfied with the responses given by the public officer or have any opinion, they can follow up on other occasions. I believe the Legislative Council will decide how to deal with the package proposed by the Government expeditiously. By that time, there will be sufficient room and time for Members to express their views.

DR PRISCILLA LEUNG (in Cantonese): *President, regarding the proposal on constitutional reform, if we choose to adopt the approach of gradual and orderly progress, I think that two roads have been available in the past couple of years. The first one is to perfect the FCs. I think I have all along maintained strong perseverance, hoping that a more direct road towards universal suffrage can be taken, that is, all FCs should be returned by "one person, two votes". The second road is the DC package we have been discussing. Obviously, the Government has decided to place the stake on the DC package this time. Over the past two years, I have also been one of the elected DC members. In fact, as far as the atmosphere of discussions in the DCs during the last two years is*

concerned, I very often think that it is even better than that in the Legislative Council. Therefore, I consider it necessary for Honourable colleagues to think about it. On this premise

PRESIDENT (in Cantonese): Dr LEUNG, please raise your question.

DR PRISCILLA LEUNG (in Cantonese): *President, I am coming to my question now. On this premise, I think Personally, although I do not very much agree with the DC package, I do note the merit of more opportunities being made available for many DC members and their second echelon to rise to the fore, as the number of seats in the Legislative Council can be increased. On this premise, I have received a lot of views, indicating that we should not only focus on their rising to the fore in the DCs. Many sectors do request As stated in paragraph 10 of your proposed package, the number of members of the EC will be increased from 800 to 1 200. Can you take some sectors mentioned just now, which have been overlooked as a matter of convention, into serious consideration? Originally, they hope that there can be FCs — of course, there will be none, as the stake is currently placed on the DC package — in such sectors as publication, Chinese medicine practitioners, environmental protection and small and medium enterprises, which are very influential, as well as ethnic minorities and associations of real estate agencies (that is, the real estate agencies sector). They say that all along, without their own FCs, they have been overlooked among the 800 members in this EC. As such, in increasing the number of these seats in future, will the Government provide some seats for these sectors?*

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, Dr Priscilla LEUNG has asked, as for the 100 seats to be added in the first, second and third sectors, apart from increasing the number of seats on a pro-rata basis, will some other organizations be included as well? We can have further discussion on this. The reason is, when amending the ordinance relating to the Legislative Council election and the Chief Executive Election Ordinance, we will have sufficient time and opportunities for discussion at the level of local legislation.

DR MARGARET NG (in Cantonese): *President, the Chief Secretary urges this Council to endorse the package proposed by the Government today, that is, the proposal on constitutional reform, for this proposal paves the way for implementing universal suffrage. Therefore, it is really imperative for him to clarify how this proposal can attain universal suffrage and pave the way for implementing it. As mentioned by the Chief Secretary in paragraph 35, "the proposed package can determine the directions for attaining universal suffrage, including that no traditional FC will be created for the Legislative Council". Can the Chief Secretary clarify that according to your proposal, no traditional FC will be created; rather, some non-traditional FCs will be created, including turning DC members into Legislative Council Members, thereby attaining such a universal and fair election proposed by you? Is this your real roadmap?*

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, the NPCSC made the Decision in December that apart from the timetable for universal suffrage, it also approved that amendments conforming to the principle of gradual and orderly progress might be made to the two electoral methods for the Legislative Council and the Chief Executive in 2012. We have now put forth a proposal to make such amendments in compliance with the Decision made by the NPCSC. I encourage and implore you all to continue the discussion in a rational, pragmatic and accommodating manner, forge a consensus and have the courage to cast our votes for these two electoral methods for 2012, thereby moving towards universal suffrage. Having taken this step, we can pave the way for implementing universal suffrage.

Margaret has just queried if our proposal can achieve universality and equality ultimately. In fact, we have all along been talking about this issue, saying that the existing FCs are not in compliance with the principle of universality and equality. Anyway, we have to leave it to the Government of the next term to be formed in 2012 for consideration. The Chief Executive will be returned by universal suffrage in 2017. However, how can the composition of the Legislative Council of the next term to be formed in 2016 move further towards the goal that the Legislative Council be returned by universal suffrage in 2020? This is a task that the Government of the next term must tackle. I believe that by that time, there will also be such an occasion in the Legislative

Council for us to discuss whether we are really moving towards universal suffrage; whether we are on the right track; and whether there is an appropriate transition. I believe the Government of the next term will do its utmost to examine all these issues with you.

(A person in the public gallery yelled loudly)

PRESIDENT (in Cantonese): The person in the public gallery must leave immediately.

(Some security officers moved forward and tried to escort the person concerned away from the public gallery, but he kept on yelling loudly)

PRESIDENT (in Cantonese): Officers, ask him to leave immediately.

(Some security officers escorted the person concerned away from the public gallery, but he still kept on yelling loudly)

PROF PATRICK LAU (in Cantonese): *President, as mentioned by the Chief Secretary in paragraph 7 of his statement just now, among the opinions received by the Government during the consultation period, a few common threads are obvious. The third one states that "over half of the respondents support the passage of the Government's proposed package for 2012 by the Legislative Council". May I ask the Chief Secretary how many members of the public were interviewed and how this interview was conducted?*

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, we have received about 47 200 written submissions and some 1.6 million signatures from the public during the three-month consultation period this time. Moreover, we have attended more than 70 forums, talks and seminars in various districts to collect views. At the same time, we have made use of public polls conducted by many community organizations, academic institutions and

professional groups, including those conducted by the Government internally, as a channel to gauge views in the community. Therefore, before putting forth this proposal, we have in fact summarized views and opinions from various sectors and a number of forums. As I have just said, although this package may not present a perfect scenario for everyone, I think it is easier and has a higher chance of securing support from the majority public, and it also stands the best possible chance of being supported by a two-thirds majority of all Members of the Legislative Council.

MR CHEUNG HOK-MING (in Cantonese): *I hope the Chief Secretary can clarify the second point in paragraph 11 of his statement, which reads "that all the five new FC seats and the existing DC FC seat be returned through election by elected DC members from among themselves", coupled with an explanation thereafter, stating "that is, appointed DC members will not take part in the election".*

I believe the Chief Secretary understands very well that the composition of DCs includes three categories, and the ones he has just mentioned are elected and appointed DC members. I have consulted the Chief Secretary or the relevant Secretary on many occasions that the 27 ex officio members of the New Territories Heung Yee Kuk (HYK) join the HYK in their capacity of chairmen of the relevant rural committees being elected by village representatives by "one person, one vote", whilst village representatives are also elected by "one person, one vote". I hope the Chief Secretary can clarify if these 27 members are equivalent to the elected DC members mentioned in his statement just now.

CHIEF SECRETARY FOR ADMINISTRATION (in Cantonese): President, I would like to thank Hok-ming for raising his question. Regarding those ex officio members in DCs, I know and understand very well that they are also returned by elections. Therefore, we can further examine this issue at the level of local legislation. I do welcome Hok-ming to raise this request again by that time, so that we can further examine it.

PRESIDENT (in Cantonese): The Chief Secretary for Administration has spent nearly one hour and 30 minutes to answer Members' questions.

BILLS

Second Reading of Bills

Resumption of Second Reading Debate on Bills

PRESIDENT (in Cantonese): Bill: Council now resumes the Second Reading debate on the Appropriation Bill 2010. Members may speak at the meeting held today or tomorrow.

All Members who wish to speak today please press the "Request to speak" button.

APPROPRIATION BILL 2010

Resumption of debate on Second Reading which was moved on 24 February 2010

DR DAVID LI: Mr President, I have consulted widely with my constituents, and the overwhelming consensus within my industry is that the 2010-2011 Budget is both safe and unexciting.

Being bankers, we believe this is the highest possible praise that we can offer to any Financial Secretary.

The achievement is all the more remarkable considering that the world has just been through the most acute financial crisis since the Great Depression.

Hong Kong's GDP plunged in the first quarter of 2009. Yet, just one year later, the Government is running a fiscal surplus and is returning wealth to the community through tax rebates and greater support for the disadvantaged.

I heartily commend the Financial Secretary and the rest of the Government for steering the Hong Kong economy through the crisis so ably.

Perhaps the single most important initiative undertaken by the Government in the wake of the financial crisis was the decision to launch the Special Loan Guarantee Scheme, providing loan guarantees up to 80% to support small and medium size enterprises.

This measure helped firms to retain their trained staff during the bleak days of early 2009. As a result, Hong Kong companies were in a position to respond quickly as demand picked up from the second quarter onward.

Without this measure, I have no doubt that unemployment would have risen far higher, and the rebound in our economy would have been far slower.

I do not exaggerate when I say that decisive action by the Hong Kong Government saved the day.

And it was this bold action that also paved the way for the Financial Secretary to deliver such an unexciting Budget just over one month ago.

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

I should highlight that the Budget is only unexciting in that it offered no surprises. If one steps back and looks at the general policy framework and long-term vision behind the Budget, the outlook is very exciting indeed.

Hong Kong is evolving at an incredible pace. We are becoming a better educated, more globally competitive and more international city than ever before.

Our position as China's international financial centre is becoming stronger by the day. During 2009, Hong Kong was the world leader in capital raised through initial public offerings.

But we are also much more. From infrastructure development, to cross-boundary co-operation, to education, to the six new industries, to initiatives

such as the West Kowloon Cultural District, the Government is helping to transform Hong Kong into a more vibrant and multi-faceted city.

In the process, the Government is creating many new opportunities for Hong Kong residents to develop their talents and earn a good living.

The Budget has reinforced this vision in many ways, speeding up our transformation and ensuring that we are ready for the challenges ahead.

Perhaps the greatest challenge facing Hong Kong today is the widening wealth gap. There is widespread belief that there are fewer opportunities today to get ahead through commitment and hard work.

Many believe that the Government should use the public purse to redistribute wealth. There is a constant refrain asking the Government to offer more subsidies for the poor.

The Government has wisely chosen another path.

While agreeing that we must do more for those in need, it does not believe that the wealth gap can be solved through more subsidies.

Rather, the Government has focused on expanding opportunities, helping people to help themselves and fostering a healthy attitude of self reliance.

Among the specific proposals introduced in the Budget are better after-school support, lower barriers to Internet access and improved language training.

The Government has also announced a wide range of measures aimed at promoting a more diversified and competitive economy, from revitalizing old industrial buildings to promoting innovation and new technology.

Focusing instead on more subsidies would be counter-productive.

If we choose subsidies over improving our general skill set and broadening our economy, opportunities will shrink and wages will fall. That would be a disaster.

Instead, our goal should be higher productivity and higher wages. To this end, I believe that it is essential that the bill to introduce a minimum wage should be passed into law as soon as possible. Further, we must ensure that the minimum wage is set at a level that rewards honest work with an honest wage. Those who work hard deserve to share in our rising prosperity.

At the same time, I request the Financial Secretary to review Hong Kong's tax policy, to ensure that we remain globally competitive. Now that we are emerging from the financial crisis, the Government should consider restoring the profit tax rate to the same level that it was in 2002-2003 — 16%.

The Framework Agreement on Hong Kong/Guangdong Co-operation (The Agreement), signed by the Chief Executive and the Governor of Guangdong Province on 7 April in Beijing, paves the way for greater co-ordination in regional development.

The Agreement recognizes Hong Kong's advanced services platform, as well as its special role as the international financial centre for the region.

The banking sector wholeheartedly supports this initiative. The banking sector also believes that Hong Kong should continue its efforts to become the leading offshore Renminbi centre. There is much more that we can do, including:

- expanding cross-border trade settlement business;
- developing the secondary bond market;
- using Renminbi for stock transactions;
- enabling Mainland banks to extend Renminbi loans to Asian borrowers via Hong Kong;
- conducting global investment with Renminbi funds; and
- developing Renminbi risk management products.

I sincerely hope that the Financial Secretary will follow up in all these areas.

The Agreement also covered co-operation on the environment. This is an area of deep concern to my industry. Central District, the home of the financial services industry, regularly posts roadside pollution levels of over 100.

Therefore, I very much welcome the Budget measures aimed at promoting the use of environment-friendly commercial vehicles.

However, I believe that we are still moving too slowly. I would like to see us move with the same determination that we did when diesel taxis and light buses switched to LPG.

Fund managers and international bankers do not have to be based in Hong Kong. Our competitors, including Singapore, regularly cite our pollution record in order to attract business away from us.

Nor should we take comfort from the high pollution levels in Mainland cities. We need only to remember the bold measures that Beijing took to clean up its skies in advance of the Olympics to realize what Mainland cities can do when there is a will.

We cannot afford to take half measures when it comes to cleaning up the environment.

Deputy President, I take great pleasure in supporting the Budget. It is a pragmatic document, and is perfectly in tune with Hong Kong's current needs.

Further, it is entirely consistent with the Government's long-term goals, and will enable our economy to grow and create new opportunities and greater prosperity for the people of Hong Kong.

Thank you.

MR FRED LI (in Cantonese): The policy areas to be covered in my speech are not within the purviews of the Directors of Bureaux present today. I hope the Financial Secretary can ask the relevant Directors of Bureaux to respond later. I

am responsible for issues relating to food safety, environment and health and consumers' interests in the Democratic Party, and will therefore put forth our views on the Budget in respect of these areas.

As for legislation, we know that the authorities will introduce the Food Safety Bill. This long-awaited Bill is also the proposal advocated by the Democratic Party over the years. I hope the Government can introduce the Bill into the Legislative Council expeditiously. However, I have to remind the Government that in drafting this Bill, it should not tilt towards the trade excessively, but should instead be premised on the interests of the public.

Recently, the Food and Health Bureau is facing a very serious problem that presents a big headache. The problem relates to columbarium niches, which is somehow related to the Secretary for Development. We have received a lot of complaints. In particular, Mr WONG Sing-chi has received many complaints from residents living in the North District concerning the lack of regulation of private columbarium niches. The operators have purchased village houses in the vicinity of temples or residential areas and converted them illegally. However, all along, the Government will only take action when it has received complaints or when columbarium niches have been constructed. Villagers and residents in the vicinity thus think that the Government is too passive. Moreover, as reported in the newspapers, the Lands Department will reach an agreement with some operators of private columbarium niches, allowing them to continue their operation at sites where land use is in dispute. Upon the release of such news, the Democratic Party notes that many residents living in the vicinity of those lots are very worried. We also understand their concerns. If the Government fails to put forth expeditiously more proposals and conduct a thorough consultation with those residents being affected, the number of illegal columbarium niches will keep increasing. Worse still, the Government at present seemingly allows such illegal operation to continue. Although they have changed the land use without authorization, they are still allowed to operate as if it is legal. This will once again give people an impression that government officials have an unholy alliance with the business sector, and tilt towards the interests of these businessmen. I think such a situation should be avoided.

In our view, the operation of private columbarium niches is a big yet unregulated business. Given that the interests of the residents have been affected, if we just sit with our arms folded and tolerate their operation, such

facilities may probably abound in the rural areas in the New Territories. Therefore, the Government should regulate this industry through licensing. The question is whether the Food and Health Bureau or the Development Bureau should be the licensing authority. I think the Government should make good co-ordination in this regard.

Moreover, regarding the Food and Health Bureau, we are also concerned about two other issues. The first one is central slaughtering. At a special meeting of the Finance Committee, the Secretary said that a consultancy has been commissioned to assess afresh the interest of the market in operating a slaughtering centre and examine the trend of the public demand on live chickens. When detailed analysis results on these studies are available, it will consult the Legislative Council. In fact, I have mentioned in this Chamber several times that in order to implement central slaughtering in Hong Kong, the first prerequisite is that the selling price of freshly slaughtered or chilled chickens to be sold in future should be competitive with that of chilled chickens being supplied by the Mainland to Hong Kong. Smart businessmen — they are generally very clever — definitely know how to calculate. In case they think that it is not profitable, there is no way to implement central slaughtering, for the selling price of chilled chickens from the Mainland will certainly be lower than that of chilled chickens being slaughtered centrally in Hong Kong. The Government has spent over a million dollars on the consultancy study, and coupled with the consultancy fee of \$1.15 million that incurred in 2005, the consultancy fee amounts to more than \$3 million on this project. We all know that is simply a waste of public money. I believe the conclusion is that central slaughtering is not feasible.

As a matter of fact, 35% of chilled chickens being consumed by Hong Kong people at present are slaughtered centrally, only that central slaughtering is conducted in Shenzhen. Therefore, I consider it appropriate to maintain the status quo, that is, retain a limited supply of live chickens, while chilled or frozen chickens will take up a large proportion. In order to minimize the risk of avian flu, I think this mode of supply should be maintained. In my opinion, it is an informed and smart decision to shelve the proposal of central slaughtering.

On the other hand, we have been in contacts with many animal groups and are concerned about the money spent on handling animals by the Agriculture, Fisheries and Conservation Department (AFCD) as stated in the Budget. In the last couple of years, the annual expenditure on killing animals (mainly dogs and cats) amounted to \$1.5 million and over 15 000 animals were killed each year.

Lives are precious, be they human beings or animals. However, under the view of high ranking officials, we fail to see the value of lives. In response to a written question raised by Mr Alan LEONG in January, the Secretary cited a study and claimed that killing animals was more effective than the "Trap-Neuter-Return" (TNR) programme. However, according to a number of studies, the TNR programme can solve the problem at root, thereby reducing the number of animals in the community gradually, yet the Secretary has turned a blind eye to it. It is because the Government simply focuses on administrative convenience without attaching any importance to the lives of animals. All unwanted animals should be killed. As a matter of fact, those stray animals being caught by the authorities can only be kept at the AFCD for four days at most and will then be killed.

In the past few years, only about 700 to 900 animals have been adopted each year. In other words, 90% of animals being sent to the AFCD will be killed. I urge the Government to review afresh such a cruel way of handling lives. Although the authorities say that euthanasia is not painful at all, it is still wrong to place human beings above animals and end the latter's lives arbitrarily. The AFCD has deferred the implementation of the TNR programme for several years, and the programme has yet to be put on trial in any District Councils. We think there is a dereliction of duty on the part of the AFCD.

On the other hand, given that only those animal groups being recognized by the AFCD can adopt animals, the public has to contact these animal groups first if they are interested to adopt animals. However, the AFCD has only recognized a limited number of animal groups, while its power to manipulate lives is too great. Therefore, the Democratic Party hopes that the Bureau can review the existing animal policies seriously, so as to stop killing animals once they have been sent to the AFCD.

Another policy area for which I am responsible is consumers' interests. Regarding the protection of consumers' interests, I consider that the direction proposed in the Budget is on the right track. However, there is a need to expedite the pace and enhance the intensity, so as to protect consumers effectively.

At present, quite a number of, or even many beauty and body-slimming services companies invite consumers to pay service charges in advance by buying package tickets, so as to establish a long-term service relationship with these

consumers, and provide follow-up services for them in the long run. Such practice, which is widely accepted in the market, has become a major mode of operation of the services industry. Regrettably, some unscrupulous businessmen have subscribed advertisements in newspapers, magazines and publication media — we may notice that such advertisements seldom appear on televisions and radios because they are subject to regulation. However, in written media such as newspapers and magazines, businessmen can continue to use exaggerated and false advertisements for publicity purpose. After consumers have been cheated to patronize such services, salesmen may resort to various unreasonable and even illegal means, such as detention and confiscation of consumers' identity cards and mobile phones, to threat, force and lure them to sign agreements for purchasing a lot of pre-paid services. Eventually, consumers may not enjoy such services and even be tricked into serious debts.

Take beauty services as an example. After the consumers have purchased package tickets, they very often fail to make appointments or cannot use such services for other reasons. The companies concerned, indeed, fail to provide services in accordance with the agreements. Of course, the worst scenario is the sudden closure of these companies. Some companies even launch extensive publicity before closure, with a view to luring more consumers to pay service charges in advance. Under the existing legislation, these easy preys — that is, consumers — can only claim compensation through civil proceedings. The chance of getting compensation is very slim and it is very difficult to do so.

In view of this, the existing consumer protection regime in Hong Kong is not comprehensive at all. The Trade Description Ordinance (TDO) is not applicable to false representations of services. Unscrupulous businessmen can make use of the loopholes under the existing regime to cheat consumers' money, while regulators and government departments can hardly take any actions to assist consumers claim their entitled compensation and bring these unscrupulous businessmen to justice.

The Government intends to expand the coverage of the TDO to cover false representations in respect of services. It will create new criminal offences under the TDO to prohibit misleading omissions, aggressive practices and the practices of "bait-and-switch" and "accepting payment without intending or being able to supply" by making reference to relevant legislation in other advanced countries.

The Democratic Party considers that the Government has made a start in the right direction. However, unscrupulous businessmen employ many different defrauding tricks to undermine consumers' interests. Once every several months, there is almost a sudden closure of a service company with hundreds of victims being affected. In order to reinforce consumers' confidence in the services industry, the Government should expedite and intensify its efforts to enact legislation for consumer protection.

Eight other Members from the Democratic Party will deliver their speeches later. The chairman of the Democratic Party will give an overall response to this Budget on our behalf, while other Members will put forth our views in respect of various policy areas. The Democratic Party will speak mainly on Secretary Carrie LAM's purviews, such as sale and supply of lands and resumption of the construction of Home Ownership Scheme flats.

I so submit.

MRS SOPHIE LEUNG (in Cantonese): Deputy President, I hope you and public officers present today can, like me, cherish such a peaceful environment and the break. I speak in support of the Budget today. However, I also wish to put forth my views regarding some forward-looking issues.

The Government has just signed the Framework Agreement on Hong Kong/Guangdong Co-operation with the Guangdong Province last week and stipulated a number of concrete objectives to enhance co-operation between the two places. Hopefully, the content of the Agreement will be included in the National Twelfth Five-Year Plan next year, implying that there will be a new direction of economic development in Hong Kong.

I hope that the signing of this Agreement will not only bring about material advantages to our economic development, but also help foster a closer mentality between the two places. In fact, we should no longer think in a regressive way.

In order to maintain a leading position in the regional economy, Hong Kong should take more complementary measures and the Budget is the basis for

complementarity. Therefore, I hope that the future Budgets should be more forward-looking.

How can the Budget be regarded as more forward-looking in the context of the present 21st century? I hope the Government can formulate the Budget on the basis of building capacity. The building capacity of a society is equivalent to that of an individual. "Promoting the building capacity of world citizens" has been one of the major tasks of the United Nations Educational, Scientific and Cultural Organization over the past 10-odd years. It does not merely restrict to helping other people, every individual should help others to help themselves. It is hoped that every one of us can have the interest and ability of self-learning. People of all ages can continuously acquire new knowledge and skills, so as to make continuous advancement. As such, we can establish the capacity for self-advancement, and our society can also establish such capacity as a whole.

In promoting the building capacity of the public, it is most desirable for the Government to make reference to its practice in the economic area, that is, observing the policy of "small government, big market". "Small government" is to provide framework guidance and appropriate support, while "big market" is to let society and the public decide the method to achieve their objective — this is, of course, the objective of the public, community groups and society as a whole. Only by so doing can we prevent excessive reliance in society and enable the public to identify a way out themselves.

With such a positioning, the Government should make more efforts to examine how to further utilize the local resources. Hong Kong has all along been an exporting country focusing on business operation, through which it has made its first bucket of gold and more successive fortunes. Business operation, being a key objective of social development, is also one of our major elements. Commercial development is so rapid that quite a number of legends have been created, which has also laid a good foundation for our economy.

The experience in business operation, or the so-called business acumen, refers to flexible tactics, forward-looking visions, vigorous spirits and rich commercial experience. These are all our value of existence. Under the framework of co-operation between Guangdong and Hong Kong, why is Hong Kong selected for co-operation? This element is our greatest capital. How can Hong Kong give full play of its leading role as a regional economic core in

Greater China? The crux lies in these conditions. Therefore, I hope that the Government and society would not underestimate such ability or power, but rather, further explore, examine and utilize it.

It is not easy for Hong Kong to acquire business acumen. In recent years, the commercial sector has somehow been adversely depicted. This is, in fact, an invisible suppression on business acumen. Some people are very ignorant and reprove things that they do not understand because they do not have such knowledge. However, if what they disapprove of is our hard-earned experience, should we allow it to be suppressed and depicted adversely?

Deputy President, I wish to cite an example. I proposed a motion on promoting social enterprises in the Legislative Council three years ago. Since then, there has been continuous injection of resources over the years, and many people have joined in the field, hoping that they can promote a social enterprise themselves, however, the date for social enterprises in Hong Kong to stand on their own feet seems very remote. In fact, only a few social enterprises can be self-contained and self-financing. I think the reason for this is the lack of business acumen. Leaders of many social enterprises indeed have no knowledge of business acumen, nor do they have any idea about its true meaning.

Some members from the business sector have told me that leaders of social enterprises have indeed failed to grasp this concept, making co-operation an uphill task. On the other hand, the social enterprises fail to clearly define the elements of social enterprise, their service targets and objectives. Regrettably, the original intention of helping others to help themselves has also been overlooked.

Therefore, I hope that the Government can mobilize the whole society to promote business acumen, so that the general public can understand the way of business operation, and disallow people without knowledge to depict the business sector and business acumen adversely or even reprove them. In order to promote social enterprises, we hope that the general public would widen their mentality, have a more forward-looking vision and provide more professional training for leaders of social enterprises.

Another task to enhance building capacity is to promote social responsibilities and encourage people to recognize a society with rights and obligations as well as care and concern. Only when the public understand their responsibilities can they be encouraged to shoulder them.

I wish to cite building management as an example. Recently, we have made enormous efforts for old, dilapidated and dangerous buildings. In recent years, the Home Affairs Department has been helping owners of residential buildings and various kinds of buildings to form owners' corporations (OCs). In this way, the public will understand that they, being owners, should be responsible for maintenance and should also plan ahead and retain sufficient reserve as soon as possible.

I think the Government can consider making a further step through regulation by legislation. Newly completed buildings and housing estates should be encouraged to, within a specified period upon obtaining the occupation permits, say six months or a year, co-ordinate with the management company — as legislation is also required for management company — for its "involvement". Shortly after the management company is engaged, it should help owners form OCs or help tenants form their own organizations. The management company should also establish a maintenance fund with contribution of a specified amount from each household, to be pooled together for enhancing the effectiveness of building management in future and fostering the concept of conducting maintenance on a self-financing basis. If we can introduce this legislation, buildings requiring modification of building plans can also be included. After taking this step, the whole society and the public will then understand that building maintenance and management is in fact their responsibilities. As such, many other buildings will also follow suit.

Since the outbreak of the financial tsunami, various sectors in the community have experienced some changes. Certainly, we are grateful that we can get out of the predicament immediately owing to the solid foundation of Hong Kong. However, in the face of competitions in the 21st century, the public would definitely experience the increasing pressure of life. Worse still, as our cost-of-living index and income have all along been on the high side, we are inclined to pleasure seeking, so much so that we, in pursuit of wealth, may sometimes overlook our vigorous spirits and may sometimes even forget the balance point in life.

Therefore, I think the Government or our society should encourage "life education", so as to incorporate the concept of physical, mental and spiritual health into work and promote it to various industries and sectors. Through such experience and understanding, practitioners can be able to turn knowledge into values and incorporate it into their lives. As such, every one of us can become stronger and tread the road ahead with a firmer determination.

I have no intention to request the Government to be responsible for everything; I only hope that it can put in more efforts to promote things worth promoting, so that our society can become healthier and more vigorous. At present, quite a number of organizations in society have actively launched activities on "life education". I think the Government should approve and promote such activities, so as to foster a positive outlook on life.

To conclude my experience gained from my contacts with all walks of life in society over the past years, I think not only the Government, public officers, academics or professionals can put forth good ideas. In fact, so long as we are willing to pay more attention, good ideas can be found everywhere. This is what we call community wisdom.

I wish to cite another example. I have heard from a member from the business sector, who of course has very strong business acumen, that markets of traditional design are just like pools of stagnant water. Wet goods stalls, such as those selling vegetables and fishes, are usually located on the ground floor. It is wet everywhere and we may not be able to locate these stalls. Sometimes, one can feel the stinking smell when he is just passing by. This will not only pose danger to the public but also unsightly. He wondered why the Government did not alter the design of the whole building by relocating dry goods stalls and restaurants to the ground floor, and opening the market to the public so as to turn the whole market into street stalls. This would, in turn, attract patronage. Wet goods stalls could be relocated to the top floor with improved ventilation system and good drainage facilities. All rubbish would be cleared. I think, in doing so, the environment of markets can probably be upgraded. This idea does merit our consideration, and I hope that this concept will be introduced in redeveloping the Central Market in future.

Moreover, a member from the media told me that in recent years, many new stadiums have been built with seemingly great complementary facilities. But regrettably, the transmission and reception networks are inadequate, making it difficult for television stations to broadcast large-scale events and matches, because they have to install one-off signal networks at their own expenses. If the Government has seized the opportunity to perfect such networks when building these stadiums, it can highly facilitate the operation of the broadcasting bodies. I think this is also a benevolent measure which merits our consideration.

I cite these general examples, hoping that the Government can pay more attention to the creativity of the general public and listen to new and brilliant ideas modestly. Apart from considering the establishment of a designated department to acquire business acumen, it can also listen to such kind of proposals and incorporate business acumen into these ideas. If there is any brilliant idea, the Government should promote it actively, so that new mentality in the community can be fully put into play, thereby improving our community as a whole.

As a matter of fact, prior to the release of the Budget, we have heard of the mainstream opinion in society that the Government should no longer adopt the giveaway approach. This reflects that the public are of high quality and love Hong Kong very much. They understand the importance of being forward-looking and prefer the Government to put in more efforts in some long-term construction, rather than giving out small benefits. As stated in paragraph 6 of the Budget, although the current financial crisis is much more severe than the Asian financial turmoil, our economy has recovered more quickly this time. This is attributed to the perseverance of Hong Kong people and our strong and stable foundation. We have good confidence and ability to rise to challenges. I think this is also closely related to the fact that Hong Kong is backed up by the Greater China. However, in the eyes of the Greater China, how can this pearl shine? I hope that we should no longer overlook our experience, that is, business acumen, which has been accumulated for several decades. I hope we can be vigilant in peace time. Also, I do hope that we can seek common grounds jointly and have a greater determination to understand others' merits, rather than thinking that we are the best and have to resort to every means to disprove others. Only by doing so can improvement be made in our society. I have heard from many members of the public that all these adverse

effects are generated by the Legislative Council. What can we do then? I hope Honourable colleagues can respect themselves and others. Thank you.

MR TAM YIU-CHUNG (in Cantonese): Deputy President, in the Budget this year, the Financial Secretary proposes measures amounting to \$22 billions to return wealth to the public and assist the disadvantaged group, which is a direct response to the aspiration of society, benefiting the general public. Regarding the series of proposals put forth by the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) on "alleviating poverty and helping the disadvantaged with care and concern", the Financial Secretary has responded proactively in this Budget. I will not repeat the content of the specific proposals here, for I do not want to give the impression that we are claiming all the credits. The Budget also proposes a host of measures to consolidate, revive and promote the development of the economy. Though the effort proposed in the Budget is still insufficient in solving the problems in certain policy areas, the DAB in general supports the Budget.

This year, when the Budget was first announced, it had earned much applause from society, but the applause soon subsided and died down. This phenomenon becomes more and more obvious in recent years, reflecting that the public naturally thinks that the Government should give handouts when its financial position is good. At the same time, they also consider that a government with foresight should utilize its financial resources effectively to implement various long-term measures that can alleviate the prevailing social conflicts. To put it in another perspective, this also manifests the intensification of the present conflicts in society. Actually, I often bring along some lozenges, why do I do so? When I feel some irritation in my throat or when I am going to cough, I will take one to suppress the cough. Lozenges can provide immediate relief, but they definitely cannot cure the inflammation. One must consult the doctor or take medicine to get well. By the same token, the giveaway measures implemented by the Government can only suppress the cough temporarily but cannot cure the inflammation. If the Government holds on to the approach of implementing desperate measures at desperate times and addressing new conflicts arisen in society with short-term measures, and is reluctant to undertake long-term and sustainable financial commitment, it will only encounter greater difficulty in its governance.

At present, the people of Hong Kong are greatly concerned about the soaring property prices and the difficulty in buying a flat. In the Budget, four measures are proposed to address these issues. Some of the proposals from the DAB have been incorporated, including the increase of the stamp duty on transactions of properties valued more than \$20 million, and the implementation of the improved Application List System to allow the sale of sites at irregular intervals. Though we agree that the Government should implement these measures as soon as possible, we consider that the Government should put in more efforts in assisting the lower middle class to live in contentment.

According to the statistics of the Rating and Valuation Department, the property market on the whole has revived by 1.19 times since the outbreak of SARS in 2003, and property prices have exceeded the pre-2008 financial tsunami level, reaching the climax in 1997. But the income of the public has not increased correspondingly. The median household income in post-SARS 2004 was \$17,400 and it remained at the level of \$17,500 in 2009, which had even dropped by 2.7% when compared with the \$18,000 level in 2008. It is evident that the income of the public showed no increase in the past few years but property prices surged, as a result, people are facing substantially heavier burden in achieving home ownership.

According to a telephone survey conducted by the DAB at the end of last year, 56.44% of the respondents indicated that, given the high property prices, they themselves or their family members would not purchase their homes in the coming year, and among them, 60% attributed this decision to their lack of means to pay mortgage instalments. Estate developers or speculators are reaping huge profit by speculating in properties, but the public can hardly find a tiny place to live in. This opposing relationship has provoked serious social conflicts. Hence, the Government should focus on the housing problem faced by the lower middle classes in society by introducing more proactive measure to enable people in the lower middle classes to get proper accommodation.

The DAB proposes that the Government should address the problem on three fronts: increase the supply of public rental housing (PRH) units and Home Ownership Scheme (HOS) flats, increase the supply of small and medium-sized residential flats and conduct a comprehensive review on the land supply policy. This will alleviate the impact of the bubbles in the property market on the

politics, economy and people's livelihood of Hong Kong. Regarding the proposal in the Budget on the revitalization of the HOS secondary market, we think it will only have limited effect on addressing the imbalance between the supply and demand of housing. As such, the DAB insists that the Government should resume the construction of HOS flats. With the last batch of unsold HOS flats and Sandwich Class Housing Scheme (SCHS) flats being put up for sale, the Government does not hold any more flats at hand, which to certain extent can be regarded as withdrawing from the private property market. However, regarding of the practice adopted by estate developers in selling small and medium-sized residential flats at prices of luxury flats, and the spree of property speculation, the Government is incapable of imposing any restriction to curb the situation. The overwhelming supply of luxury flats has invalidated the property market. To ensure an adequate supply of small and medium-sized residential flats at reasonable prices in the market, the involvement of the Government is essential. The annual supply of those flats should be maintained at a certain level to meet the housing need of the sandwich class.

Moreover, apart from increasing the land supply for PRH flats, the Government should encourage the Hong Kong Housing Society to draw on the rental arrangement of the current Senior Citizen Residence Scheme or the Group B estates, and provide units to young people at a rental lower than the rate in the private market. This will help solve the housing problem faced by the youth from the sandwich class. My comrade, Mr CHAN Hak-kan, will elaborate this point shortly.

Regarding the increase in the supply of small and medium-sized residential flats, the DAB proposes that the Government should improve the existing Application List system by suitably lowering the reserved prices of the sites so that triggering of sites for public auction can be made easier. Apart from the several specified residential sites in the urban areas, the Government should also put up land for sale by public auction at irregular intervals in the light of the market situation, which will enhance the flexibility of land supply in Hong Kong. In recent years, most new flats put on sale have been designated as luxury flats, and the genuine need of the sandwich class has been ignored. In view of these, the Government should, as in the past, impose some restrictions in tendering the Yuen Long estate site by requiring the supply of a certain proportion of small and medium-sized flats and the adoption of a simple and practical mode of development, without high-cost facilities, such as luxurious club houses.

Property prices surge drastically in the past year. One of the contributing factors is the high level of prices set for property development projects above railway stations and those undertaken by the Urban Renewal Authority. In recent years, the average price of above-station property development projects stands at \$5,000 per square foot at a minimum. Take the development project Lake Silver above the Wu Kai Sha Station of the Ma On Shan Railway as an example, the price of a 728 sq ft unit is \$3.8 million. As for Festival City, a new site in Tai Wai, the lowest price per square foot is \$7,500, which is definitely beyond the affordability of wage earners in general. The Government, being the major shareholder of the MTR Corporation Limited, should fulfill its social responsibility by imposing restrictions on the scale and conditions of future above-station development projects, increasing the proportion of small and medium-sized flats and lowering the selling prices, so that the sandwich class may achieve home ownership.

Since the reunification, we have been through the "85 000 units" housing policy, the financial crisis in 1997, the SARS in 2003 and the recent financial tsunami. All these events have dealt direct blows to the economy of Hong Kong, and the property market has experienced several ups and downs. We think that the Government should draw on these valuable and unforgettable experiences and timely adjust its strategies. It should conduct a comprehensive review on its policies on land and property development, which have direct bearings on the economy and people's livelihood in Hong Kong, and formulate a long-term and well-planned policy on land, housing supply and property development. We believe that only by formulating a reasonable land policy with foresight can we avert the frequent ups and downs in the property market as experienced in the past. With such a policy in place, the Government will have a healthier source of income to implement continuously various kinds of relief measures for extended periods of time.

The housing problem of the public is no doubt a matter of grave concern, yet the placement of our ancestors' ashes also requires proper arrangement. Recently, the acute shortage of columbarium niches has brought about the problem of unauthorized development of columbarium facilities. Problems such as the lack of protection of the rights of consumers who have purchased private columbarium niches, as well as environmental nuisance have arisen. The Government should speed up the construction of columbarium facilities, and at the same time, identify suitable sites for such purpose. The specific proposal of

revitalizing old industrial buildings put forth in the Budget should be taken forward. Industrial buildings located near the cemeteries or far away from residential area should be encouraged to convert into modern style multi-storey columbarium facilities. In these columbarium facilities, automatic retrieval system may be installed for decedents to retrieve their ancestors' niches for worship. Online worship services may also be made available. I believe these arrangements may alleviate the shortage of columbarium niches in the market, which will also offer a cheaper option for the public to dispose the ashes of their ancestors.

We now talk about the policy area on welfare. Last year, during the debate of the Budget, the DAB requested the Government to make reference to the mode of elderly care services and buy places in the residential care homes for persons with disabilities, so that more subsidized residential places can be provided expeditiously. We are happy to see that the Government has accepted our proposal and stated in the Budget this year that the pilot Bought Place Scheme will be implemented. However, we are discontented that the Budget fails to respond to our aspiration to lift the permissible limit of absence from Hong Kong for recipients of "fruit grant". Days ago, I met a woman who told me that she had to carry on her back an elderly family member with impaired mobility to travel frequently between the Mainland and Hong Kong, for the sake of meeting the requirement of the absence rule to receive the "fruit grant". The elderly person and his family members have been exhausted physically and psychologically in order to remain eligible for the "fruit grant". They earnestly hope that the Government will abolish or relax the absence rule. Moreover, society at large hopes that the Government will provide long-term and territory-wide transport allowance to assist low-income employees to work cross-district. However, the Government can only complete the relevant study by the end of this year. We think the progress of work in this respect seems to be too slow, which gives people the impression that the Government is trying to shrink its responsibility.

In the face of increasing social conflicts, the most pressing task the Government should take on is to help people in poverty, the low-income group and the disadvantaged to ease the plights they faced in their daily lives. The Government should make greater financial commitment in the provision of elderly welfare, which includes lifting the absence rule for receiving "fruit grant", allowing elderly on Disability Allowance to receive "fruit grant" and increasing

the places of residential care homes for the elderly on a continuous basis. In helping persons with disabilities and the chronically ill, the Government should introduce "allowance for carers of persons with disabilities" and "chronically ill dependent allowance" to alleviate the financial burden of carers. It should enhance the solidarity of families and promote harmony in society by means of these public finance measures.

Another important direction to improve the standard of living of the public is to promote employment. While the DAB supports the series of economic measures and industrial development measures proposed by the Government in the Budget, we are aware that the implementation of minimum wage system in future may, to a certain extent, affect the employment of the grassroots at the initial stage. Hence, the Government should be prepared to help those affected overcome the difficulties they will face in their daily lives.

The SAR Government is now facing an entirely new arena and unprecedented difficulties in its governance. We hope that the Government will make timely adjustment and improvement to the public finance ideology and measures it has all along followed in the past two decades, so as to settle disputes in society effectively. In this way, healthy development of the economy of Hong Kong can be promoted and the public can lead a stable life.

I so submit. Thank you, Deputy President.

MR ALBERT HO (in Cantonese): Deputy President, today, Hong Kong is facing an imminent and important economic problem. It involves how to promote economic development and create more social wealth, as well as how to ensure that social wealth generated in the course of economic development can be shared among various strata of society in a reasonable manner. I am emphasizing the sharing in "a reasonable manner" but not by "even distribution". Deputy President, in other words, in formulating this Budget, we have to face the deep-rooted conflicts mentioned a number of times by Premier WEN Jiabao and have to resolve these conflicts with firm determination. The problem certainly originates from the governing system and the consequences brought about by the existing governing system must be dealt with effectively and expeditiously. I

am referring to the problems of grass-roots poverty and the widening disparity between the rich and the poor.

What disappoints us most in this Budget is that the Government seems to miss the target. In fact, if society is unstable, what is the point of discussing economic development, creating wealth together and achieving harmony? Really, no discussion can be started. Deputy President, the problem of grass-roots poverty keeps worsening. The number of the working poor showed no decrease in the past decade but on the contrary, it stands at a high level for a long period. According to the statistics of the Census and Statistics Department, people earning a monthly salary perhaps I should quote another figure. By now, the number of low-income households has exceeded 21 000. According to a survey conducted by the Hong Kong Council of Social Service (HKCSS) in 2008, the number of working-poor households, that is households with one or more members working but the monthly income is below 50% or just 50% of the median household income, was 207 300 in the first half of 2008, accounting for 9.1% of the total number of households. Moreover, more than 167 000 households were unemployed households. If we assume that each household has three members, then 1.18 million people will be living at or below the level of Comprehensive Social Security Assistance (CSSA), that is below the poverty line.

Insofar as the Gini Coefficient which reflects the disparity between the rich and the poor is concerned, the figure of Hong Kong has been on the rise in the past three decades. As pointed out in the report of the United Nations, the rapid economic development of Hong Kong over the past three decades has, at the same time, aggravated the problem of disparity between the rich and the poor. In 1981, the Gini Coefficient of Hong Kong was 0.45; in 1991, it was 0.476, and in 2001, it was 0.525. It has increased to 0.53 recently, which is well above the alert line. Members may notice that the problem has indeed provoked a social crisis, and it is for this reason that the Premier showed grave concern. Actually, I wonder why the Premier, who is far away in Beijing, will have a better understanding of the situation than the Secretaries of Departments and Directors of Bureaux here.

According to the results of an opinion poll announced by the Hong Kong Institute of Asia-Pacific Studies of the Chinese University of Hong Kong, many people in Hong Kong consider that society is no longer harmonious. It is

worrying that more than 25% of the respondents agree on the use of radical tactics to urge the Government to fulfill the aspirations of society, which shows an increase in comparison with the figure two years ago. Based on the figures obtained from the said survey and projected by the adult population in Hong Kong, it is estimated that 1.5 million people in Hong Kong agree on the use of radical tactics in staging opposition. Members can imagine the seriousness of the present social conflicts. The survey also found that among the seven factors affecting harmony, five factors are worsening, with conflicts caused by political disputes being the most serious. In 2008, only 38.5% of the respondents considered that political disputes were serious, but the figure of this year reached 59.2%. The conflict between the Government and public has also intensified. Regarding the performance of the Government in promoting harmony, the satisfactory level of respondents dropped across the board, with the unsatisfactory rate higher than the satisfactory rate. 44.7% of the respondents considered that the Government's performance in promoting democracy unsatisfactory, 10% higher than the 34.3% recorded two years ago.

Deputy President, we can see that the Government's failure in solving the poverty problem has provoked public indignation, which has reached an extremely dangerous level. If unfortunately, there are some incidents that touch the nerve of society, it is possible that a large-scale social clash will break out.

After reading the Budget, I not only feel disappointed, but also very anxious. I worry whether the Government has the determination and ability to solve the problems of grass-roots poverty and the worsening disparity between the rich and the poor. Moreover, we doubt whether the Government has already lost its willpower to deliver governance and be reduced to a status of being a caretaker government.

I will first discuss the welfare issues. The Budget fails to address the problem of working poverty. As for the extension of the Transport Support Scheme, the Government said that the relevant study was still in progress. The Government has actually spent a long time in conducting the study. For those who are eager to solve the problem of working poverty, it is like a bucket of cold water in the face. The grassroots in Hong Kong actually want to earn a living by themselves and they are willing to work in remote areas across districts. However, this is a hard fact that the transport fares in Hong Kong are expensive, and the Transport Support Scheme is thus of great importance in helping the

grassroots to get away from poverty. Regrettably, the Government refuses to make a quick decision on continue implementing the scheme. I am afraid that the plights of people living in poverty can hardly be alleviated in the short term.

The Democratic Party strongly proposes extending the Transport Support Scheme to cover all eligible citizens in Hong Kong, and enhance the flexibility of the application procedure, under which applicants are allowed to receive transport allowance when their applications are being processed, or they can apply to join the scheme first and apply for the allowance within a specified period. In the way, more low-income workers and unemployed persons will benefit. We estimate that the arrangement will cost a one-off expenditure of about \$1 billion.

Moreover, the existing CSSA system should be subject to review. In order to help CSSA recipients leave the CSSA net, the Democratic Party has once proposed the introduction of the policy of "responsibility welfare" to encourage CSSA recipients to increase their income by taking up employment. For instance, income earned by CSSA recipients exceeding the disregarded income, which is \$4,200 per month at present, can be deposited into a saving account instead of being transferred to a public account. When the balance of the saving account accumulates to a certain amount, say \$100,000 or \$150,000, the authorities will return the full amount to the CSSA recipients concerned, so that they can leave the CSSA net. The arrangement will reinforce their determination to take up employment and receive training.

To solve the problem of poverty in the long term, we consider it necessary to implement the universal retirement protection scheme. The scheme should be a tripartite commitment of the Government, employees and employers. If people aged 60 or above are eligible for old age pension under the scheme, it will make up for the inadequacy of the Mandatory Provident Fund Scheme in failing to provide protection to housewives, people with disabilities and part-time employees. People of Hong Kong can then maintain a reasonable and dignified standard of living during their golden years, and many grass-roots elderly no longer have to live in poverty. Actually, this issue has been repeatedly discussed by us over the years, but the Government has failed to give any response.

In respect of medical care, the Democratic Party proposes to allocate \$500 million to set up an "elderly dental care fund". The Government, in response, said that \$600 million will be spent in the next three financial years to enhance the dental care service for the grassroots. In fact, elderly dental care service is only one of the medical care services provided. The Government has not stated specifically the amount to be spent on elderly dental care, nor has it put in place any long-term plan.

To alleviate the burden of medicine expenses borne by the seriously ill, we have proposed time and again that drugs which are clinically assessed by attending doctors to be essential, or can considerably alleviate the pain caused by severe illnesses, should be subsidized. The patients only need to pay the standard charges and do not have to buy the drugs out of their own pocket. However, the Government only responded to the proposal by including eight drugs into the Drug Formulary of the Hospital Authority to enhance the efficacy in treating cancer and rare genetic diseases, and expanding the clinical use of nine classes of drugs. This measure falls far short of our demands and fails to ease the pain of patients suffering from serious illnesses. Hence, we consider the effort made by the Government in enhancing medical care services for the disadvantaged extremely inadequate.

In respect of housing issues, we think that to stabilize the property market, the supply of small and medium-sized residential flats should first be increased. First, the Government should resume land auctions on a regular basis to increase the supply of residential sites, and let the public know that the supply of residential flats is adequate. The arrangement will alleviate the psychological pressure of the public, so that they need not race against the property market and purchase flats at high prices. According to an opinion poll conducted by the Democratic Party earlier, over 80% of the respondents supported the resumption of the construction of the Home Ownership Scheme (HOS) flats. The support rate was substantially higher than that recorded in similar survey conducted two years ago, an indication that the public has extremely high aspiration for the resumption of the construction of HOS flats. We also propose that the Hong Kong Housing Authority should consider again resuming the selling of public housing units. This can ease the worries of many existing public housing tenants that their children have to pay expensive rent if their income exceeds the

limit, or that their children may have to move out in future because of the restrictions on inheritance. Surely, if the sale of public housing units is resumed, the Government must undertake to construct more public housing units, so as to ensure that the waiting time for public housing allocation will be maintained within an acceptable timeframe.

In respect of education, the Democratic Party proposes enhancing tertiary education by providing subsidy to local students who are eligible for university education but not offered a place by local universities, so that they may enroll on degree courses offered by self-financed local universities. We propose that each student be granted education vouchers of \$50,000 each year as subsidy for tuition fees. An additional recurrent expenditure of \$300 million will be incurred per annum. Moreover, we request abolishing the 1.5% risk-adjusted factor and the interest charged during the study period under the Non-means-tested Loan Scheme for Post-secondary students, for we think that these measures can alleviate the burden of young people at work. In fact, the recurrent expenditure of the Government will only increased by \$160 million per annum.

Deputy President, we consider the various measures mentioned above will have enormous impact on alleviating the plight of the public. If the Government fails to give reasonable responses, we can hardly support the Budget.

MR TIMOTHY FOK (in Cantonese): Deputy President, in the strong tide of a knowledge-based economy, the sports and cultural industries have become new economic growth points of a country or a region. They not only serve as important indexes for assessing the integrated competitiveness of a country, but also the productive forces to create wealth. In the face of the competitions and challenges, many countries are aware of the importance of cultural and creative industries and have thus proposed corresponding policies.

In the government report delivered by Premier WEN Jiabao this year, he mentioned that enhancing cultural development was one of the eight important areas of work this year, and overall planning has been made to speed up the development of cultural businesses and industries. Meanwhile, the guiding principles on the development of sports industry have been announced, and policies on cultural industries and financial support have been introduced. With

the support of relevant policies, the cultural and sports industries in China will be greatly developed, and will play a pivotal role in meeting internal demands. The industries will also bring about tremendous investment opportunities.

In comparison with the Mainland, the development of cultural, sports and creative industries in Hong Kong are still in the exploring stage. Though business opportunities are available, the market and industries are yet to be developed. In the Budget this year, a breakthrough comes at last. It is proposed that an additional funding of \$486 million will be allocated over the next five financial years for art programme development, audience building and enhancement of art education and manpower training. At the same time, the authorities will introduce a series of measures to support art groups in developing brand performances and organizing more activities on art promotion, outreach education and cultural exchanges.

Moreover, the Financial Secretary proposes to inject \$3 billion into the Arts and Sport Development Fund as seed money and uses the annual investment return of the Fund to further promote long-term sports and arts development. The return of the Fund will be equally distributed between the arts and sports sectors.

In comparison with the indifferent attitude adopted in the past, the Budget this year is quite a surprise. "Seeds" have now been sowed, but whether the cultural, sports and creative industries in Hong Kong can grow healthily into full bloom and bear fruits, it all depends on the joint effort made by the Government and the industries in pursuing marketization, industrialization and diversification of talents in the cultural, sports and creative industries.

I must point out that Hong Kong is not lacking in cultural, art and sports talents. These talents have established high standard and produced a myriad of works, winning frequent praise in the international arena. However, their achievements have not been effectively transformed to become "golden eggs" in the absence of development plans and strategies on industrialization and marketization. Furthermore, there is a lack of forceful external publicity, and the resource for developing Hong Kong into an international city of sports and culture is insufficient. In fact, in the face of the competitions and challenges under globalization, the chance of success will be minimal if industries are left to fight on their own. They will always be trapped in a stage where potential business opportunities cannot be capitalized.

Deputy President, let us look at the neighbouring places in the East Asia region. The Mainland has proposed a two-pronged strategy in cultural and sports development, aiming to create a \$2,000 billion market. In Japan, the notion that "the development of creative and cultural industries has an important bearing on the rise and fall of the country and the nation" is raised, while in Korea, the concept of "limited resource Vs unlimited creativity and culture" is introduced to speed up the development of cultural and creative industries. But what has been done in Hong Kong?

Since the economy has started to pick up, it is an imminent task for Hong Kong to revitalize the economy and implement diversified development. In fact, a number of opinion polls conducted recently have directly pointed out that social stability and harmony were now under challenge. The Government must make all-out effort to develop cultural, sports and creative industries to lay a good foundation for the economy and people's livelihood, and establish new economic growth points. It should strive to maintain the long-term stability and sustainability of the economy of Hong Kong, resolve the deep-rooted conflicts in society and redress public grievances, so as to achieve the objective of building a harmonious society.

With these remarks, I support the Budget.

DR PAN PEY-CHYOU (in Cantonese): Sorry, Deputy President, as I saw from the list that one more Member would speak, so sorry.

Deputy President, I would like to express some views on behalf of the Hong Kong Federation of Trade Unions (FTU) on civil servants and people engaged in public services in the broad sense, as well as on medical and health services.

The Budget has not mentioned issues relating to the Civil Service and the policy on people engaged in public services. I regard this quite a serious negligence because civil servants and other public officers are responsible for the use of fiscal reserves.

In recent years, the public has been making increasingly more demands on the Government and requesting services with higher and higher quality, which have increased the pressure on public officers. Coupled with the constant demand from the Government to improve efficiency, it has become very common for public officers to have increasing workload and longer working hours.

Rationalizing the Civil Service and boosting their morale is a matter of life and death for the Government of the Hong Kong Special Administrative Region (SAR). It is also an important subject to be discussed.

Before the reunification, the people of Hong Kong had been proud of having a cadre of staff with high professionalism, reliability and commitment. In fact, as revealed in various public opinion polls, the people of Hong Kong had developed a strong trust on civil servants (people engaged in public service) and thought highly of them. The general public regarded the government policy of offering competitive salaries to ensure a clean Civil Service worthwhile, and did not agonize over the money spent. After the reunification, however, there have been major changes in the government policies on the Civil Service and public services, so much so that we could sometimes feel the backpedaling. In order to save resources and squeeze extra efficiency out of the Civil Service, the Government has introduced various policies, which have resulted in — allow me to put it vulgarly — "losing the whole factory for a candy".

Why did I say so? Because the Government has introduced non-civil service contract (NCSC) staff and outsourced workers into the Civil Service and even recruited public officers through employment agencies. These newly recruited public officers are not entitled to the medical, housing and retirement benefits enjoyed by existing civil servants. They are unable to draw on these benefits although they are aware of them; they are unable to enjoy long vacations, medical benefits and other services although they can see their colleagues enjoying such benefits. They are even not entitled to promotion or transfer. Under this situation of "one Government, multiple systems", this group of staff who are also engaged in public service and serve the public by working at government departments can only get "second-rate" treatment. It can be said that they have been treated with utmost despise and discrimination. The general public can hardly tell NCSC staff or outsourced staff from civil servants and just treat them as equal. Besides, since the implementation of the lump sum grant system for subvented schools and organizations, such as social welfare organizations, the treatment accorded to new recruits and existing staff are vastly different. Given such circumstances and disarray, there are a lot of grievances among staff members in organizations delivering public services.

Under this policy, we can see a new phenomenon. In its recent report, the Standing Commission on Civil Service Salaries and Conditions of Service (SCCS) proposed a downward adjustment of the starting salaries for Civil Service

graduate grades by \$2,000. In the low-income environment nowadays, this rate is huge and shocking. Should the Government take on board this proposal, not only will there be an immediate pay cut to new recruits holding a university degree in government departments, the salary level in the private employment market will also be pulled down, causing a further slide in the salaries of university graduates and making a bachelor degree all the more worthless.

Both this batch of new recruits and staff recruited a few years ago are university graduates, yet there is a difference of over \$5,000 in their salaries. This has further aggravated the problem of "equal work with unequal pay", and the situation has been widely covered by the media. With the downward adjustment of the starting salary for graduate grades, there is only a difference of \$950 in starting salaries between this grade and higher diploma grades, even though the qualification requirements of these grades are different. The relationship between salary payment and educational qualification is thus seriously distorted. Therefore, I urge the Government not to reduce the starting salary for civil servants holding a university degree and to provide them with a sound and stable working environment. Besides, I urge the Government to review the employment packages for the entire Civil Service and endeavour to align them to resolve the grievances arising from "equal work with very unequal pay" among public officers, so as to bring about more equality and justice in society.

Next, I would like to express the FTU's views on medical and health services. At present, the elderly health care voucher scheme is still on pilot basis, and we know the Government will review it later. In their reply to my question earlier, the authorities said the number of elders enrolled in the scheme only accounted for 46% of those eligible, and only 32% of them have actually used the health care vouchers. From these figures, we can see that the health care voucher scheme has been unable to benefit many people, and the utilization rate is very low. This scheme should have been very popular, but what are the reasons for the poor response?

I believe the crux of the matter lies in the low value of the vouchers and the high threshold. At present, health care vouchers with a mere value of \$250 are granted to each elder annually. For most chronic patients, such as those

suffering from hypertension or diabetes who may need multiple medical consultations and medication every year, \$250 is merely a drop in the bucket and is unable to achieve much, not to mention the elderly person with serious disabilities. Besides, elders must live long enough to receive the health care vouchers, as only those aged 70 or above are eligible to receive these vouchers. Actually, we have received a lot of views from the community that the value of these health care vouchers should be increased and the eligibility threshold should be lowered. We would like to put forth some views for the authorities' consideration. At present, the age threshold for applying senior citizen cards is 65 years, why do we not use this as the threshold for receiving health care vouchers? Secondly, regarding the value, if it is increased to \$1,000 annually, I believe it will provide more help to most elderly people. Earlier, I raised a question in this Council about the estimates of expenditure required when the age threshold is lowered to 65 years and the value of the health care vouchers is increased to \$1,000. In its reply, the Government indicated that the total expenditure would be about \$920 million. This is not a huge amount, yet it can bring a smile to many grass-roots elderly in society. Therefore, we hope the Government will consider our request.

The Budget also mentions that about \$600 million will be allocated for the next three years to implement a number of proposals put forward by the Working Group on Primary Care chaired by the Secretary for Food and Health to strengthen primary care services. The FTU has been calling on the Government to strengthen primary care services, and therefore we welcome this direction of the Government. The population of Hong Kong is ageing rapidly and as Hong Kong people live longer and longer, the elderly population expands. By 2014, over 1 million people will be aged 65 and over. Besides, with changes in the modern way of life, having more nutritious food but doing less exercise, the health of people nowadays is at stake. All these problems will become a heavy burden to the medical services of Hong Kong. Actually, many diseases can be prevented by leading a healthy lifestyle and taking good care of one's health. Therefore, the Government should, through education, let the public know more ways of protecting their health. This will not only be able to safeguard the health of the whole society but will also alleviate the burden on the health care system. Besides, the public will also be able to gain an understanding of the concept of health care cost and become aware of the high cost incurred in providing subsidized public medical service, so that they will treasure and make

better use of resources. We have proposed that the Government allocate funding to promote medical check-up for the whole community to enable early detection of health problems and proper treatments before the conditions worsen. This can not only improve public health but also save substantially health care cost. Unfortunately, the Government has not given any positive response to it so far. Therefore, we still hope the Government will consider our proposal.

Many elders are now waiting for services provided by elderly health centres (EHCs). As the EHCs are insufficient in number with limited service quota, the waiting time is usually very long. The FTU has all along maintained that the primary care service provided by EHCs warrant enhancement and promotion. We think the Government should expeditiously increase the number of EHCs to provide more service quota, so that EHCs can better serve their function as provider of primary care services and the first protective screen to safeguard public health. At the same time, the Government may also consider operating similar centres jointly with other non-governmental organizations (NGOs) through the provision of subsidies.

Finally, I would like to talk about the provision of additional resources for mental health services in the form of case management, as proposed in the Budget. While we support this approach, we are still concerned that the number of case managers will be too small. If a great number of patients need this care, it will only turn out to be a slapdash approach. Therefore, the Government must provide adequate resources and manpower to perform this task effectively.

I so submit.

MR CHIM PUI-CHUNG (in Cantonese): Deputy President, this is the third Budget presented by the Financial Secretary. Barring unforeseen circumstances, there will be the fourth and the fifth ones in the future, or not surprisingly, even more. I will give my personal views and comments on a number of aspects of the Financial Secretary's Budget.

Deputy President, once the wife of a former Financial Secretary said that the Financial Secretary did not act arbitrarily. Each and every proposal he raised

as well as the Budget itself was drawn up with the overall assistance of other government departments. Back then, the community considered that the Financial Secretary himself should be held fully accountable because he shirked his responsibilities. In fact, we understand that the Financial Secretary relies on the assistance of his colleagues, in particular the 12 Directors of Bureaux, in preparing a Budget which suits the actual situation of Hong Kong and meets the needs of Hong Kong people. During the process, the aspirations expressed by us on behalf of different sectors and our comments made from different perspectives and angles with different representativeness, stances and backgrounds were considered. As I said, these comments may not necessarily suit the taste and meet the demands of everybody. Besides, the prevailing practice in society is that those who criticize the Government will gain credit while those who support the Government will lose credit. I think this is something a responsible Government has to examine and discuss to find out the reasons. The Chief Executive once mentioned "differentiating between close and distant relationships". In fact, many interests are "distant" rather than "close". Therefore, the Financial Secretary has to exercise his power and the conditions available to help the Government, so that those in power can make the conditions which are beneficial to society more valuable.

Deputy President, my first comment is about the financial problems of Hong Kong. What is the so-called global financial tsunami we witnessed last year? I have pointed out to Members long ago that during the three decades from 1987, 1997 to 2007, there is a global force which put investors at its mercy. One may say that there are already a lot of studies on this subject, and academics know so much about the economy, they even use charts to show how the economy moves up and down, as if this is really what has happened. It should not be forgotten, however, that this is in fact a man-made situation. Who have caused this to happen? It is the United States which blatantly deceives the whole world once every decade. Certainly, you may think I am rambling and ask me for statistics to support this comment. The United States has all along been claiming that it complies with market regulations and, most important of all, it has been assuming leadership in all aspects. When need arises, however, it will put in "artificial efforts" without blushing or feeling embarrassed because it bears no shame and even put on a mask to deceive the whole world. Therefore, I would like to remind and advise all those who engage in financial and economic research that they must give regard to human factors in their research. The financial services industry of Hong Kong claims to be international, with the hope

of becoming global. However, it should never fall prey to going global and be led by the nose or put itself at others' mercy for the sake of meeting the aspiration of going global. This should be clearly understood by the Financial Secretary, the Secretary and the Hong Kong Monetary Authority (HKMA) alike.

Deputy President, when the Chief Executive was recently invited to visit Beijing, he entered into an agreement with the Governor of Guangdong Province in a high-profile manner. The press also reported that Hong Kong has been recognized as the spearhead of the financial industry. Actually, this is something we need to reflect on. Why have we been recognized as the spearhead after entering into an agreement with Guangdong Province? Is Guangdong the only province in China? There are Shanghai, the Yangtze River Delta, Beijing and other representative areas in China as well. Did the other areas also sign the agreement? Stop being complacent! This is actually the Central Government's policy to help Hong Kong, and what it means is: "You will soon be marginalized. OK, be smart and do what you should do." However, Hong Kong really thinks that it has such requisites.

On the contrary, the organization responsible for monitoring financial matters, that is, the Securities and Futures Commission (SFC), has tried every possible means to stifle local Chinese-funded brokerage firms, accusing them of illegal business solicitation in the Mainland, and saying that this is an improper practice. I cannot help but ask, whether the Central Government and the SAR Government intend to allow Hong Kong to fight its way out of this area. Now, it is the SFC which is dragging our feet and disallowing us to move forward. Certainly, the Secretary or even the Financial Secretary may say that the SFC is independent in its operation and they have no control over it. If there is no way to control it, what exactly should we do now? Under a Government which lacks co-ordination, if our paces are different, with the left foot kicking the right one, the whole person will eventually stumble. What exactly does the Government want to do?

Therefore, I hope the Secretary and the Financial Secretary will state clearly in the policies formulated under the Budget whether we have to complement the policies of the Central Authorities. If we do, how big a step can be taken by the various service industries, including the financial services

industry, the insurance industry and even the tourism services industry, to make their way to China; which municipalities and regions can these industries operate; and will there be any restrictions on their business operation? Please list out clearly for compliance by the people and also for succeeding Financial Secretaries to follow in preparing future Budgets. In this way, members of the public and the industry will know their own rights and how far they can step their way out of Hong Kong in order to comply with the relevant principles? I personally consider conflicts created due to the lack of clarity unnecessary and meaningless.

Deputy President, we understand that the people of Hong Kong are self-abased, yet they are very disciplined at the same time. Why? What qualifies us to go to the United Kingdom? Even though Hong Kong was once under its rule and was its colony, what qualifies us to go to the United Kingdom or even to the United States to compete with the people there? We are not qualified for that. However, after the reunification of Hong Kong with China for 13 years, we now have a slight chance. Certainly, it is not legally recognized, but members of many industries, including insurance, financial services, banking and tourism, hope to develop their business in the Mainland because the Mainland market is after all over 200 folds in size that of Hong Kong and its population is also 200 folds that of Hong Kong. This is the kind of market which all capitalist countries and areas in the world will yearn for. So, what is wrong with adopting such an attitude? Therefore, I expect that the Financial Secretary and the Secretary, in reviewing the future development, will make preparations in the Budget for moving towards the pinnacle of development.

Deputy President, the Hong Kong Exchanges and Clearing Limited (HKEx) is currently granted a privilege by the Government to run the only stock exchange in Hong Kong. This arrangement has been in place since 1986, and without our being aware of it, it has been 25 years, that is, a quarter of a century now. "A long separation will end up in reintegration while a long reintegration will end up in separation", and this is the way things go. If there is another stock exchange in the future, it will not come as a surprise to me at all. Recently, a trend has emerged in the HKEx. In the past, the HKEx and the SFC would go through all documents related to the listing application of any company. Under the disclosure-based and disclosure-led regime of Hong Kong, this practice should not be a cause of complaint. Upon receipt of all the relevant documents, the HKEx will go through them in great detail and raise numerous, even up to a

thousand or so, questions. However, it will not be accountable for the outcome at all. Regarding this, I think the Government should act according to its Budget. In order to pave the way for better development in the future, Hong Kong, being a world-class, international financial centre, must pay special attention to this issue and conduct a review. Why? If the HKEx and the SFC just keep the documents submitted by companies without going through or examining them, the relevant professionals, including lawyers, accountants and valuers, will have to bear all the criminal liabilities in case of any offences involving criminal liabilities. If the HKEx and the SFC do not go through the documents, the relevant government departments can definitely institute a criminal prosecution and take other legal actions in case any problem arises.

However, some problems have emerged recently. In the past, there were not many so-called resource stocks, particularly mining stocks, in Hong Kong because of the absence of a market here. However, as global resources have already established considerable representation and status in the international market, many companies seek listing directly or indirectly in Hong Kong. Direct listing means directly applying for listing; while indirect listing means backdoor listing, in which a company seeks listing after changing its business, and it is lawful to do so. However, as HKEx does not have expertise in this respect, it has to go through the documents again and again, causing delay in listing of up to a few months. This may seem to suggest that the HKEx does not want them to be listed in Hong Kong. Insofar as the Budget of Hong Kong is concerned, this approach should not be adopted if we aim for advancements on all fronts in the future. In dealing with issues that we do not know, we have to learn. Since Hong Kong claims itself to be an international metropolis, is the Government aware of this practice of the HKEx? Deputy President, I have spent much time on financial affairs, after all I am a representative of the financial sector.

The second issue I would like to discuss is real estate. As we understand, since Henry TANG assumed the office of Financial Secretary, he considered it unnecessary to hold regular auctions of land every year, and he even thought that the property industry was not a proper business in Hong Kong. This is actually incorrect. In fact, land is a resource of Hong Kong people and it should be treasured, and the property industry warrants development to its full potential. I once said that if Hong Kong was to prosper, we had to get affluent Chinese people all over the world to look upon Hong Kong as their second hometown, set up a company or buy a flat here, adapt to the environment of Hong Kong as well

as fully bring out all the potentials of Hong Kong. Deputy President, I do not discriminate against the poor, and I am only stating the actual scenario and situation. I do not intend to discriminate against anyone at all because this is a fair society. All persons are equal before the traffic lights. When the red light is on, no one should cross the road; but when the green light is on, then it depends on who walks faster. It is irresponsible to be jealous of and criticize those who walk faster. Hong Kong is an excellent place where everyone can compete with each other.

Deputy President, as I said just now, the property market of Hong Kong is very emblematic. At present, property price can be as high as \$71,000 per square foot, and it is just commonplace to find flats with the price of \$50,000 per square foot. Certainly, there are still flats at lower prices. Under this circumstance, it is necessary for the Government to draw up a new sales practice for properties, in which the price is calculated on the basis of the net saleable area, so as to prevent developers from "inflating" saleable area to reap profits. The so-called "inflated floor area" is to include the common areas, which have been granted permission by the Government, as saleable area. Such practice will bring the people of Hong Kong into disrepute. Therefore, it is absolutely necessary for the Government to implement the new sales practice immediately — how high the property price per square foot is another issue for concern, but the declared saleable area must be accurate in the straightest sense. Why do so many people from the Mainland travel to Hong Kong these days? Because the goods sold in Hong Kong are genuine. If there are "bogus flats", that is, flats with inaccurate saleable area, among genuine goods, the SAR Government must review the situation without delay.

Certainly, another issue is education. In our Budgets, the annual expenditure on education is very, very high, but the approach adopted by the leading group is erroneous. They should encourage young people to work hard and spur themselves on instead of admiring other people's achievements, so that the money allocated for education will be properly spent. Otherwise, there will not be a day of peace in society, which is undesirable, Deputy President.

MS LI FUNG-YING (in Cantonese): Deputy President, in the Budget this year, the Financial Secretary has made it very clear right from the beginning that through this Budget, he will strive to achieve the three objectives of consolidating

the recovery, developing our economy and building a caring society. It seems that these objectives appear in each year's Budget, though in different wording. However, as to whether social conflicts can be eased and whether the right measures are put in place to alleviate the plight of the people, facts speak louder than words. The release of the Budget entirely failed to arouse any discussions or reactions in society; and public support for the Budget and the popularity rating of the Financial Secretary keep dropping. All these indicated that the Budget has failed to respond to the concerns of society, and thus it has rapidly lost its voice in society.

In the face of many problems, such as widening disparity between the rich and the poor, decreasing salaries of some grass-roots workers, weakening social mobility, monopolization of economic development by plutocrats, ageing population, rising property prices and upturn of commodity prices, the public hopes that the Financial Secretary would propose measures in the Budget to resolve these problems, which have brought hardship to people's lives. However, the Budget apparently runs contrary to people's expectations. When the public see through the beautifully packaged one-off measures, the popularity ratings of the Financial Secretary and the Budget have begun to drop. Even Mr LEUNG Chun-ying, Convenor of the Executive Council, publicly expressed opinions different from those advocated by the Financial Secretary in the Budget.

In the concluding remarks of the Budget, the Financial Secretary says, "As Hong Kong is a small and open economy subject to external constraints, it is inappropriate for us to solve the unemployment and poverty problems through large-scale redistribution of wealth. If we adopt this approach, which focuses on providing high levels of welfare, we will have to overhaul our tax regime and tax rates, weaken wage elasticity and adjustment function of the market, and fundamentally change our well-established mode of economic operation." The Financial Secretary also points out that in the long run, the fundamental solution to the problems of unemployment and poverty is to promote overall economic growth so as to provide opportunities for wealth creation in the community.

This remark, though not taking up many words, carries a lot of weight, and reflects the fundamental attitude adopted by the Government in facing the problems of the wealth gap and poverty. Shortly after the announcement of the

Budget by the Financial Secretary, Mr LEUNG Chun-ying, Convenor of the Executive Council, published a press article entitled "The policy of caring for the middle and lower strata is not in conflict with the established concept of economy of Hong Kong" on 20 March. He pointed out that over the past decade or so, the trickle-down effect has ceased to take effect due to internal and external factors of Hong Kong. Market force has failed to resolve the problem of poverty in Hong Kong, and in the days to come, this problem may worsen. He opined that we should, on the premise of capitalism, develop concepts of and policies on reasonable distribution and adopt a pragmatic approach by making constant adjustments as and when necessary.

The difference between the two lies in that the Financial Secretary's Budget stresses that the solution to the problem of poverty is to bake a big "cake", while the Convenor of the Executive Council thinks that the trickle-down effect of a big "cake" has ceased to take effect, and the solution is to allocate the "cake" properly. I do not intend to put the Financial Secretary's Budget and the public remark made by the Convenor of the Executive Council in confronting positions, and actually, there is no conflict between baking a "cake" and allocating the "cake" properly. More often than not, they are complementary with each other — I stress that they are complementary with each other. However, by using expressions such as "large-scale redistribution of wealth", "focuses on providing high levels of welfare" and "fundamentally change the mode of economic operation" in the Budget, the Financial Secretary has simply pushed the way of allocating the "cake" properly to the extreme, sticking label after label on it, and even putting words into the mouths of the public in the end, saying that "this will (not) be acceptable to our society at large". How to bake a good "cake" thus lies outside the vision of the Financial Secretary's Budget, and complementary measure becomes the only solution. As pointed out in the article of the Convenor of the Executive Council, this solution has ceased to take effect, yet the Financial Secretary still adopts this measure to resolve the problem of the disparity between the rich and the poor.

I do not know whether the Financial Secretary has to secure the support of the Executive Council before publishing his Budget, but after reading the press article written by the Convenor of the Executive Council, I am very baffled as to why the Financial Secretary has to submit to this Council a Budget containing views in conflict with those held by the Convenor of the Executive Council. Is

this the Financial Secretary's problem or a problem with the system or even a matter of propriety?

In fact, there is much room between proper allocation of the "cake" and "large-scale redistribution of wealth", "focuses on providing high levels of welfare" and "fundamentally change the mode of economic operation" as mentioned by the Financial Secretary. The Financial Secretary can make use of this gap to formulate measures that can ease social conflicts. One of the problems in focus in the Budget this year is high property prices. In the Budget, the Financial Secretary has put forth four measures to help reduce the risk of a property bubble and prevent unnecessary fluctuations in the property market.

However, these measures have proved to be merely fancy poses and not conducive to curbing property prices. According to the property price index published by a large estate agency in Hong Kong, residential property prices in early April were even higher after the announcement of the measures to regulate the property market in the Budget. The Financial Secretary proposes to increase the transaction cost of property speculation. I think an effective measure is to introduce a capital gains tax. If the Financial Secretary worries that introducing a capital gains tax in a rush will have too much of an impact on the property market, he may consider introducing a capital gains tax levied on transactions involving the transfer of properties within three or six months of purchase as a start. Such measure will not have any impact on the general public who have genuine need of housing but can curb speculation in properties.

If we compare the Budget with the 2010-2011 Budget consultation booklet released by the Financial Secretary, we will find that in the booklet, it is stressed that the effective tax rates for the lower and medium income groups are the lowest in the world and there is a need to study ways to broaden the tax base. Goods and services tax, which will have far greater impact on the grassroots of Hong Kong than officials and businessmen, is even mentioned again. It can be said that the lower and middle classes are made targets for victimization. However, in the Budget, in the face of the greedy and insatiable real estate magnates and the ever escalating speculation in properties, the Financial Secretary has displayed kindness and leniency. I am not sure whether this can be regarded as transfer of benefits, but this logic of fiscal management is

obviously tilted towards those with vested interest.

The Financial Secretary stresses in the Budget that the Government has spent nearly \$110 billion on measures introduced since the onslaught the financial crisis, including those proposed in this Budget. Just in this Budget alone, over \$20 billion will be spent on relief measures. This cannot be regarded as a small amount, but such boldness and generosity in spending does not entail that the problem will be resolved. To put the money in proper use is more important.

I will take the four relief measures proposed by the Financial Secretary in the Budget as examples. According to the *2009 Report on Annual Earnings and Hours Survey* just published by the Census and Statistics Department, the median hourly wage of the top-ranking staff in some high-paying industries is \$218.6, while that of the low-ranking staff in some low-paying industries is \$24.5, representing a ten-fold difference. Under the relief measures announced in the Budget, an employee with an hourly wage of \$218.6 will enjoy a reduction of salaries tax amounting to \$6,000, and as most employees earning such wage have self-owned properties, they will also enjoy a waiver of \$1,500 for rates. But what about workers earning an hourly wage of \$24.5? Being low-pay workers, they do not have to pay salaries tax; as they cannot afford to buy their own flats, they do not have to pay rates; since they have not yet been allocated a public housing unit, they will not benefit from the measure in which the authorities will pay the rent for public housing tenants; as they are not recipients of Comprehensive Social Security Assistance (CSSA) because they have a job, they will not get the extra allowance equalling to one month of the standard rate CSSA payments; and if they do not have any children attending school, the allowance of \$1,000 for students will have nothing to do with them. Consequently, the relief measures in the Budget will definitely benefit those high-paying people with an hourly wage of \$218.6, while marginal workers earning an hourly wage of \$24.5 will enjoy no benefits. Should we applaud the generous \$19 billion relief measures proposed by the Financial Secretary?

The problem of ageing in Hong Kong is worsening, and the Budget proposes to deploy \$160 million to provide 1 000 additional subsidized nursing home places and places offering a continuum of care. The Financial Secretary proudly said that this represents an increase of more than 60% over the number of additional places announced in the last Budget. According to the statistics

provided by the Elderly Commission, there was a total of 25 000 elders on the Central Waiting List for Subsidized Long Term Care Services of the Social Welfare Department in August last year, and the waiting time is more than two and a half years. However, this is only a static figure. The additional 1 000 places is unable to keep up with the pace of ageing in Hong Kong, not to mention improving the problem of waiting time. In the Budget, the Financial Secretary stresses the policy of "supporting ageing in the community as the core, institutional care as back-up". Pleasant as this slogan may sound, I am really worried that it is only the Government's excuse to shirk its responsibility of caring for the elderly. The high-paying group earning an hourly wage of \$218.6 will certainly be able to age in the community and be well taken care of, but for marginal workers who have to work round the clock with an hourly wage of only \$24.5 and tighten their belts to make ends meet, how can the Government still requests them to age in the community. All I can say is it is heartlessness.

Regarding labour matters, I do not object to the Government's introduction of measures to encourage employment among workers. However, what most employees in Hong Kong worry most is that they will be dismissed and laid off. They are not unwilling to take up employment in order to receive CSSA payments. To offer genuine help to workers, the authorities must provide a certain kind of unemployment allowance. I have all along been calling on the Government to establish an unemployment loan fund, but the Government has been avoiding this issue and acting evasively so far.

Public servants were once the victims of the Government's stringent financial policies. Measures such as freezing the staff establishment, outsourcing services and adopting the contract appointment system have given rise to many after-effects. They have not only dealt a blow to the morale of civil servants but also affected the delivery of services to the public. Although the Government has already resumed the recruitment of civil servants, I request the Financial Secretary to allocate additional resources to properly deal with the after-effects, such as the contract appointment system in the Civil Service and the problem of "equal work with unequal pay".

Deputy President, according to a report released last week on a survey conducted by the Hong Kong Institute of Asia-Pacific Studies of the Chinese University of Hong Kong, 25% of the respondents considered that the

Government would only respond to people's aspirations when the most radical means are employed, representing a rise of 4% compared with the survey conducted in 2008; and less than 30% of the respondents considered Hong Kong a harmonious society, representing a drop of over 10%. This is a very dangerous sign, which reflects that public grievances in Hong Kong are piling up and not alleviated. After studying this Budget, I am all the more worried about the future of Hong Kong. The Financial Secretary is still obsessed with baking a big "cake" to alleviate the grievances in society, yet this is not the social reality. This reminds me of a famous remark made by Bill CLINTON in his presidential campaign back then. He said, "It's the economy, stupid!" The Financial Secretary is certainly not stupid, but what is the conflict between the rich and the poor in Hong Kong? It is the proper allocation of the "cake", Financial Secretary!

Thank you, Deputy President.

MR CHEUNG KWOK-CHE (in Cantonese): Deputy President, concerning the Budget this year — I wonder if the Secretary is at his wit's end or bent on listening only to one side — the giveaway initiative has again been adopted to offer small favours to the grassroots. Although the Secretary has emphasized time and again that the poverty alleviation measures implemented by the Government are not "giving handouts", it is purely a dispute in wordings without any changes in essence. After all, the Government is unwilling to be committed towards the grassroots and it is only ready to introduce measures that fail to get at the root of the problem. It lacks the determination to resolve the increasingly serious deep-level contradiction of the disparity between the rich and the poor. Similar to the fiscal management philosophy of the Government, the Budget only contains fragmented views in relation to social welfare, without farsighted and macroscopic thinking.

(THE PRESIDENT resumed the Chair)

Regarding transport allowance to be provided to people living in remote

areas as strongly endeavoured after by the public, it is very disappointing that the Government keeps procrastinating. In my opinion, providing transport allowance to low-income people living in remote areas does not need any further deliberation because high travelling expenses and inadequate job vacancies in remote areas are the evil consequences of the Government's blunders in new town planning, which are caused by the Government itself. If the grassroots have to bear responsibilities for these evil consequences, can our society still be considered as one that promotes justice?

Frankly speaking, the Government keeps adhering to the "big market, small government" principle and is unwilling to make commitment to resolving the root cause of the problem of disparity between the rich and the poor; for sure, this will eventually lead to continuous social differentiation. I sincerely hope that the Government would expeditiously implement long-term planning for social policies, establish a commission on poverty, and seriously listen to public opinion and put it into practice. This is going to effect a permanent cure.

As in the past, this Budget tries to win the applause of the public by simply introducing salaries tax concession, rates exemption, and exemption of business registration fee. As a result of these three concession measures, the government revenue will be reduced by \$15 billion. However, though these giveaway initiatives would apparently benefit many people, the largest portion of the benefits will be pocketed by the major tycoons or people not facing much financial hardship. This cannot solve the problem of disparity between the rich and the poor and will just increasingly intensify class contradictions.

Take rates as an example, frankly speaking, large and small owners alike will certainly be benefited but major property developers can benefit most because their shopping malls and offices can enjoy rates exemption for a year, and the total amounts to be exempted are not small at all. Nevertheless, will the expenses so saved benefit small commercial tenants? Will the public spending money at the shopping malls be benefited? As regards business registration fee, the expense is negligible among the operating expenses of a company.

At present, what the grassroots, lower-skilled workers and people with lower academic qualifications need most is a job. The Financial Secretary has also admitted in his Budget that, having a job is of utmost importance to Hong Kong people and a key to social stability. That said, the Secretary does not know how to get things done. Instead of trying to win applause, if the Government do solid work and turn \$15 billion into job opportunities, we estimate roughly that the Government will be able to provide each of the 100 000 unemployed people with a job on contract basis paying \$6,000 a month for two consecutive years.

The Government can, through social enterprises, allow unemployed workers to take up jobs in the environmental industries, urban greening or old signboard removal operation. This measure serves multiple purposes, such as create job opportunities, beautify the environment, and promote environmental protection. Certainly, the Government should at the same time explore ways and formulate policies to enable social enterprises to stay in operation, so as to offer these job opportunities.

Living and working in peace and contentment is the wish of every person and an important factor contributing to social stability. However, property prices in Hong Kong have now become so high that even fairly well-off families cannot afford. In spite of the fact that the Government and the Hong Kong Monetary Authority have recently taken measures to suppress speculation, property prices have increased instead of decreased, and the price per square foot of quite a number of large housing estates is close to the peak price in 1997. Furthermore, newly completed private buildings are packaged as luxury flats, frequently priced at \$10,000 per sq ft. That has already been divorced from the social reality. Properties have eventually been reduced to commodities that speculators would invest in and rich and powerful Mainland people would purchase.

The upsurge in property prices has also pushed up rents. According to the Rating and Valuation Department, the rents of residential flats have risen between early 2009 and January to February this year, and have remained at a high level. For a young man aged 30 earning some \$10,000 a month, even though he has been working for around 10 years, he may not be able to pay for the down payment under the present circumstances if he does not get any assistance from

family members. Given this market imbalance, it is essential for the Government to intervene in the market and increase public housing supply.

The Hong Kong Housing Society has recently released some 800 remaining Sandwich Class Housing Scheme (SCHS) flats for sale. These flats were 40 times oversubscribed, with 94% of the subscribers being White Form applicants and 60% singletons. Evidently, there is an earnest demand from the public for housing. In my opinion, in order not to deal an excessively heavy blow to the private property market, the Government should reconsider resuming the construction of Home Ownership Scheme (HOS) flats and SCHS flats. Also, it should accelerate the construction of public housing to allow the grassroots and the middle class to have a dwelling place, with a view to stabilizing society and people's livelihood.

As people ages, the demand for elderly services will surely increase substantially in the future, especially the demand for places in the residential care homes for the elderly. Yet, the Government deals with elderly policies in a piecemeal manner, it does not have comprehensive plans and is rather shortsighted. If the Government does not correct its way of thinking, it will certainly have to bear serious adverse consequences in the future.

If the Governments hopes to let the elderly enjoy their twilight years and receive better services, as well as live in a more dignified manner, it should not carry out reforms with a mentality of reducing expenditures, and should not evade its due responsibilities for the elderly. It should establish long-term objectives, and in formulating elderly polices, conduct reviews on issues such as universal retirement protection, Old Age Allowance, residential care places and elderly re-employment, and make adequate planning.

In the concluding remarks of the Budget, it is repeatedly emphasized that market forces should be respected, and the Government expects that the business sector will fulfil their social responsibility to build a caring society together. But, has the Secretary and Directors of Bureaux looked clearly at our society at present? There are increasingly intensified conflicts between the rich and the poor, the market mechanism is in disorder, and the business sector has even openly advocated a minimum wage of not exceeding \$20. Can Honourable colleagues tell me what kind of society is it? If the Government still takes

one-sided point of view, just like a blind man trying to size up the elephant, and fails to correct the blind spot in thinking, there will be an outburst of people's fury one day.

Apart from assisting and supporting the disadvantaged and the poor, it is also very important to nurture the younger generation. Young people are the future pillars of society, therefore, I wonder why the Government has failed to look squarely at such an important issue. Hong Kong does not have a youth policy throughout the years, even though there are heated discussions on the post-80s issue throughout the territory, the senior government officials still close their eyes to these discussions and evaded them. In this year's Budget, there is no recommendation or targeted appropriation for the future development of the youth.

The incident of shoe-throwing and suppression of free expression at the recent Youth Summit has caused much embarrassment and self-reflection by government officials was required. I am not sure how these officials determine the nature of the incident. Will they determine the nature of the incident as young people being petty-minded, rebellious and ignorant? Or, will they reflect upon themselves and identify clearly that the source of the problem is the mentality of the Government? The Secretary is not expected to answer this question right now, but, I hope that the Government would no longer adopt a patriarchal attitude when it looks into youth policies and works out the directions of development in the future. Instead, it should listen more to the views of the youth and understand what they have in mind.

Education is the foundation of social prosperity, and the Government has put in the largest amount of resources in education for many years. The relevant appropriation in the coming year reaches \$52 billion, which accounts for more than 20% of the total government expenditures. Yet, the highest amount of investment is not necessarily adequate.

The continuous decline in the birth rate has led to under-enrolment in primary schools and secondary schools. Quite a few schools are under the pressure of being scrapped. However, the Government refuses to implement small-class teaching, and introduces a voluntary scheme of optimizing class structure instead. That scheme does not help in enhancing teaching quality and

fails to solve the under-enrolment problem of some Band Three secondary schools, it will only strengthen the labelling effect on schools.

In fact, there have constantly been voices in the community asking for the implementation of small-class teaching; nonetheless, more than 10 years have passed and the Government is still unwilling to look squarely at the problem, hence, the problem is worsening. In particular, if the newly introduced Liberal Studies subject is taught in small classes, there will be more interaction between students and teachers, and better results will be achieved.

To improve education, we should start at the preliminary level. Although the Government is offering 12 years of free education and has implemented the Education Voucher Scheme to provide subsidies for kindergarten education, the Voucher Scheme has a lot of problems. For instance, there is an uneven distribution of resources and teachers are facing unnecessary administrative pressure and so on. The Government can hardly eradicate the problem no matter how hard it tries. For this reason, in the long run, it should provide parents with free nursery education, that is, 15 years of free education, so as to reduce abuses arising from the implementation of the Voucher Scheme.

In order to tackle the increasingly complicated family problems, early intervention and handling by social workers become more important. At present, there are school-based social workers in primary schools but this is not a standard practice. The provision of services is not steady and there are bridging difficulties. Also, social workers are rarely found in kindergartens.

Experts have pointed out long ago that if there are school-based social workers in kindergartens and primary schools, the emotional problems of young children, such as hyperactivity or learning difficulties would be solved at an early time. Since young children spend longer time at school, if a support network can be established between parents and pre-primary education organizations, it will even facilitate the provision of early support to families with potential risks.

Integrated education helps students with learning difficulties integrate into formal education. But, there are now problems with integrated education.

Putting it simply, the Government only spends money but it does not make efforts. Schools implementing integrated education receive \$50,000 as hardware subsidies in the first year, and a grant of \$10,000 for each student with learning difficulties each year for the professional training of teachers and the procurement of other professional services. Yet, there is a lack of stringent regulation on whether the subsidies are properly utilized and whether there are appropriate teacher qualifications. We can only rely on self-regulation by schools. We must be aware that integrated education does not only mean employing one or two trained teachers, complementary measures in various areas should also be taken. For instance, experts such as educational psychologists, physiotherapists and speech therapists should supplement and complement one another so as to achieve greater effects.

Lastly, I would like to talk about a scholar whom I respect very much. He was the late Prof Peter TOWNSEND, a scholar in social policy who specialized on the study of the poverty problem. He proposed the concept of relative poverty in the late 1970s, which was a breakthrough as compared with the concepts of "maintaining the conditions for survival" and "basic needs" adopted in the past for measuring poverty. He opined that people are living in relative poverty if there is "the absence or inadequacies of those diets, amenities, standards, services and activities which are common or customary in society."

According to Prof Peter TOWNSEND, poverty does not simply concerns about feeding the lower class but also allowing them to live in a more dignified manner. Guan Zhong of the Warring States period said, "A man knows honour or disgrace when he is well fed and well clothed". Nevertheless, more than 2 000 years later in our civilized society today, people have chosen to turn a deaf ear to this old maxim. Quite a number of officials still regard the poor as dreadful monsters who swallowed up social resources.

Hong Kong is afflicted with so many social problems which cannot be solved overnight. Hence, I only hope that the Chief Executive and all Policy Secretaries and Directors of Bureaux would, in formulating policies, try to consider the matter from the perspective of poverty as advocated by Prof Peter

TOWNSEND, instead of taking financial interests into account in all matters. I trust that our society will then become better and more harmonious.

Thank you, President.

DR RAYMOND HO: President, I welcome the Government's continued commitment in investing heavily in infrastructure. Infrastructure development will help spur Hong Kong's economy, create employment and increase our long-term competitiveness.

Infrastructure development

Capital works expenditure reached \$45.1 billion in 2009-2010 while it will increase to \$49.6 billion in 2010-2011. It is estimated that the figure for each of the next five years will reach \$50 billion. They are reasonable estimates given a record of 247 projects with estimated costs of about \$296.55 billion endorsed by the Public Works Subcommittee (PWSC), of which I am the Chairman, from 2008 to present. In the current legislative year, including this morning's PWSC meeting, 26 projects totalling \$98.40 billion were endorsed. There were 140 projects with estimated costs amounting to \$127.03 billion and 82 projects adding up to \$71.12 billion were approved by the PWSC in 2008-2009 and 2007-2008 respectively.

The 10 mega infrastructure projects are in various stages of implementation. Construction of the Hong Kong-Zhuhai-Macao Bridge already commenced last December. Works for the new cruise terminal project in Kai Tak and the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link Project also started at the end of 2009 and January this year respectively. Some other projects, such as the Shatin to Central Link and the West Kowloon Cultural District Development, have already received funding approval from the Legislative Council. But their progress seems to be slow. The Government must make sure that they are given the same priority as the cross-boundary projects.

With the commencement of these mega projects, there is an obvious improvement in the employment of the construction sector. The unemployment

rate of the sector has dropped significantly from its peak of 12.7% last year to 7.3% recently. Nevertheless, the Government must have a well-planned programme in implementing these projects. Volumes of works should be evenly distributed so as to ensure a steady flow of work for the local construction industry. On the other hand, the Government needs to dish out more medium- and small-sized projects which will allow the involvement of local companies of all sizes. Most local consultancy firms, contractors, material and equipment suppliers are medium- and small-sized enterprises, which provide many job opportunities.

Besides, the SAR Government should encourage more involvement of the private sector in public works projects through public-private partnerships (PPP) and private finance initiatives (PFI). In the 90s of the last century, the share of the private sector projects constituted about 60% of the construction works in Hong Kong while the public sector projects accounted for 40%. The trend has been in reverse in the past decade. The promotion of PPP and PFI will surely facilitate the development of more infrastructure projects without relying entirely on the public funding.

Nevertheless, I would like to praise the Government for allocating additional funding of \$500 million for "Operation Building Bright" campaign to provide one-stop assistance to owners of dilapidated buildings without owners' corporations. The Government also proposes, though belatedly, a Mandatory Building Inspection Scheme (MBIS) and a Mandatory Window Inspection Scheme (MWIS). For their implementation, the Buildings (Amendment) Bill 2010 is now under the scrutiny of the Bills Committee, of which I am the Deputy Chairman. With the completion of the legislative process of the above Bill and the subsequent implementation of these two schemes, proper maintenance and repair works will have to be carried out by the property owners. The increased volume of maintenance and repair works will certainly create more employment opportunities for related professionals and workers.

In addressing the ageing problem and possible skills mismatch in the construction industry, the Government will allocate \$100 million to support the Construction Industry Council and take a number of measures to strengthen the manpower resources in the construction industry. I support the Government's

initiatives which are crucial to attract new blood to the industry and meet the manpower needs of future construction projects. It has been a long history that the construction industry has to compete with other industries for workers. Dating back to the 80s of the last century, I already took note of the problem when I served on the Construction Industry Training Authority (CITA). During my 12-year service with CITA, I repeatedly urged the Government to do more to attract young people to join the construction industry. I am glad to see that the Government is actually working on it after years of inaction.

Apart from ensuring the availability of manpower resources in the construction industry, the Government must also allow adequate involvement of stakeholders as well as members of the public in the public works projects from early stage to ensure their smooth implementation. The engagement of all relevant parties in the process may prevent the oppositions or even confrontations that take place at a later stage of project implementation. Strong opposition from some sectors of the community in building the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the protest against the construction of West Island Line highlight the need of the Government to improve the public engagement exercise.

Promoting innovation and technology

If building a first-class infrastructure is necessary to increase Hong Kong's competitiveness, development of innovation and technology is another area that needs our urgent attention. Research and development (R&D) has never been a strong area for Hong Kong. Without the support from the Government in the past, the private sector can make little impact on the development of R&D. In the past decade, I and other Members of this Council have repeatedly prompted the Government to introduce measures to promote innovation and technology. We welcome the Government's recent initiatives in promoting innovation and technology. Not long ago, we approved a funding of \$200 million to set up a "R&D Cash Rebate Scheme", which will be launched in April this year.

The Government's plan to implement the Hong Kong Science Park Phase 3 is also a correct decision considering that the overall leasing rate of the two phases of the Hong Kong Science Park is close to 85% with more than 300

science and technology companies as its tenants. But this alone will not turn Hong Kong into a scientific research centre. We need to attract the right talents in related areas to work in Hong Kong. For the purpose, Hong Kong must provide them with a quality and green living environment, excellent education facilities for their children, a vibrant arts and cultural life.

Promoting green economy

As a matter of fact, Hong Kong should do more to improve our environment not only for attracting talents from outside Hong Kong but also for our own sake. A blue and clear sky is a rare sight these days. Cleaning up our environment is totally in line with our pursuit of sustainable development. Moreover, it would also bring Hong Kong in line with the national policy in developing a green economy. In March this year, I attended the Third Session of the Eleventh National People's Congress held in Beijing as a Hong Kong Deputy. Premier WEN Jiabao stated his commitment to developing low carbon technologies in his Work Report delivered at the Session.

Hong Kong must take up its share of responsibility in this respect. I support the Government's proposal on setting up a \$300 million Pilot Green Transport Fund. The use of low-emission and energy saving transport will help promote a low carbon economy. On the other hand, poor water quality of Victoria Harbour is always a major public concern. It is expected that improvement will be made with the completion of the Harbour Area Treatment Scheme (HATS). As HATS Stage 2A is underway, the Government should proceed with the implementation of HATS Stage 2B without further delay upon the completion of the review of water quality trends, population growth and sewage flow build-up by the end of 2011.

Meanwhile, we must continue our co-operation with Guangdong Province in environmental protection. It is particularly encouraging to see that the recently signed Framework Agreement on Hong Kong-Guangdong Co-operation has covered amongst other areas to implement a regional ecology and environmental protection regime to create a high quality living area.

Testing and certification services

Not long ago, the Hong Kong Council for Testing and Certification chaired by Prof CHING Pak-chung has submitted its report entitled "Tested in Hong

Kong Certified in Hong Kong" to the Chief Executive, Mr Donald TSANG, with detailed recommendations, and also commendations. I am sure that the Government should study its findings and recommendations in detail. I hope that it will not take too long for the Government to act on it if the study leads to a positive conclusion.

Fiscal reserves as number of months of government expenditure

Last but not least, I would like to comment on the fiscal reserves as number of months of government expenditure. According to the medium range forecast provided by Mr TSANG, fiscal reserves as number of months of government expenditure range from 18 to 15 for 2010-2011 through to 2014-2015, with a declining trend in between. I do not see why we need such a large buffer in our fiscal reserve. If I remember correctly, Mr Antony LEUNG, former Financial Secretary, told us a different story in one of his Budgets delivered in this Council. Around 12 months of government expenditure is necessary according to his view. I wonder if Mr TSANG is too conservative in this respect. Instead of hoarding the money for no purpose, the Government should make good use of them in increasing the expenditure in education and social welfare for the benefit of those in need.

President, with these remarks, I support the 2010-2011 Budget. Thank you.

MR CHAN KIN-POR (in Cantonese): President, since the announcement of the Budget for the new fiscal year, there is less opposition from the public than last year. Perhaps, the Financial Secretary has learnt from the experience of last year with regard to inadequate poverty alleviation measures, and has now proposed some short-term measures to alleviate people's difficulties in this year's Budget. These measures have somehow responded to some of the appeals of the community. However, it is disappointing that the Budget lacks long-term economic strategies and has not proposed measures for alleviating the increasingly intensified deep-level contradictions.

First of all, I would discuss the issues concerning the insurance sector. The insurance sector in Hong Kong had a speedy recovery last year. Besides subjective economic factors, the efforts made by the industry players and the timely introduction of appropriate policies by the Government have consolidated

the industry's foundation. It is mentioned in this Budget that, to reinforce our position as a financial centre, the Government will carry out certain tasks this year, which include conducting consultations on the establishment of an independent Insurance Authority (IA) and a Policyholders' protection fund (PPF).

As a matter of fact, the Government promised to establish a PPF last year upon the request of the industry players; and as planned, the Government will introduce a specific proposal this year for public consultation. I hope that the Government would expeditiously introduce the relevant scheme upon the completion of consultation for experience tells me that it takes two to three years for the Government to introduce a new measure, from consultation, finalization, legislation and implementation. The primary objective for establishing a PPF is to protect consumer interests. The later a PPF is introduced, the less beneficial it will be to consumers. For this reason, I hope the Government can take measures to speed up the introduction of a PPF. For example, it can start drafting the bill during the consultation period to save much working time. Moreover, a PPF will build up a reserve from insurance levies for making compensations. However, at the initial period of operation, as there will not be sufficient reserve, the Government should allocate funds for advance payment first, so as to facilitate the early operation of a PPF.

As regards establishing an independent IA, I support the matter in principle. An independent IA can deploy resources more flexibly and carry out monitoring work more effectively. However, as IA becomes independent, the expenses will increase substantially, so I hope the Government will not shift in one go all the expenditures onto insurance companies. As the licence fee for insurance companies of different sizes is the same, can small and medium-sized insurance companies pay lower levies or fees in the future? While promoting the independence of the IA, I hope the Government will take the above issues into consideration.

Furthermore, I welcome the promise made in the Budget that while the Government is working out a healthcare financing option, it will take into account the suggestion on tax deduction for private medical insurance premium. Tax deduction for insurance premium has been a major issue strived for by the

industry players over the years. Apart from medical insurance, we also work on other insurance products such as life insurance. The objective of providing tax deduction for insurance premium is to encourage the public to take out insurance and shift their risks onto insurance companies. Under this proposal, even though the Government will have less tax revenue, it will actually be benefited due to the uniqueness of insurance. The public will be less reliant on the Government, and they will be encouraged to get well prepared for their future medical and retirement expenses. In the long run, this can reduce welfare and public healthcare expenditures.

The co-operation between Guangdong, Hong Kong and Macao is especially mentioned in the Budget, and there has recently been certain new development in the mode of co-operation between the two places. I am delighted to see that the governments of the two places have signed the Framework Agreement for Hong Kong/Guangdong Co-operation, which expressly supports the entry of Hong Kong insurance companies into the Guangdong insurance market, encourages Hong Kong insurance agencies to set up wholly-owned or joint venture companies in Guangdong and provide insurance agency services. Although this Agreement helps local insurance companies open up the Guangdong market, we still have to solve the problem of an excessively high threshold. According to the provisions of the State, only those insurance companies of Hong Kong with an asset value of US\$5 billion can enter the Mainland market. Currently, with the exception of some large multinational companies, most small and medium-sized insurance companies in Hong Kong cannot meet the requirement. Thus, in order to help local insurance companies enter the Guangdong market, the first question to be solved is to lower the threshold.

Another major target of the insurance sector is the development of Renminbi (RMB) insurance policies. Given the great appreciation potential of RMB, Hong Kong people have an increasing demand for RMB insurance policies. Nonetheless, a lot of technical problems have to be solved to reach this target. I am really delighted to learn that the Hong Kong Monetary Authority has requested the Central Authorities to allow Hong Kong organizations, including insurance companies, to open RMB accounts for the deposit of RMB premiums.

However, even if RMB insurance policy services are successfully launched, insurance companies cannot invest in RMB products on the Mainland with funds collected from the premiums, which restricts the development of RMB insurance policies. As the development of the RMB-denominated products in Hong Kong is still not mature and the scale is not big, there will be limited returns if the premiums can only be used to invest in the Hong Kong market. So, in order to provide attractive RMB insurance policy services to the public, local insurance companies hope that they would be permitted to invest in the more mature RMB product market on the Mainland.

As the Financial Secretary has said, we all hope to see further development of RMB business in Hong Kong this year.

In relation to livelihood issues, I hope the Secretary would proactively explore ways to solve the problem of disparity between the rich and the poor, and propose more long-term measures for improving people's living. I would particularly like to talk about cross-district transport allowance and the issue on helping the younger generation in upward mobility.

Hong Kong has always been a caring society where people help one another; the Government definitely has the responsibility to take care of those who cannot take care of themselves or who have temporarily lost their capability to work. A safety net is thus provided to these people. However, for the working poor who work hard but still cannot earn enough to meet their basic living needs, I think the Government is absolutely duty-bound to strengthen the support given to them, and encourage these self-reliant workers who earn a living with their own hands.

Before implementing a minimum wage, I hope the Government would extend and implement the Territory-wide Cross-district Transport Allowance Scheme as soon as possible, so as to relieve the financial pressure of low-income workers. Moreover, people who intend to work but worry about the excessively high travelling expenses will be encouraged to go out and find a job.

Another point that I would like to make is also related to wage earners. First, I wish to emphasize that Hong Kong people always work hard and strive for improvement. They will certainly spare no effort if given the opportunities.

Nevertheless, as society changes, job opportunities and the working environment in Hong Kong have undergone great changes, giving rise to deep-level contradictions, such as the disparity between the rich and the poor, and the failure of young people in upward mobility. The causes of deep-rooted conflicts can absolutely be tackled and alleviated through various administrative measures.

In particular, the problem of upward mobility of young people has made many young people and even their parents very frustrated and upset.

Hong Kong has developed into a mature economy and young employees today, as compared with our generation when there was an economic take-off, have fewer chances to get promotions. Moreover, as work pressures increases continuously, the younger generation has a strong sense of frustration, both in work and in their daily lives. This has ultimately given rise to different social problems. This is a very important factor leading to social differentiation in Hong Kong.

For this reason, the Government proposes the development of six key industries, which I strongly support. In developing these industries, more employment and development opportunities will arise.

Earlier on, I proposed an amendment to the motion on "Adding impetus for promoting upward social mobility" in the Legislative Council. I advocated the development of headquarters economy in Hong Kong, by introducing tax concessions and other appealing measures for running businesses, so as to strive for business organizations around the world to establish their regional business headquarters in Hong Kong. I propose such an amendment because I have recently noticed a tendency which is unfavourable to the long-term development of Hong Kong, that is, quite a number of multinational companies have established their regional business headquarters in places such as Singapore, Shanghai or Beijing instead of Hong Kong.

I sincerely and firmly believe that this proposal can be directed against our current declining competitiveness, and help to attract business organizations around the world to establish their regional business headquarters in Hong Kong, so as to create more job opportunities and provide diversified posts, provide room for upward mobility of young people and help them develop a more global outlook. I can see that this proposal has every advantage on our economy.

Yet, back then, a political party considered that the tax rate in Hong Kong was already very low and their Members abstained from voting on my amendment. My amendment was eventually negated which was a great pity.

Obviously, they consider that our profits tax rate is already very low, yet our competitors including Singapore, Shanghai and Beijing are currently offering conditions much more favourable than those we offered. The Singapore Government even offers short-term tax concessions, at a rate lower than ours, say only 10%. While other countries are taking proactive measures such as tax concessions and cash subsidies to attract foreign business organizations to establish their regional business headquarters in their countries, it is really hard for Hong Kong to compete with them if we remain complacent, conservative and arrogant. Hence, I will provide the Government with some more information that I collected, hoping that it will seriously consider my proposal on the development of headquarters economy in Hong Kong, thereby creating more job opportunities for Hong Kong people with a view to solving the livelihood problems of people from all strata of our society.

President, I so submit.

DR JOSEPH LEE (in Cantonese): President, this year's Budget has mentioned quite a lot on health care and elderly services. As we can see from the Budget, the Government is going to provide an additional funding of \$1.24 billion to the Hospital Authority (HA) in 2010-2011 to strengthen services. We certainly welcome these services but from what we have seen, we are most worried about the nursing manpower, which has also been discussed in the past couple of days. This is an issue with far-reaching consequences. Despite the provision of additional funding in the Budget for nurse training courses in an effort to increase

manpower, we notice that even though the nursing manpower will increase in the next year or two, the policy of retaining nurses in the public health care sector, especially the HA, still seems to be very undesirable. As a result, many experienced nurses in public hospitals had chosen to join private hospitals or the community market. As many experienced nurses left the public sector and young nurses are inexperienced, there are gaps in supervision, giving rise to various risks. This situation has caused great concern. Under such circumstances, the Financial Secretary may need to instruct the HA or the Food and Health Bureau to increase the strength of their measures and do more to retain nurses in public hospitals.

We understand that training will be enhanced after the retention of manpower. According to the latest statistics of the HA, with the introduction of medical services as one of the six economic areas to be promoted, several new private hospitals will be completed one after another in the next four to five or five to six years and by then, an additional demand for about 2 800 nurses is envisaged. This number of additional nurses required has not taken into account the nurses need for meeting the service adjustment or enhancement within the HA and for working in the existing private hospitals and residential care homes for the elderly in the community. Therefore, in this Budget, I would like to see initiatives in the longer term. I hope that the Government can work out long-term plans on the manpower resources of nurses, rather than recruiting more nurses when there is a sudden shortage of manpower, as it has been doing now. In future, the problem we need to face may be not having enough funding to recruit nurses, and if we consider that this problem is caused by an increase of manpower and hence reduce the resources for nurse training, a vicious cycle will be formed. I hope that the Government, having learned a lesson in the past few years, can seize this opportunity to make comprehensive planning on nursing manpower, having regard to the demand arising from the promotion of medical services, as well as the demands of the public health care sector, private hospitals and residential care homes for the elderly, with a view to formulating a long-term policy. I also hope that the Financial Secretary will further provide financial resources to help maintain the manpower and quality of nurses in Hong Kong for the benefit of Hong Kong people in the long term.

Next, I would like to talk about mental health. Obviously, the Government has indeed increased funding to address the issue of mental health,

including the provision of \$70 million to set up more Integrated Community Centres for Mental Wellness. This is a good thing, for it shows that the Government does not wish to see an increase in the number of people with mental illness. Mental health is very important to the overall community health. However, under the current proposal of developing Integrated Community Centre for Mental Wellness as stressed in this Budget, it seems that manpower will be increased only for social workers, whereas the manpower of doctors or nurses will be increased to a comparatively smaller extent. Will this preclude these Integrated Community Centres for Mental Wellness from performing the functions expected of them?

Besides, apart from requiring the assistance of the people concerned in addressing the issue of mental health at community level, community psychiatric nurses also play a pivotal role. These professionals can provide assistance for mental patients to achieve recovery in the community, making it easier for these patients to make contributions to society. They can even help promote mental wellness at community level, making the community a better place. But in this Budget, provisions are made to increase 17 community psychiatric nurses only and this is utterly disappointing. With such a small increase in manpower, is it possible to truly carry out the work to promote mental health?

Next, I would like to talk about the problem of youth drug abuse. The drug problem among young people is very serious. There are even reports about young people taking drugs since the age of seven. This Budget has proposed the provision of about \$52 million for addressing the drug addiction and drug abuse problems among young people. We certainly welcome this decision. But after the setting up of these counseling centres, a phenomenon seems to have arisen. Due to past blunders in planning, these centres cannot recruit sufficient manpower, and hence if suitable community psychiatric nurses cannot be recruited to provide counseling service to young people, general nurses or even people in other grades are recruited instead to carry out the counseling work. This is very worrying and I hope that through the provision of funding, the Financial Secretary can see to it that the relevant authorities will address this problem squarely, so that these community counseling centres for drug abusers can recruit qualified personnel to provide counseling service, in order to truly resolve the youth drug problem. Of course, to solve the youth drug problem we cannot rely solely on setting up counseling centres in the community. The relevant authorities, such as the Security Bureau, will need to step up efforts to

trace the sources, with a view to resolving the drug abuse problem among young people.

Another key point of my speech today is the issue of health. In this year's Budget, an additional funding of \$12 million is allocated to the HA for purchasing more medicines for patients suffering from age-related macular degeneration, cancer, and so on. This, we do welcome. However, I have just learned of a bad news from newspaper, and the Financial Secretary may also wish to read this report. It is reported that pharmaceutical companies are increasing their prices very sharply and the prices of many drugs that patients are required by the HA to purchase at their own expense have risen significantly. As a result, many patients who could temporarily meet the expenses can no longer afford their medicines. Can the provision of \$12 million proposed in the Budget help these patients? Or, will these patients turn out to be unable to obtain suitable medicines to treat their illness because the prices of medicines have increased to a level beyond their affordability? I hope that the Financial Secretary can consider ways to help the HA step up efforts to review the Drug Formulary, in order to ensure that no patient will be deprived of suitable medicines for treating his illness because he cannot afford to pay for the medicines, for that would be a major regression in community health as a whole. I hope that the Financial Secretary will consider this point in his Budget.

Moreover, I wish to talk about the elderly. It so happens that the Secretary is in the Chamber and I hope he can understand the problems faced by the elderly. The Government will allocate additional funding for providing 115 day care places for the elderly. To the elderly people, the provision of additional day care places is indeed a good thing, but is it adequate to increase just 115 places? Of course, the Bureau may say that given the varying needs of different districts, this is what they can possibly do for the time being. However, as the population of Hong Kong ages, and as shown in the report of a survey just conducted by the Elderly Commission, while many elderly people would like to live in residential care homes, they also wish to age at home. This is what the so-called "dual option" means. The Secretary should clearly understand the wish of the elderly. It is a pity that the day care places for the elderly can only be increased by 115 in the Budget. These day care places can help promote "ageing in place" to play a greater role, so that living in residential care homes may not necessarily be the only option for the elderly when they grow old or when they are in need of care, for they can also choose to age at home.

Increasing day care places for the elderly can increase the chance for the elderly to age at home. Therefore, I hope that the Financial Secretary can further discuss this with the Secretary, with a view to increasing the number of these places. This can benefit more elderly people and enable them to live a secured old age in the community. Apart from choosing between ageing in place and spending their old age in residential care homes, the elderly also need some general nursing care services. It is disappointing to see that this Budget has only provided 18 additional headcounts for community care services. Community nurses currently conduct about 20 000 family visits each year and with the provision of only 18 additional headcounts, is it adequate to meet the enormous demands for more comprehensive services for ageing in place? It is a very good idea to adopt a complementary, collaborative approach but with such a small increase in manpower, is it possible to do anything in a complementary, collaborative manner? I hope that the Financial Secretary and the Secretary can further discuss this and then redeploy and increase resources accordingly to provide more community nurses, so that the elderly can receive care services from more professional nurses in the community.

Speaking of issues relating to the elderly, views have been most diverse when it comes to health care vouchers for the elderly. A relevant report pointed out that, over the medium term, about 40% of the elderly have used the health care vouchers. The utilization rate does not seem to be very high, and we hope that the Government will pay more attention to this. At present, only 40% of the elderly have used the health care vouchers, the main reason why 60% of them still have not used any such voucher is that they consider the formalities involved too complicated. Both the service providers and the elderly think that they have to go through many steps before they can use the vouchers and so, they have been discouraged to use them.

In fact, when the idea of health care vouchers for the elderly was first introduced, it was meant to give effect to the very good concept of "money follows patients". I hope that the Financial Secretary can look into the situation. Apart from responding to our request for increasing the amount of health care vouchers for the elderly from \$250 to \$1,000, the Financial Secretary should also work in concert with the relevant authorities and conduct a review, in order to streamline the overall formalities for registration. Certainly, we all the more hope that the Government can increase the strength of this measure by lowering the eligible age for health care vouchers to 65 while at the same time increasing

the amount of the vouchers to \$1,000. That said, even though improvement will be made in these areas, if the ancillary arrangements will remain to be so complicated and fragmentary, the service providers or the elderly may not necessarily wish to use the vouchers. In this connection, insofar as health care vouchers for the elderly are concerned — although Secretary Dr York CHOW is not in the Chamber — apart from increasing the amount of the vouchers, I hope that the Secretary will also review the relevant ancillary services and streamline the formalities to enable more people to benefit from this measure. In fact, the health care vouchers for the elderly can be used not only for consulting a doctor. They can be used for many health care services as well. When the health of the elderly living in the community has improved, there will be less demand for hospitalization services, or even for day care services and places in residential care homes. This will have positive effects on the overall elderly care services in the community and also on ensuring a secured old age for the elderly.

Speaking of issues relating to the elderly, I must commend the Financial Secretary and the Government for doing a good thing this time around, and that is the arrangement for providing residential care homes with visiting pharmacist services. Although the funds allocated for this purpose is only \$5 million which is not a big sum, it still helps in improving the overall quality of residential care homes for the elderly, especially the quality of supervision of medicines. But up to the present, we have no idea how the provision of \$5 million will be spent. We are concerned that with a mere \$5 million, how many residential care homes for the elderly can truly benefit from this measure? In many elderly care homes, especially those in the private sector, there are indeed a lot of loopholes and room for improvement in respect of the handling and supervision of medicines. I hope that this scheme is just a beginning. The Financial Secretary can continue to consider injecting more resources for arranging visiting pharmacist services for elderly care homes. This can help all elderly care homes, irrespective of their types, in managing and handling medicines more systematically, so that the elderly can put their mind more at ease and feel safer when taking medicines at these institutions. Of course, the distribution of medicines is another matter, which must be handled by nurses. But with the assistance and supervision of pharmacists, work can be carried out in a much better way. I hope this will be an ongoing scheme, so that it can benefit more elderly inmates of elderly care homes.

Lastly, I would like to raise the issue of contraband cigarettes. In this Budget the Government has proposed some changes to the tobacco duty and this has aroused concern about aggravating the problem of contraband cigarettes. I hope that the Financial Secretary can provide more funding to the Security authorities to stamp out contraband cigarettes more effectively. Otherwise, even though cigarettes in Hong Kong will be more expensive than before, the number of smokers still may not decrease and if the number of smokers increases, there will be more passive cigarette smoke posing health hazards to many more people. So, I hope that the Financial Secretary can make greater efforts in this respect.

Furthermore, the last point that I wish to make is about the people's livelihood. A lot of people have been discussing three points now. The first is the disparity between the rich and the poor. I think this problem cannot be tackled in a short time but from what I have seen in this Budget, it appears that not a lot has been mentioned in respect of helping the working poverty to get rid of poverty. I hope that the Financial Secretary can do more in this respect and provide support to the measures implemented by various Policy Bureaux, with a view to providing assistance to the working poverty expeditiously, such as providing transport subsidies to them, so as to enable them to live a better life in society. Another point concerns property prices, and the question of how to strike a balance is, I think, the biggest headache to the Government. To people who have purchased their homes, they may be very displeased if the Government would bring the property prices down, whereas to people who do not have the means to buy their own home, they may feel displeased seeing the exorbitant prices of properties. Therefore, it is very difficult to solve this problem. As regards Home Ownership Scheme flats, the problems have been in dispute for a long time. I think the principle is that the Government should not subsidize individual citizens to purchase their homes in the private sector. Under this principle, I hope that the Financial Secretary will consider how the Government can assist Hong Kong people to truly live and work in contentment.

President, I so submit.

MS MIRIAM LAU (in Cantonese): President, since the reunification, the Hong Kong economy has gone through many ups and downs. The most recent

financial tsunami has even highlighted the structural problems of the Hong Kong economy. Although Hong Kong has basically managed to get out of the doldrums of the financial tsunami as the economy is rebounding steadily and even the Budget deficit is now replaced by a surplus, the Liberal Party believes that the deep-rooted problems of Hong Kong have remained unresolved.

Premier WEN Jiabao again touched on the deep-rooted conflicts in Hong Kong in March this year, and the first three points that he made are precisely related to the economic development of Hong Kong. The Financial Secretary stated in his Budget that in the medium to long term, we must endeavour to promote sustained and steady socio-economic development. This is a correct direction which can help resolve problems, just that the strength of the measures is rather inadequate.

While Hong Kong has been renowned as a member of Nylonkong, the neighbouring regions have been catching up rapidly in recent years, posing severe challenges to the competitive edges of Hong Kong in future development. For instance, Singapore and Shanghai have vigorously developed their financial services industry, and they have been fast progressing and catching up closely with Hong Kong.

In view of this, the Government should make good use of the Framework Agreement on Hong Kong/Guangdong Co-operation (Framework Agreement) which has just been signed to expeditiously facilitate the development of Hong Kong into a mature offshore Renminbi (RMB) centre. The Government should endeavour to promote the operation of more RMB business by local financial institutions and improve the cross-border RMB trade settlement pilot scheme, with a view to consolidating the advantages of Hong Kong.

The existing pillar industries, such as shipping and trade services, should not be overlooked. The Framework Agreement has laid down specific policies on facilitating the flow of people and goods between Guangdong and Hong Kong and building an international aviation, shipping and logistics hub with lower costs and higher efficiency. Such policies include expediting the construction of cross-boundary highways, rail links and ancillary works. But apart from developing cross-border infrastructure, the domestic needs of the industries must also be fully taken into account.

Over the years, the shortage of land in Hong Kong has been a key factor impeding the development of the shipping and logistics industries. Both the shipping and logistics industries have a very keen demand for land. The shipping industry requires back-up sites for containers and in particular, the surge in entrepot trade in recent years has led to a corresponding increase in the demand for land. If we do not take steps to incorporate these businesses, Singapore will emerge to be an even stronger competitor, while the neighbouring Shenzhen is setting eyes on these businesses and hoping to obtain a share. Some time ago when the financial tsunami had subsided, a large number of empty containers returning to Hong Kong had to turn to the neighbouring regions due to insufficient land for container storage in Hong Kong, resulting in the loss of many business opportunities. Likewise, the logistics industry also requires land for cargo storage and handling, in order to provide value-added services. As regards the Logistics Park which was proposed as early as in 1982, the direction of its development has remained unknown. The authorities have identified permanent sites measuring 29 hectares around the Kwai Tsing area for the development of a logistics cluster. This is well-intentioned but regrettably, as the demand is in excess of supply, it is still impossible to meet the needs of the shipping and logistics industries. In fact, shipping and logistics are closely related to each other, and I hope that the Government would not give favourable treatment to one industry but neglect the other. I hope that the Government can identify more sites, so that the shipping industry (or business operators at container terminals) and the logistics industry can have sufficient land for their own development. The Government must pay attention to the fact that according to past experience, when the sites provided are far too less or only one site with a large area is provided, major consortiums can often bid for the sites successfully under the principle of the highest bidder wins. What will happen after they have successfully bid for the sites? The rent will become expensive and so will everything else, thus further increasing the logistics costs. How can this meet the objective of building a shipping and logistics hub with lower costs as proposed in the Framework Agreement?

Besides, in respect of training of talents and the promotion of e-logistics, the Government should provide pertinent assistance to the industry, especially the small and medium enterprises (SMEs) in the industry. The Framework Agreement proposes to look into the feasibility of "single-window" arrangement for customs clearance of goods and one-stop electronic inspection and clearance of vehicles. The industry welcomes these initiatives. But the industry all the

more hopes that the Government can strive for the integration of the e-logistics system in Hong Kong with the Mainland system to build a regional e-logistics network, through which the quality of Hong Kong's logistics services can be upgraded.

Certainly, faced with future challenges and competition from neighbouring regions, Hong Kong must further improve its economic structure. To this end, the Government has proposed the development of six economic areas where Hong Kong enjoys clear advantages. The Liberal Party very much supports this.

The Liberal Party considers that the Government's supporting measures must be omni-directional. The Liberal Party has put forward many concrete proposals before. For example, in respect of medical services, the Government should take the lead and work jointly with the industry to step up the promotion of Hong Kong's quality medical services overseas. Health care visas can be introduced to make it convenient for our compatriots in the Mainland to come to Hong Kong to receive medical treatment. In respect of the innovation and technology industries and the creative industry, the Government should provide more one-stop Incubation Programmes to provide assistance to business starters in writing business proposals and securing loans from banks, and also step up the investor matching service. The training of talents required in the six economic areas is even more indispensable.

President, since the reunification, more and more people have realized that in order to find a way out for the economy, Hong Kong can no longer close its door and rest on its laurels. Rather, we should speed up our integration with the Mainland to create reciprocal benefits. In fact, if we do not co-operate with the Mainland, I think there will be no future whether for the four major pillar industries or the six economic areas. This is why the Outline of the Plan for the Reform and Development of the Pearl River Delta (2008-2020) and the Framework Agreement which has just been signed have presented very important opportunities for Hong Kong. We must seize these opportunities properly.

Meanwhile, we have to create more favourable conditions for strengthening the integration between Hong Kong and the Mainland. In order for the Express Rail Link to truly play the role of facilitating and maximizing the benefits of Mainland-Hong Kong exchanges, it is necessary to overcome the difficulties of the co-location of immigration and customs clearance facilities by all means.

Moreover, the Government should step up co-ordination of the air space control in the Pearl River Delta (PRD), strive to further lower the height limit which forms an "invisible wall" in PRD air space and strive for a plan on the division of work among the five airports in the PRD as well as their positioning. The Framework Agreement has mentioned the need to actively seek national support for expanding the usable air space in PRD. We hope that the Government can work harder in this respect.

In the meantime, with the establishment of quasi-government agencies for the promotion of economic and cultural exchanges between Hong Kong and Taiwan, the relationship between the two places will be further enhanced. The SAR Government should strive for the implementation of visa-free arrangement with Taiwan as well as arrangements to avoid double taxation, with a view to further promoting economic and cultural integration in the Greater China Region and upgrading Hong Kong's status as a regional hub in the long term.

President, on the promotion of economic development, I would like to point out that the Special Loan Guarantee Scheme for Small and Medium Enterprises which was set up in view of the financial tsunami after much manoeuvring by the industry and us will expire in the middle of the year. Since it was introduced at end-2008, this policy has provided support to the SMEs, enabling them to obtain timely assistance and maintain smooth credit flow. The relief provided by the scheme has been most crucial.

Despite improvement in economic development this year when compared to last year, there is actually no reason for us to be over-optimistic about the situation. This is consistent with the remarks made by the Financial Secretary in his Budget speech that "While our economy is in its early stage of recovery, the road ahead may not be smooth."

Indeed, as stressed by leaders of many countries, the existing economic landscape is still full of uncertainties. They have stated explicitly that they would not take exit actions lightly. Besides, we actually do not see the problem of a high bad debt ratio over which the Government has expressed concern. As at 2 April this year, some 30 000 applications have been approved under the scheme, involving some \$72 billion. The Government has only received 62 cases of claims due to bad debts and the amount involved is about \$71 million which accounts for less than one thousandth of the total amount of loan guarantee

approved and is far lower than the 12% assumed by the Government when the scheme was launched. So, extending the scheme for six months can support the development of enterprises without affecting the financial stability of the Government. This is a very safe and effective way to provide support. The Government should actively consider extending the special loan guarantee scheme to the end of this year, and further consideration can be made when the foundation of economic recovery has become completely solid.

President, I also wish to talk about the drastic increase of property prices which is of concern to all members of the community. Although the Government has taken on board some of the proposals made by the Liberal Party to cool off the overheated property market, such as putting up land for sale on an irregular basis and providing sites for developing flats with limited floor area, only one site, that is, the very small site in Yuen Long, has been provided for flats with limited floor area.

I wish to point out that it is inadequate and ineffective simply to increase the provision of sites for luxurious flats or putting up these sites for auction. We must increase land supply by all means and in particular, more sites should be provided for developing flats with limited floor area. Only in this way can the public's demand for residential properties be eased. It is because only when the public know clearly that there will be sufficient supply of residential flats that they will not buy a flat out of sheer haste which would otherwise cause property prices to soar exorbitantly.

However, apart from inadequate supply of flats, I think the overheated property market also has something to do with the prevalence of speculation activities. In this connection, the Government should enhance the transparency of the market and require that all transactions must be bona fide transactions to strictly prohibit attempts to make false claims or to prop up the market. The Government should also explore all possible ways to recover profits tax from speculators. Furthermore, the tightening of criteria for approving applications for deferring payment of stamp duty should not be confined to the market of luxurious flats, so as to prevent the spread of speculation activities to the market of small and medium-sized flats. In a nutshell, it is imperative for the Government to increase the strength of its measures to prevent the property market from getting out of control. Otherwise, if property prices and public

discontent would heat up together and when the Government would then be forced to resort to drastic measures, the bursting of the bubbles in the property market may lead to a repeat of the mistake of "building 85 000 flats".

President, next, I wish to talk about an issue of great concern to all of us — environmental protection. In early March, the Environmental Protection Department recorded that the Air Pollution Index (API) had for the first time reached the top reading of 500. While this record-breaking reading was resulted from a dust storm in Mongolia in the Mainland, air quality has aroused grave concern among the public.

To improve air quality, certainly it is necessary to update the air quality index by including the standards of new pollutants, such as fine suspended particulates (PM_{2.5}) and other new standards, and implementing various emission and waste reduction initiatives in the light of the latest API readings. Only when these steps are taken can public health be effectively safeguarded.

To improve roadside air quality, the Government introduced some time ago a grant scheme for the replacement of pre-Euro and Euro I diesel vehicles at a cost of \$3.2 billion, and of the 60 000 vehicles eligible for the grant, only some 14 000 could benefit from the scheme. The transport sector and the environmental groups all consider the scheme a failure. The scheme has failed mainly for two reasons: First, Euro IV vehicles (especially goods vehicles) have the problem of frequent breakdown while the repair costs are high and support is inadequate, and drivers are now required to switch to Euro IV vehicles; and second, it so happens that the logistics industry is caught in the financial tsunami and since members of the industry already have problems with their survival in the industry, even though the Government will pay for the "soy source", they simply do not have the means to buy the "chicken" for stewing in "soy source".

Against this backdrop, I think the chance of success is quite slim for the forthcoming \$540 million-worth scheme for the replacement of Euro II diesel vehicles by more environmentally-friendly vehicles, because the problems of Euro IV vehicles have not yet been solved. While there is slight improvement to the problems of Euro IV vehicles, there are still many technical problems and the industry generally lacks confidence in the Euro IV and even Euro V models. The situation of the minibus sector is even worse. They cannot even buy the slightly improved Euro IV vehicles and their only choice is the Euro V model

which has not been tested at all. Under such circumstances, how will the industry throw full weight behind the Government's subsidy scheme? In order to eliminate old vehicles of the pre-Euro, Euro I and Euro II models, I would suggest the Government to firstly, expeditiously work in concert with the industry to conduct tests on various types of Euro V vehicles and improve the technical problems with a target-specific approach, in order to restore the confidence of the industry in these vehicles; secondly, buy back from owners their old vehicles at a price with depreciation being factored in, and this is the best way to guarantee the elimination of old vehicles and the most attractive option to owners who wish to sell their vehicles; and thirdly, provide interest-free or low-interest loans to owners who still wish to continue their business but do not have the means to buy "the chicken", so that the "soy sauce" offered by the Government would be attractive to them and they would have the means to accept the "soy sauce" offered by the Government. I do believe that these measures are far more effective than any punitive measure in eliminating old and highly-polluting vehicles.

On building a caring society as proposed in the Budget, particularly in respect of how to support the disadvantaged groups, Mr Tommy CHEUNG will express the position of the Liberal Party, while Mr Vincent FANG will speak on other issues relating to economic development and environmental protection.

I would like to spend the remaining one minute or so to give a mark to the Budget. On the day when the Budget was announced, the Liberal Party already said that in our view, the Budget has just scored a bare pass. To ascertain whether our view is correct, we conducted a questionnaire survey in eight districts in end-March and early April. Based on a marking scale from 1 to 10 marks, the Budget scored an average mark of 5.4 — the passing mark is 5; the lowest mark is 1 and the full mark is 10.

With regard to the various parts of the survey, sorry, the Budget failed in respect of stabilizing the property market as it scored only a mark of 4.4 for this part; it scored the highest mark or 6.2 for "one-off distribution of candies"; in respect of poverty alleviation, the rate of satisfaction was 5.1, meaning just a bare pass; it also scored a barely passing mark of 5.1 for the part on the support provided to the elderly; the rate of satisfaction among the public in respect of employment and enhancing training measures was 5, which was also a bare pass. As regards measures for long-term economic development, sorry, the rate of

satisfaction again showed a failing mark of 4.6. So, the Liberal Party has good reasons to criticize the Government. But generally speaking, the public have given a passing mark of 5.4 to the Budget, which is consistent with the view of the Liberal Party and so, we consider that the Budget has scored a pass and we will support it.

Thank you, President.

MR KAM NAI-WAI (in Cantonese): President, on behalf of the Democratic Party, I will speak on several areas, including environmental protection, library services, building management support, support measures for public arts, and so on.

Just now, I heard Ms Miriam LAU mention environmental protection in her speech, but I did not hear her mention whether environmental protection was covered by the Liberal Party in its survey as well as the ratings given by the public. I believe the ratings will definitely be extremely low if the public is to assess the Government with respect to this subject because of course, we have not conducted any surveys on environmental protection and consulted the public on their ratings. However, the findings of a number of surveys conducted in Hong Kong show increasing dissatisfaction with air pollution.

Let us put aside the sandstorm that occurred earlier for the time being. Perhaps sandstorm and air pollution should not be lumped together for discussion as the former is caused by climate change and is actually different from air pollution. However, we saw that the Government appeared to be in such a mess that it had no idea at all what should be done to tackle the issue, and thus attracted a lot of criticism.

As mentioned by Ms Miriam LAU just now, the Budget has merely made several points concerning environmental protection. Among other things, Ms LAU mentioned in particular the scheme to subsidize the replacement of diesel commercial vehicles. We have repeatedly pointed out in the Panel on Environmental Affairs that this scheme is infeasible and Ms LAU has also proposed many options to the Government. Actually, we have already reached a consensus that this approach is infeasible. In spite of this, the Government still clings to its proposal of replacing Euro II diesel commercial vehicles. In my

opinion, this proposal fails to provide the right solution. But now, the money has been exhausted. Under the original plan, the Government has earmarked \$3.2 billion, and yet only more than \$500 million has been spent. Actually, only 22% of the vehicles have participated in the scheme. We cannot help doubting how much will be spent out of the \$540 million earmarked by the Government for subsidizing the replacement of Euro II diesel commercial vehicles. Even if the replacement scheme is to go ahead, the availability of an appropriate type of vehicle will also be a problem, as mentioned by a Member just now. At that time, we actually raised the proposal of allowing the industry to "buy out" the vehicles and wait for the market to improve. The amount of subsidy can then be kept for future use by vehicle owners. However, our proposal was turned down by the Government. Actually, a number of proposals have been rejected by the Government.

Apart from this, the Democratic Party has also proposed replacing buses. Regarding the air pollution problem we have been discussing, as we all know and according to the findings of some surveys, buses running on the road are the second largest source of pollutants, accounting for 25% of respirable suspended particulates and 27% of nitrogen oxide. 80% to 90% of these so-called suspended particulates come from buses or diesel lorries. If we are to improve roadside air quality, of course, the sandstorm is irresistible because climate change is beyond our control. However, the conditions of air on the road are within our control.

In this Budget, the Democratic Party has actually put forth a relatively bold proposal to the Government to set aside \$13.5 billion for subsidizing bus companies to replace buses. We have come up with this amount because at present, there are over 370 pre-Euro buses and over 1 300 Euro I buses in Hong Kong. Given that a bus is worth about \$3 million, the total sum will add up to over \$13 billion. As Members are aware, the replacement of thousands of buses cannot be completed within a year. If the replacement scheme is to really go ahead, I believe it will take at least three to five years, or as voiced by Ms Miriam LAU, this cannot be done. Even if the replacement scheme can be completed, say, within five years, it will only cost the Government more than \$3 billion a year. This amount is negligible compared with the overall Budget expenditure. If we ask the bus companies to replace their buses, they will tell us that it is infeasible to do so, and claim that they have to raise bus fares if they have to

speed up the replacement scheme. By then, members of the public will stand forth and object. Eventually, it will still be impossible to improve air quality.

I do not understand this at all. I have frequently asked the Government why this Council cannot subsidize the replacement of buses while it is willing to spend more than \$10 billion building the West Hong Kong Island Line. Why can we not subsidize the replacement of buses, given that the MTR Corporation Limited is structurally a listed corporation? I am really baffled. What is the Government's thinking? I hope the Financial Secretary — I see that the Financial Secretary is not present, I hope government officials who are present can consider whether the Government should have acted in such a misery manner. In this respect, the Government has merely engaged in empty talk by repeatedly expressing its determination to improve air quality. However, why does it refrain from accomplishing this most direct task?

Let us look back at air pollution at present. Of course, pollution caused by plant powers is a major problem. Regarding an earlier incident involving compact fluorescent lamps (CFLs), Members should remember it vividly though it seems that no one talks about it anymore, it has now vanished into obscurity. According to the Government, some political parties which proposed replacing lamps with CFLs later raised objection when the Government responded to their proposal. I think Members will all remember that the Government will always make a deliberate misinterpretation out of context. Although we support the CFL replacement scheme, we do not mean to ask the Government to give consent for the Hong Kong Electric Company Limited to raise electricity tariffs. The same logic applies to this case. How can we gain public support if we request bus companies to replace their buses and the companies in turn say that they have to raise bus fares? What commitment will the Government make as it says that it will inject resources in improving air quality? Although the Government has expressed, in this year's Budget, its intention to set up a \$300 million Pilot Green Transport Fund, it has made clear that the Fund is not meant for replacing buses. Instead, it will be used merely for attracting manufacturers, universities and overseas scientific research institutions to station in Hong Kong to conduct research on green transport technologies. However, it will take a long, long time to wait for the relevant research to gain success.

I wonder if Members still recall a type of green vehicles called "MyCar", a product of a research conducted in Hong Kong, though we have no idea where these vehicles have been sold to. Members should also know that these researches are merely empty talks. I am very worried that the hundreds of millions of dollars will end up like money being poured into the sea. I would like to emphasize the importance of administering the right cure even if the Government will really inject money in the area of environmental protection.

As regards the issue involving CFLs that I just mention, I hope the Financial Secretary and Secretary Edward YAU can sit down and have a proper discussion. If we do not subsidize the public although the prices of CFLs have gone down, what the public actually want are LED light bulbs. I know that LED light bulbs are very expensive because I have recently switched to LED light bulbs at home. Therefore, if the Government is unwilling to provide subsidy during the transitional period, public demand for electricity will be affected. The situation of power stations will also be improved if the demand for electricity is diminished. I hope the Government can pay attention to this.

While the points I raised above are concerned with environmental protection, I would like to talk about libraries, building management and public arts next. Just now, I saw that Secretary TSANG Tak-sing was here, but now he has already left. Regarding libraries, an issue we have mentioned in the past, and the Panel on Home Affairs has earlier endorsed a motion proposed by me requesting the Government to review afresh the Hong Kong Standards and Guidelines in relation to public library services with a view to lowering the population standard for the provision of public library facilities, to provide additional public libraries and extend library opening hours with reference to the views of various District Councils, and to consider setting up library outlets at MTR stations and ferry piers on outlying islands for convenient access by the public.

Members might be aware that, insofar as existing library services are concerned, one district library will be built for every 200 000 people. Using this as a "protective shield", the Government claims that a sufficient number of libraries have been built. Given that Hong Kong is a knowledge-based society, we all hope to pursue lifelong learning, and library services are immensely

helpful. But how can library services be enhanced? Should the Government cling to its standard of providing a library for every 200 000 people, the number of libraries built will lag far behind the public demand. As such, I hope the Government can review afresh and provide more resources. Actually, the number of libraries requested by various District Councils to be built is not too large. According to my calculation, the number is around 10. However, these 10 libraries according to the Government, several libraries are probably under planning, and some are still waiting for an official schedule. The Government is actually stifling the development of libraries. This is very disappointing. Of course, the opening hours of libraries as mentioned earlier are also disappointing.

The Financial Secretary might not visit libraries. I wonder if the Financial Secretary is aware of their opening hours. For most libraries, particularly certain district libraries, their opening hours have been extended — the Secretary has returned just in time — they will close at 8 pm. In present-day Hong Kong, many people can hardly visit libraries as they may still be at work at 8 pm. The situation on Sundays is even more outrageous, as libraries will be closed as early as 5 pm. Because of the early closing hours, many people are unable to visit libraries to participate in some leisure or parent-child activities carried out there.

I still recall Under Secretary Florence HUI's previous remark that the Government would listen to the views of District Councils and would build more libraries should District Councils had such a request. However, the Under Secretary was actually misleading us because, most importantly, the Government has actually not provided District Councils with financial resources even if District Councils propose building more libraries. An extension of the opening hours of libraries for a very short period might incur an expenditure of more than \$1 million, which simply cannot be afforded by District Councils given their financial resources. Therefore, it is necessary for the Government to extend the opening hours of libraries.

Another point I wish to raise is the support for building owners. This issue is also under the purview of the Home Affairs Bureau. I believe Members who are present have made a lot of criticism about the support offered by District Offices to building owners, in particular, the provision of more professional

support, disregarding whether or not Owners' Corporations have been established. Although I have been told by the Secretary that some voluntary professional services are now available, we are not seeking such services. Instead, we hope that some long-term support services can be provided to building owners. As such, we hope the Home Affairs Bureau can offer expertise support to building owners, create more posts for Liaison Officer in District Offices, offer support to owners of old buildings, streamline the application procedures for maintenance assistance, and offer some interest-free assistance. In this aspect, perhaps the Financial Secretary has to offer a helping hand by providing interest-free assistance to help owners carry out maintenance.

Lastly, as Members should be aware, the Ordinance relating to compulsory sale has been passed recently to lower the threshold from 90% to 80%. Our Members' offices have since become a lot busier because many owners of old buildings approach us to enquire about the situation of repossession. Mrs Carrie LAM has earlier raised an important point about empowerment, that is to say, owners should know more about the support given to buildings under the Ordinance.

Lastly, I must say a few words about public arts. According to the Financial Secretary, the Budget will allocate additional funding of \$486 million to arts and culture. However, we are very disappointed to find that, out of the \$486 million, \$420 million will be allocated to nine major arts groups, and the Government has not specifically provided resources to small and medium arts groups and young artists, despite the fact that \$20 billion to \$30 billion has been allocated to the West Kowloon Cultural District project. We in the Democratic Party consider it very important for the Government to provide a stable source of resources, particularly financial support, to nurturing small and medium arts groups and young artists, so that they can receive some sort of stable assistance. Regarding the points mentioned by me earlier, I hope the Financial Secretary can review and take improvement measures in this year's Budget.

Thank you, President.

MR ANDREW LEUNG (in Cantonese): President, in the midst of the financial turmoil, the Government's policy plays an effective role in achieving financial

stability and supporting enterprises. Among the measures introduced, the Special Finance Scheme for Small and Medium Enterprises (SFS) has played a key role in helping the industry tide over difficulties and supporting the livelihood of more than 290 000 employees. As of 9 April, a total of 30 296 applications have been approved, involving loans in excess of \$73 billion. The measures introduced in Hong Kong to rescue the market are better than those adopted elsewhere in the world.

However, many problems are still outstanding. We can see from the problems facing countries such as Greece and those in South Europe that the global economy is still plagued by many uncertainties. The economies of Europe and the United States are still overshadowed by the financial tsunami. Therefore, the Government should retain the SFS to provide support for small and medium enterprises (SMEs), with a view to ensuring that the economic recovery can be sustained steadily.

The financial turmoil has created a new economic order. In order to compete, SMEs must continue to add value. We propose that the Government should offer three-fold increase in tax-deduction concessions for the expenditure incurred by enterprises in research and development (R&D), design and brand-building, so as to encourage enterprises to transform and upgrade, seize the opportunities arising from the Framework Agreement for Hong Kong/Guangdong Co-operation (Framework Agreement), and expand local consumption.

In the area of encouraging scientific research, the Research and Development Cash Rebate Scheme and the Patent Application Grant launched by the Government are heading in the right direction. As we all know, the ratios of injection of funds into research in Hong Kong are smaller than those in places around us. It is indeed imperative for the Government to rouse itself to catch up with more vigour. I hope the Government can introduce more measures expeditiously and encourage enterprises to inject more resources into product R&D.

As regards design, I have mentioned in the past that design is a major value-added element in manufacturing and services industries. With the help of design, clothing can be upgraded to fashion, and printing turned into product packaging. Furthermore, design can improve production flow and bring about

greener and more effective products. The increase in tax-deduction amounts can directly attract enterprises to inject more resources to add value to their products.

The Government deserves our commendation for its exemplary role in revitalizing industrial buildings. The Federation of Hong Kong Industries has been advocating the revitalization of industrial buildings for a long time. This year, the Government has finally responded positively to our proposal by setting up a special team to co-ordinate the processing of applications submitted by the industry. Of course, I greatly support the Government in this respect.

The industry has also responded actively. I know that some owners of industrial buildings have already planned how to revitalize their industrial building properties. In the course of revitalization, they have paid great attention to adding creative and cultural elements, and they have set aside certain floors as creative and cultural zones to be leased, at lower rents, to cultural workers, arts groups and young people aspiring to engage in creative industries. Through active participation, we all hope to inject new economic momentum into old industrial districts.

President, the Central Authorities have incorporated the co-operation among Guangdong, Hong Kong and Macao in the "National Twelfth Five-Year Plan" and have given the Pearl River Delta (PRD) room for development on a "early and pilot implementation" basis. This framework agreement signed between the Guangdong and Hong Kong Governments is indeed an once-in-a-lifetime opportunity. In order to share the benefits brought about by the co-operation between Guangdong and Hong Kong, Hong Kong must add value to itself to seize the opportunities. In addition, the SAR Government must inject resources and adjust its policies as the situation warrants.

President, with the promulgation of the Outline of the Plan for the Reform and Development of the Pearl River Delta and the Framework Agreement, coupled with the construction of major cross-boundary infrastructure such as the Hong Kong-Zhuhai-Macao Bridge and the Guangzhou-Shenzhen-Hong Kong Express Rail Link, the livelihood of the people and the economic developments of the entire PRD region are experiencing tremendous changes.

Strengthening co-operation in the China-ASEAN free-trade zone has provided Hong Kong with a favourable climate for seizing new opportunities for

economic development. The PRD is situated right in the heart of Asia, with the Mainland, Japan and South Korea in its northeast corner, and the ASEAN and countries such as India in its southwest corner. Under the country's "go global" strategy, Hong Kong enjoys a geographical advantage. This has provided our services industries with favourable opportunities to capitalize on our edge in areas such as finance, management, and so on, and gain experience in liaising with the extensive business networks around the world.

By taking advantage of such favourable factors as timing, location and human relations, Hong Kong should position itself as "leveraging on the Mainland and serving the world". The SAR Government should actively promote enterprises to upgrade and transform traditional industries, encourage enterprises to enhance investment in industries with an edge and seize new opportunities, so as to make it more possible for Hong Kong to converge with developments on the Mainland. In particular, we must expedite and deepen our co-operation with the PRD and strive to play a major role during the process of upgrading services industries and urbanization in Guangdong. Furthermore, we must seize the opportunities arising from the demands of China and ASEAN in connection with new industrial developments such as environmental protection, low-carbon economy, and so on. The development of Renminbi (RMB) business is one of the most important demands.

Should the SAR Government be able to further seize this opportunity to expand its scope of business as an off-shore RMB centre by, for instance, relaxing RMB borrowing, Hong Kong would then be able to further utilize and consolidate its traditional strength. In this regard, the Hong Kong Monetary Authority should discuss with Mainland regulators on establishing a more regularized framework for the development of RMB products in Hong Kong, so that more industries can participate and benefit.

Hong Kong has one of the world's largest stock trading market and a sophisticated payment-versus-payment settlement system in different currencies. We should examine the possibility of settling stock transactions in multi-currencies, such as US dollar, Euro and RMB. This can attract more overseas companies to come to Hong Kong for listing by taking advantage of these currency units, thereby facilitating further development of our stock market.

In addition to the stock market, our insurance industry also has plenty of business opportunities in China and Asia. Therefore, the Government should examine the implementation of a "through-train" policy to fully develop our insurance industry, particularly the RMB policy business. The Government should also seize this opportunity to develop Hong Kong into Asia's reinsurance centre. We may consider offering tax concessions to the reinsurance expenditure incurred by the industry and sign more agreements with overseas countries for the avoidance of double taxation, in order to help Hong Kong become Asia's reinsurance centre.

These factors not only help consolidate Hong Kong's economic status and stimulate employment, but also upgrade the comprehensive competitiveness of the entire PRD region in the global economy. The Government is duty-bound to inject resources to ensure that Hong Kong people have adequate competitiveness to enjoy the benefits brought about by new opportunities arising from economic growth.

Let me cite an example. Hollywood blockbusters "Avatar" and "Alice in Wonderland" are both reality three-dimensional (3D) movies. If local movies are to catch up with the 3D fever, more efforts must be made from technology to talents. In order to meet the training needs of the market, the Hong Kong Institute of Vocational Education (IVE), which is under the Vocational Training Council chaired by me, has spent over \$1 million in introducing a 3D scanning system comparable to the standards of Hollywood, in order to pave the way for creative industries.

The IVE's integrated 3D animation production studio has introduced the action capturing system, a coloured Human Head 3D-scanner, and a facial expression animation system. This is rare to see a studio combining three technologies in the education sector. These systems allow students to learn more about 3D production technology, expand their scope for creation, and are in line with Hong Kong's direction in promoting creative industries. However, there is only one such studio in Hong Kong so far. It is indeed necessary for the Government to allocate more resources to creative education.

In addition to investing in the education industry, I am very pleased to see that the green economy and the green industry are taken seriously in the Budget.

Earlier, I joined my colleagues from Economic Synergy to meet some experts who provide technology support for vehicles to reduce pollutants, and we met local transport operators as well to study the possibility of upgrading Hong Kong's existing Euro II and III public and industrial vehicles to Euro IV or V standards. Moreover, we have expressed our views on this to the Financial Secretary and Environment Bureau. I am very pleased to see that the Government has proposed a \$300 million Pilot Green Transport Fund to provide economic incentives to attract overseas manufacturers and research institutions to come to Hong Kong. Actually, in order to reduce emissions, some overseas countries, such as Belgium, have already had experience in retrofitting the engines of public buses with emission-reducing appliances. The Government should expeditiously arrange for the transport industry to conduct testing on their vehicles and introduce these technologies into Hong Kong at an early date with a view to improving air quality for the benefit of both the industry and the public.

President, in order to protect the environment, we must fully utilize technology. However, it is unnecessary to replace all old buses. It is not environmentally-friendly should all the buses in Hong Kong be replaced all at one go. I hope the Government can demonstrate more creativity in utilizing the 300 million Fund. It should refrain from adhering to its rules in vetting and approving applications and rather, adopt a more open-minded attitude towards innovative technology and proposals.

The Government should also continue to inject resources to help the industry upgrade and reduce carbon emissions. In doing so, not only can we contribute to improving the environment of the PRD region, we can also develop the low carbon economy, which has the potentials to yield staggering profit. According to statistics, the scale of the global carbon trading market was a mere US\$700 million in 2004 but increased to US\$120 billion in 2008. It is estimated that the market will grow to US\$600 billion in two years' time. This year, even Boao Forum for Asia pointed out the urgency of advocating the low carbon economy.

To transform into a low carbon economy, we must count on the Government to play an exemplary role. However, the Budget has not discussed the Government's green procurement policy at great lengths. Actually, Hong Kong has already had sophisticated waste recycling technology. If the

Government can adjust its policy to put green materials, such as green bricks, on the top of its procurement list and provide resources, such as land, to the industry, it will not only greatly reduce the pressure on landfills, but also save money. The Government can even promote the sale of green technology to places outside Hong Kong.

Lastly, the remaining sandwich class housing flats put up for sale by the Government has been oversubscribed by 35 times, this actually reflected the demand for small and medium flats in Hong Kong society. In order to help first-time home buyers, the Government should increase the supply of small units. The Government has acceded to our view by putting on sale a piece of land for building flats with limited areas. I hope more supply of similar sites can be made available in the future. It will be even better if the sites are situated nearer to urban areas.

Apart from land supply, another issue we need to study is how to assist prospective home buyers in making down payments. I wonder if a fund can be set up under which the Government acts as the guarantor for first-time home buyers, so that they can borrow down payments at lower interest rates. Can the Government also study afresh how the Home Starter Loan Scheme can be launched? I hope the Government can demonstrate more creativity in assisting the public in acquiring properties.

Given that the impact of the Mainland economy has continued to rise, if the Government can continue to seize the opportunities of revival and capitalize on Hong Kong's edge, then Hong Kong, with strong economic momentum and measures that show consideration to the livelihood of the people, will be able to retain its competitive edge and the people can enjoy a peaceful and stable life.

President, I so submit.

MR CHAN KAM-LAM (in Cantonese): President, since the onset of the financial tsunami in 2008, the Hong Kong economy has encountered serious challenges and is now recovering gradually. The speedy recovery of our economy is attributed, on the one hand, to the ample reserves in the coffers of Hong Kong and the timely introduction of a series of relief measures by the

Government, which effectively create employment opportunities and assist companies in difficulties to tide over the hard times; and on the other, to the backing of the Motherland, Hong Kong has thus benefited from the robust internal demand and steady pace of economic growth in China.

Although our economy has gained some growth again, there are still quite a number of potential causes for concern in the external economy: Japan, being heavily in debt with a national debt amounting 200% of its GDP, is on the brink of bankruptcy; as various countries have started to make preparations for exit, the risks in the financial market have accelerated and an inflow of hot money may occur; the trade war between China and the United States is on the verge of outbreak and the recent hotly-debated issue of the exchange rate of the Renminbi (RMB) is only the rehearsal for subsequent trade war. These issues all deserve the deep concern of Hong Kong people. Hong Kong is only a highly open yet small economy and the slightest agitation in neighbouring economies can cast a shadow over our growing economy again. Therefore, there are still many hurdles on the road to recovery and we must tread carefully.

President, in the Budget this year, the Financial Secretary has taken some measures to help the disadvantaged by giveaway \$20.4 billion to actively respond to the demands of society. The public is basically satisfied. In addition, the Government will commit \$49.6 billion to infrastructure projects to make preparations for the needs of future development. This is a step in the right direction. However, we cannot overlook the fact that although the economy is recovering, people's livelihood has not improved in recent years. The reasons is that the hefty increase in property prices in the past two years have eroded the share of economic gains for the public.

In 2008-2009, property prices increased by 28% and in the first quarter of 2009-2010, property prices rose by more than 5%. In just two years, property prices have risen by almost 35%. However, the annual economic growth for 2009 was -2.7% and the Composite Consumer Price Index (that is, inflation) rose by only 0.5%, whereas the wage levels of most trades recorded decreases ranging from 0.2% to 4.7%. It can be seen that in the short span of several years, the market has been saddled with a heavy housing burden. Our overall economy has not completely regained its vitality but property prices are soaring, running

completely counter to the actual economic situation in Hong Kong. During the financial tsunami in 2008, property prices registered a slight rise instead of a fall, indicating that the property market in Hong Kong had become the safe haven for investors and that speculation in the property market was rife during this period, thus fuelling the formation of a bubble.

In 2002, the Government withdrew from the property market and left behind only an Application List. Since then, it has not imposed any controls on the market and allowed the market to move towards an era in which people with land and properties are in complete control. The property market has basically run out of control, except in 2003, when the outbreak of SARS caused an economic turndown and property prices slipped.

Property prices have soared to such an extent that the public can now ill afford them. In exchange for a cubicle to live in, many families have put nearly all their savings to buy a flat and become "property slaves", having to pay off mortgages for two decades, three decades or even longer. The general public sigh that they have to work for property developers and for their flats for their entire live. We can see their resentment and helplessness about the soaring property prices.

The high property prices not only affect property buyers, but also bring about an increase in rent, which impose problems such as high rent, high cost and high risk to tenants and various trades and industries. Take the retail and catering industries as an example, according to the statistics in 2008, the proportions of rent to operating costs were 58% and 45% respectively. One can imagine how heavy a blow rising rent has dealt to these industries. According to the industry, most restaurants and food establishments will have to bear a rental increase of 20% and 50% upon the renewal of their tenancy agreements. Recently, a restaurant chain had to close down some of its branches due to the hefty rent increases by the landlords. It cannot be ruled out that in the near future, more restaurants may leave the market due to their inability to cope with rising costs and rent. It can thus be seen that high property prices and rents have posed obstacles to commercial development and directly impacted on Hong Kong's competitiveness.

Some people say that the Government should not try to control the property market and I totally agree with this. However, housing is the most important aspect of people's livelihood, how possibly can the Government not regulate it? Recently, the Government has introduced some measures to regulate property sale, but they have come too late. Moreover, these measures are only designed to rectify the undesirable practice in the property market, they cannot suppress the property market in any way. For this reason, the DAB proposes, or even urges the Government to put up lands for sale at irregular intervals and resume the construction of Home Ownership Scheme (HOS) flats as soon as practicable.

In the final analysis, the core of the problem of soaring property prices lies in the supply. At present, consumers are willing to tolerate with the soaring property prices and the unreasonable manipulation of property developers only because the properties are in very short supply. Under the policy of sale of sites by application, the Government's role is extremely passive. If property developers cannot trigger any sites, the Government cannot take the initiative to put lands up for sale, nor can it increase the land supply to regulate the market. Putting up lands for sale on an irregular basis is a wise option. The Government can regain the initiative in land supply and can decide whether or not to put land up for public auction having regard to market demand.

The Financial Secretary mentioned that the secondary market for HOS flats would be revitalized to promote the circulation of HOS units, the DAB agrees with this. However, concerning the 300 000 HOS units mentioned by the Financial Secretary, I wish to tell the Financial Secretary that most of the units are occupied by the owners themselves and the number of units that can be sold in the market is very limited. It is obviously not enough to try to regulate the property market merely by promoting the circulation of HOS flats. In order to regulate the overheated property market effectively, the only way is to help people in the lower class acquire their own properties, and the only course of action is to revive HOS.

I understand that the Government has all along failed to walk out of the shadow of the "85 000 housing units" policy. Earlier on, there was a strong demand in society that 5 000 HOS flats be put on sale in the market each year, but some people have voiced their opposition, believing that this would affect the

private residential property market and would even make the property market collapse. However, the fact is that if no action is taken in the face of such runaway property prices, the asset-price bubble would worsen. In that event, we may face the danger of a total collapse of the market. If we want to avoid this tragic situation, the only option is to revive HOS on an appropriate scale and fine-tune the policy in a timely manner, so that the property market can be put back onto the track of stable and healthy development.

President, the Hong Kong and Guangdong Governments signed the Framework Agreement on Hong Kong/Guangdong Co-operation (the Framework Agreement) last week. This Framework Agreement has great significance. It affirms the central position of Hong Kong in finance, shipping and modern service industries in the region, clearly delineates different roles to be played by Hong Kong and the core cities in the Pearl River Delta (PRD) as well as the positioning of Hong Kong in regional co-operation. The Framework Agreement will be the most important milestone in the co-operation between Hong Kong and Guangdong.

The Framework Agreement sets out clearly for the first time Hong Kong's position as a leader in the financial systems and the promotion of financial and RMB business between the two places, which include taking forward the RMB cross-border trade settlement pilot scheme and cross-border trade settlement in RMB in Hong Kong, supporting the setting up of rural banks in Guangdong by Hong Kong banks, and attracting the cross-listing of enterprises in the Growth Enterprise Market in Shenzhen and in Hong Kong. Therefore, not only does the Framework Agreement expand Hong Kong's scope in regional co-operation, it is also conducive to enhancing Hong Kong's position as a global financial centre.

In the face of the co-operation between Hong Kong and Guangdong, Hong Kong must play its role properly. After the financial tsunami has on the whole subsided, a series of reviews relating to the regulation and reform of the financial market in Hong Kong has been conducted. In view of the great many numbers of consultation papers on reforms, as well as the proposed measures to strengthen the protection for investors and deposits, the DAB hopes that the SAR Government can, in the year to come, focus on reforming the market regulatory regime with greater vision and stamina, so as to further reinforce Hong Kong's foundation as an international financial centre. Only in this way can Hong Kong

have the credible strength in its financial services industries to demonstrate to the PRD region, and effectively promote the integration of the two places.

In promoting the stable and sound development of the financial system, we must, at the same time, also resolve the differences in the systems of these two places. As there are various differences between the SAR Government, being market-led and the Guangdong Provincial Government, being executive-led, in areas such as the legal systems, financial systems, approval procedures and management, the two governments will still have to, for some time in the future, make efforts to strengthen communication and introduce measures to narrow the differences between the systems of these two places gradually, so as to facilitate the early and pilot implementation of more policies and measures.

President, on the integration of Hong Kong with the Mainland, the development principle adopted by us has along been utilizing the development advantage of Hong Kong to complement the inadequacies of the Mainland, so as to achieve a win-win situation through the complementarity of advantages. For example, in co-operating with Shenzhen to develop the Qianhai area, Hong Kong should focus on making optimal use of the cheap land and manpower resources in the Mainland to develop the Qianhai area into a backup and support base for Hong Kong, so as to lower the operating costs of Hong Kong enterprises, provide more employment opportunities for workers in the Mainland and Hong Kong, and develop the market. In the future, Hong Kong should discuss with Guangdong under the Framework Agreement, and try its best to narrow the differences of the two places in areas such as the legal systems, accounting systems, tax regimes, listing regulations and procedures, regulatory regimes and even in health care and environmental protection.

President, the challenges facing the Hong Kong economy at present are tremendous but so long as Hong Kong people act in concert to pursue stability and seek development, they can turn challenges into infinite opportunities. The SAR Government must lead the public in getting onto the road of success with vision.

President, I so submit.

MR JEFFREY LAM (in Cantonese): President, before the release of the Budget each year, people would focus their attention on whether or not "candies" should be given out; and if so, how many "candies" should be given out. I believe that instead of side tracking and concentrating on whether or not "candies" should be given out, we should focus on developing a framework to revitalize the economy and its implementation. This is the fundamental and most important issue.

I think that the direction and positioning of the Budget this year is correct. One of the major points mentioned is to reinforce Hong Kong's position as a financial centre. For this reason, efforts will be made on developing offshore Renminbi (RMB) business and making Hong Kong a global financial centre and asset management centre, attracting capital and talent from within and outside the country.

The authorities in Guangdong and Hong Kong signed the Framework Agreement on Hong Kong/Guangdong Co-operation (the Framework Agreement) last week and one major point mentioned is "to enhance Hong Kong's position as an international financial centre", which is a step further than "Reinforcing our Position as a Financial Centre", as stated in the Budget. The Framework Agreement makes reference to enhancing Hong Kong's position as an international financial centre and expediting the development of financial services industries in Guangdong to build an international financial centre with greater scope and competitiveness, with Hong Kong taking the lead with its financial systems, to be supported by resources and services of such PRD cities as Guangzhou and Shenzhen.

President, since we now provide services such as Renminbi (RMB) deposits and RMB-denominated bonds, I believe we can indeed further explore the provision of other RMB-denominated investment products, such as futures and other derivative products. Listed RMB-denominated products can also be offered in Hong Kong as an important step towards promoting the establishment of a RMB offshore centre. This move will also serve to facilitate the circulation of RMB and promote the formation of a RMB offshore centre. In the end, this will be conducive to the internationalization of RMB and the provision of more financial products to attract investors, so this will definitely lead to an all-win situation.

Although at present, no RMB-denominated product has been listed in the Stock Exchange of Hong Kong Limited (the Stock Exchange), I wish to point out that the existing multi-currency trading and clearing system of the Stock Exchange is definitely capable of handling the listing of RMB-denominated products. I believe that if Hong Kong can offer more RMB services, it can definitely attract capital throughout the country and even outside the country to use Hong Kong as a trading platform. This will serve to reinforce and elevate Hong Kong's position as an international financial centre.

The Budget also says that the SAR Government will complement in all aspects the preparation of the National 12th Five-Year Plan and in the signing ceremony of the Framework Agreement, the Chief Executive also described the Framework Agreement as the key to opening the big door of the Outline of the Plan for the Reform and Development of the Pearl River Delta and the small door of CEPA. For this reason, I hope that the SAR Government will not put the key away, instead, it should take out the key to open the big door and all the small doors as soon as possible by formulating more specific implementation measures and lobbying for the inclusion of the relevant policies in the National 12th Five-Year Plan, so that everyone can have the "Wherever Door" portrayed in the cartoon "Doraemon" and go wherever they want instantly.

Apart from boosting the development of the four traditional pillar industries, the Budget also mentions the promotion of six industries where we enjoy clear advantages, including the allocation of \$20 million in the next two years to support the work of the Hong Kong Council for Testing and Certification. I propose that a certification system mutually recognized by the Mainland and Hong Kong be established as soon as possible to assist the further integration of the markets in these two places. On promoting innovation and technology, \$4.9 billion will be allocated to implement the development of Science Park Phase 3 to provide the necessary hardware to the innovative and technology industry in Hong Kong. I support all these measures. However, another phase 3 complementary hardware of great importance to Hong Kong has not been implemented after a lot of delay and I am referring to Phase 3 of the Hong Kong Convention and Exhibition Centre in Wanchai.

The Atrium of the Hong Kong Convention and Exhibition Centre was completed in April last year and it boosted the area of the Hong Kong Convention and Exhibition Centre to 66 000 sq m. However, during the peak season of the

exhibition industry, there is still a shortage of space and compared with the convention and exhibition centres with hundreds of thousands of square metres in floor areas in such neighbouring regions as Guangzhou and Macao, the Hong Kong Convention and Exhibition Centre is only a small exhibition venue. With the rapid development of the convention and exhibition industry in Hong Kong, coupled with the superior location and experience of the Hong Kong Convention and Exhibition Centre, if the Phase 3 expansion project is not carried out, the development of the industry will only be eroded by neighbouring regions, thus leading directly to the loss of talents in the exhibition industry and the related tourism industry will also be affected.

The Phase 3 expansion of the Hong Kong Convention and Exhibition Centre is already an old issue and the studies conducted by the authorities themselves and by the consultancies commissioned by them are lengthy like a spool of yarn. I hope the authorities will make an astute decision as soon as possible, instead of turning this spool of yarn into ropes that constrain the development of the convention and exhibition industry.

President, on "supporting enterprises", I remember that after the release of the Budget last year, an additional relief package was introduced in May in response to the demands of the Hong Kong General Chamber of Commerce and the business sector. That included increasing the guarantee by the Government for the Special Loan Guarantee Scheme from 70% to 80%. So far, banks have approved loans amounting to more than \$69 billion and over 16 000 companies have been benefited. The application period under the Scheme will close in June this year. I hope the authorities can actively consider extending the Scheme because at present, there are still many uncertainties in the economic outlook and big, medium and small enterprises are all facing various potential problems. Even the American Government has introduced a series of additional financing options in recent months to support small and medium enterprises. When the Secretary of the Treasury of the United States visited Hong Kong recently, I wonder if he has tried to learn from the experience of the Financial Secretary and see what results our Scheme has produced. All these developments show that it is still necessary for the authorities to continue to support enterprises during this period of recovery. Doing so also means that the jobs of employees are protected.

In addition, I hope that the authorities can provide greater support to Hong Kong companies operating factories on the Mainland. Hong Kong companies have invested in and operated factories in the Pearl River Delta (PRD) Region for more than three decades. However, in recent years, with the hammering of the financial tsunami, together with a number of new policies introduced by the Mainland, Hong Kong companies are facing a host of challenges. I hope that the authorities can play the role of being a better bridge by stepping up their liaison with the Mainland authorities and Hong Kong companies and making greater efforts in supporting Hong Kong companies in upgrading and transforming themselves, for example, by supporting Hong Kong companies in establishing original brand names, enhancing the added value of their products, developing the internal market and establishing marketing and logistics systems within the country step by step. I believe that not only can doing so give rise to an even more competitive manufacturing base, the successful experience of the service industries in Hong Kong can also be introduced to the Mainland to assist the PRD Region in developing its service industries, and then transferred to other cities.

On the proposal of the Financial Secretary to exempt rates and business registration fees for one year, I welcome this move. On the Financial Secretary's emphasis that these measures are "exceptional means" that cannot continue for long, I understand it. In the final analysis, I believe that if we want to boost Hong Kong's competitiveness, one effective approach is to lower the profits tax rate to 15%. Doing so can surely attract more capital to Hong Kong and amplify the intensity of the measures for "supporting enterprises and preserving employment".

President, another focus of the Budget is to promote a green economy, including the establishment of a \$300 million Pilot Green Transport Fund for application by members of the industry, in the hope of promoting the introduction of more innovative green technologies, so that buses, public light buses and even ferries can reduce their emissions.

At the beginning of this year, the Economic Synergy urged the Government to study the installation of selective catalytic reduction devices on buses to further reduce nitrogen oxide emissions. I am glad to find that in reply to my question for a written reply, the authorities say that they are actively conducting a trial of

the relevant technology together with bus companies and undertake that if the trial turns out to be successful, they will encourage bus companies to deploy retrofitted buses to run in busy corridors.

As regards the "To Replace Pre-Euro and Euro I Diesel Commercial Vehicles by New Commercial Vehicles — Incentive Scheme" which has just ended, the number of cases of vehicle replacement, standing at only 16 000 applications, is unsatisfactory. The rate of vehicle replacement is only 30%. However, the authorities have decided to launch a subsidy scheme for the replacement of Euro II diesel commercial vehicles at a cost of \$540 million. I believe that in order to make the scheme more cost-effective, the scope of the scheme should not be limited only to vehicle replacement. Rather, it should be extended to other techniques and devices capable of making improvements to old diesel commercial vehicles. Meanwhile, the problems relating to new Euro IV vehicles have not yet been completely solved. I believe that instead of spending even more time on considering the punitive measure of increasing the licence fee, so that the industry will be forced to replace their vehicles, the authorities may as well improve the subsidy scheme. This can avoid imposing additional burden on the industry, hence leading to unnecessary reactions.

The sandstorm that occurred last month pushed the air pollution index in Hong Kong off the top. On how to prevent this situation, the Secretary only played the old tunes again by citing a heap of measures on tackling air pollution without any specific measure to deal with the problem, so it really appears that he is totally at a loss as to what to do.

Here, I wish to point out, at the risk of being repetitive, that if we want to improve the air quality in Hong Kong, it is not enough just to do a good job locally. It is not enough to merely replace more vehicles with environmentally-friendly ones or use more natural gas to generate electricity because Guangdong and Hong Kong are located under the same sky, so the two places must work hard together in taking preventive and remedial measures, so that positive results can be seen.

In 2002, the Guangdong and Hong Kong Governments formulated the Pearl River Delta Regional Air Quality Management Plan (2002-2010). However, it is now April 2010 but the emission reduction targets have not been

achieved, whereas the targets after 2011 have not yet been formulated after all the delay, so I hope the authorities can make good use of their time by formulating a more specific, effective and well-conceived air quality improvement scheme as soon as possible.

President, I so submit.

MR LEUNG YIU-CHUNG (in Cantonese): President, today, we are here to discuss the Budget. In this Chamber, and even to the press and the media, the Budget debate today should have been the focus. But to my surprise, this is not the case today. I consider this regrettable for the Government has particularly arranged for the delivery of a statement on constitutional reform today to divert all the attention away from the Budget. I do not know why the Government has acted so strangely. I wonder if the Government also knows that the Budget, which is "devoid of substance", is unwelcome to the public, and has thus made such an arrangement to cover up the inadequacies of the Budget and the truth that the Government has failed to solve the problems faced by the public.

President, this remark of mine is not entirely groundless. Members may refer to the news reports in the past few days. There was little coverage on the content of the Budget, which is evident that the public despises the Budget and turns a blind eye to it. Actually, it may be because the Budget is "devoid of substance" that people have turned a blind eye to it.

However, the Financial Secretary will probably deny this comment. He may say that since the Budget has been announced for a month or two, during which came the Easter holiday and the Ching Ming Festival, a lukewarm attitude thus prevails among the public. He will deny my criticism that the Budget is "devoid of substance" and fails to help the general public. This could be one defence for the Government. But the Budget is really disappointing indeed. I am not the only one who says so, for certain surveys and studies may prove this. Members may have noticed that the Public Opinion Programme of the University of Hong Kong has conducted several rounds of opinion polls on the Budget. The results indicated that on the day the Budget was announced, the rating of the Budget was 60.8, but by the end of March, it had dropped to 53.7. The

satisfactory level of the public towards the Budget dropped from 47% at the initial stage to 35% by the end of March. The level of dissatisfaction has increased from 14% at the initial stage to 30%. It is thus evident that people in general are discontented with the Budget and consider that the approaches adopted by the Government fail to address the prevailing needs of society. Actually, Members should have noticed the tenet of the issue is that no effective remedy has been offered in the Budget. The Financial Secretary is just replaying the old tunes and rehatching previous strategies, failing to offer any long-term or short-term measures to address the prevailing problems. Hence, on the whole, the public considers any discussion on the Budget superfluous.

However, I believe the Financial Secretary will not agree with my remarks. The Financial Secretary will surely deny that the SAR Government has done nothing, particularly not so for the Budget this year, for the Government has proposed a lot of relief measures to address the needs and aspirations of the public. President, let us take stock of the situation. In the second half of the year 2008, the world was struck by the financial tsunami which had naturally dealt a heavy blow to the economy of Hong Kong, affecting society and people's livelihood. I believe to date, we are still under the residual impact of the financial tsunami in some measure, and the difficulties faced by the grassroots in employment and living have not been completely solved. Against this background, I definitely will not consider the Government wrong in introducing those relief measures, but I think it should not claim such measures as "benevolent policies", for it should have introduced such measures once Hong Kong was struck by the financial tsunami to alleviate the plights of the people instead of using those measures as the highlights of the Budget.

Actually, a couple of days ago, during a discussion at the meeting of the panel on the granting of additional social welfare assistance, we asked the Government to explain the relationship between the social welfare assistance provided to the grassroots and the financial tsunami, and the impact of the financial tsunami on the grassroots. The government officials at the meeting failed to answer those questions, and they only said that the proposals were made in the Budget. But this offers no solution to the prevailing problems. What kind of predicament are we facing? Actually, it is not a question about the impact of the financial tsunami. One issue that has a greater impact on the grassroots is that they are now facing another round of inflation. If such is the

case, what problem should the Budget actually deal with? It should address the inflation problem in future. But now, the Budget addresses only the problems arising from the financial tsunami — Members in fact understand that, as the Government says, the financial tsunami will soon be over, and as I mentioned earlier, this is only the residual impact. In other words, the relief measures are inadequate in addressing the problems in reality. Hence, if the Government claims that it has made an effort in this respect, it is only evident that the Government has made wrong and inappropriate efforts at the wrong timing. I thus consider the Budget defective.

Another factor which makes me consider the Budget defective is that nearly all the content of the Budget this year is copied from the Budget of last year or the year before the last. This is the third Budget delivered by the Financial Secretary. If Members study the three Budgets in detail, they will find that the same relief measures are introduced in each of the three Budgets, such as "providing an extra allowance" and "giving away candies", and no specific innovative measure, long-term or short-term, has been proposed. So, I do not see how the Budget will bring us benefit. On the contrary, I think the Budget has brought to light a very important problem, that is, the Financial Secretary is very lazy, and he is too lazy to think about the further development of Hong Kong economy in the future.

President, I think those relief measures, even if they can achieve any results, are at best "stopgap" measures that are unable to tackle the root of the problem. These so-called relief measures were already implemented in the past, and the situation will naturally improve in some measure, but still, many problems causing grievances in society remain unsolved. Some of the problems are structural, such as the problem of unemployment, grass-roots poverty, and the disparity between the rich and the poor in society. But still, these problems remain not solved.

Hence, I think the Budget has brought to light the dereliction of duty on the part of the Financial Secretary, as well as the SAR Government as a whole. Actually, to date, Hong Kong still faces deep-rooted conflicts on the economic front as well as in livelihood issues. Many colleagues have mentioned these problems earlier and Premier WEN Jiabao has also raised this point. The Government cannot deny the existence of these deep-rooted conflicts. Insofar as

livelihood issues are concerned, I believe the Financial Secretary may have to admit that the deep-rooted conflicts boil down to two structural problems: poverty and unemployment. However, if the Government still adopts the attitude of sticking to the old rut in dealing with these problems, I am really worried about the kind of impact this will exert on society at large.

I recall that the Financial Secretary mentioned in the conclusion (paragraph 166) of the Budget speech this year that, "As Hong Kong is a small and open economy subject to external constraints, it is inappropriate for us to solve the unemployment and poverty problems through large-scale redistribution of wealth. If we adopt this approach, which focuses on providing high levels of welfare, we will have to overhaul our tax regime and tax rates, weaken wage elasticity and adjustment function of the market, and fundamentally change our well-established mode of economic operation. I don't believe this will be acceptable to our society at large. I believe that in the long run, the fundamental solution to the problems of unemployment and poverty is to promote overall economic growth so as to provide opportunities for wealth creation in the community." These are the concluding remarks of the Financial Secretary in his Budget speech. But how can this address the problems mentioned? He said that by promoting overall economic growth, the problems could be solved in the long run. By now, three years have passed, for the Financial Secretary has been in office for three years, can he tell me which problems have been solved? When we look at the disparity between the rich and the poor today, the situation is indeed deteriorating. I think our situation is not only "ahead" of the United Kingdom but also "catching up" with the United States. In what way should we wait for the poverty problem to be solved by long-term economic growth? I think the Government has indeed failed to deliver. If this should not be regarded as handing in a blank answer sheet, what the only reason is there for us to wait? We can still wait for long-term development in future. We can still wait for 10 years, 20 years and even 30 years more, till the economy really recovers. It is hoped that these problems will be solved easily by then. The only option we have is to wait. However, will these problems really be solved eventually?

In the past decade, Hong Kong has experienced several economic crises, but on the whole, the GDP for the period has increased by 40% and the income and accumulated wealth of the upper-middle class has shown substantial growth.

Precisely, all this reflected the widening of the disparity between the rich and the poor, the worsening poverty faced by the lower-middle class and the grassroots and the increasing difficulties encountered by the grassroots in living. Hence, I consider it completely ineffective to rely on promoting overall economic growth as the fundamental solution to the problems of unemployment and poverty. If the Government really considers this an effective measure, may I ask the Financial Secretary to give me the proof and guarantee that the two major structural problems, employment and poverty, can definitely be solved in times of economic growth? On what scientific evidence can he offer this guarantee?

I hope the Financial Secretary will understand clearly that being the Financial Secretary, his major task is not to exercise control over the finances of the Government, nor be a miser. He has to solve the economic and livelihood problems faced by the public. He is also obliged to reconcile the conflicts in depth and deal with them seriously. I think the Financial Secretary should have done so had he really adopted a people-based and "get the job done" mindset.

President, I surely understand that the Government is not omnipotent. But it definitely should not behave like the incumbent SAR Government, which avoid by all means to deal with the problems of employment and poverty faced by the general public at the structural level.

I reiterate that the Government cannot evade the fundamental responsibilities of promoting the diversification of economy to facilitate employment, stabilizing the wages of grass-roots wage earners and formulating a comprehensive policy to alleviate and eliminate poverty.

Regarding the promotion of diversification of the economy, for the greater part of the past year, the Government has stated repeatedly that Hong Kong has to rely on the four pillar industries and the six industries in which Hong Kong has clear advantages. But regrettably, the Government after all fails to explain whether the "10 major industries" can create on a sustained basis adequate employment opportunities suitable for local grass-roots workers. To date, I believe even the Financial Secretary has to admit that there is no accurate answer, nor positive answer, to this.

President, insofar as wage protection is concerned, the Bill on minimum wage is now under scrutiny. However, Members all understand that the key lies in determination of the minimum wage. Once again, I must warn that if the minimum wage is set at too low a level, where the grassroots cannot earn a living or feed their families, it will only intensify social conflicts and even accelerate the outbreak of social conflicts. The Government must face this squarely. I hope that the Budget proposed by the Government is in line with social justice and can defuse social crises. It should not be so lazy to just deal with certain economic issues in the Budget.

President, I so submit.

MS AUDREY EU (in Cantonese): President, the Financial Secretary is not a teller or an accountant, and a Budget is not simply about preparing the books. A good government should promote the economy, create employment opportunities, foster sustainable social development, provide social security, prevent exploitation, ensure fair competition, plan for such future problems as the ageing of the population and bring about a harmonious and just society.

President, when Mr LEUNG Yiu-chung spoke just now, he queried why the Government chose to announce the proposals for constitutional reform in 2012 today. I wish to tell Mr LEUNG Yiu-chung that there is a reason for this. This time, the Government has really slapped its own face because it likes to tell us the most that instead of talking about democracy all the time, we had better talk about people's livelihood and the most important thing is to talk about the economy. What do we in the Civic Party say frequently to the public in the streets? We query how possibly the livelihood of the public can be protected without democracy. The economy, people's livelihood and democracy are inseparable from political representation and participation. President, I think that in choosing today, when we were just about to debate the Budget, to announce the constitutional proposals for 2012, the Government has really slapped its own face and this also proves that all along, the position and principle maintained by the Civic Party have been correct.

In fact, judging from the constitutional reform proposals for 2012 announced today and the attitude adopted by the Government towards the pace of

developing democracy, it can be seen that the Government is often short-sighted, irresponsible and oblivious to public opinion. Moreover, it is skewed towards the powerful and privileged. We can use the same yardstick to judge this Budget because it also shares the same problem, that is, it is short-sighted and biased in favour of the powerful and privileged. For this reason, members of the pro-democracy camp are having discussions on proposing some amendments in the debate on the Budget next week to address this problem. All of us can see the discontent and conflicts in society and the worsening of the wealth gap. In fact, they attest to the inequality of the political system, the short-sightedness and the skew towards the powerful and rich and the protection of the privileged. All such thinking has been manifested in the Budget.

President, in 2008, when the Budget was being prepared, the financial tsunami erupted, so at that time, it was necessary to preserve the economy and help the business sector. However, having come to this year, Hong Kong has already left the financial tsunami in its wake, so it is certainly necessary to talk about how the Hong Kong economy can be developed, in particular, about the promotion of the six industries and how to ensure the development of the living of the public. However, we can see that the Government still displays the same problem, that is, even when it is handing out candies, it is still doing so with a clear distinction between the rich and the poor. A major problem has arisen in Hong Kong, and many Honourable colleagues have already raised it in their speeches, that is, wealth disparity in Hong Kong is the greatest among all developed regions in the world and its Gini Coefficient is as high as 43.4, higher than 42.5 in Singapore and 40.8 in the United States. The richest 10% of the population own 34.9% of all the wealth in Hong Kong and the poorest 10% can only share 2% of the wealth. According to an estimate by the Hong Kong Council of Social Services, poor people in Hong Kong number as many as 1.23 million.

In addition, a survey published by The Chinese University of Hong Kong recently shows that many Honourable colleagues have also pointed out that the conflicts arising from wealth disparity have a great impact on social harmony. We can see that the harmony index has fallen below the dividing line and risen 2.5% compared with two years ago, standing at 64.4%. Those who consider the contradiction between the public and the Government to be serious account for

56%, a steep increase of 25% compared with two years ago. Those who believe that political disputes have affected social harmony account for 59.2%, an increase of 20.7% over that of two years ago. The survey also estimates that 1.5 million people approve of waging struggles by radical means. In fact, this also reflects the fact that all along, the Government has not listened to the voices in society.

Of late, the issues relating to the post-80s are being discussed in society, that is, young people in Hong Kong think that life is very hard and they do not necessarily see any justice in society. Many tertiary students who completed their education by taking out loans have become heavily indebted upon graduation. Some 15% of these students have defaulted on repayment and over 13 000 people and \$640 million are involved.

When the Financial Secretary took office, in his "Letter to Hong Kong", he talked about "worrying about unequal distribution but not scarcity" but throughout the many years, even when candies were handed out take this year as an example, the rates payable by property owners will be waived for one year at a cost of \$8.6 billion; two months of rent payable by about 700 000 public housing tenants will be waived at a cost of \$1.8 billion; an extra allowance equal to one month of the payment to Comprehensive Social Security Assistance (CSSA) and Old Age Allowance recipients will be given to the recipients at a cost of \$1.8 billion and a subsidy of \$1,300 for Internet access charges will be offered to each family receiving CSSA with schooling children. Members can thus see that even when handing out candies, the foregoing measures have done little to alleviate the problem of wealth disparity in society, not to mention promoting fair competition. When Mr Ronny TONG was running in the Legislative Council elections, he originally intended to focus his efforts on promoting a fair competition law but all along, he has met opposition from functional constituencies, so we have yet to succeed in taking this matter forward.

The most lamentable thing is that it is not because the Government has no money. If it had no money, it could cite this pretext for not taking those measures that will enable Hong Kong to become a harmonious and just society. However, as at the end of March this year, the fiscal surplus of the Government stood at \$508.2 billion and it is expected that by the end of March next year, the fiscal reserve will stand at \$483 billion, which is equal to 18 months of public

expenditure. When Antony LEUNG was the Financial Secretary back in those years, he said that it was enough for Hong Kong to have 12 months of public expenditure as the fiscal reserve. Now, we have 18 months of fiscal reserve but the Financial Secretary says that he does not take such a view. All in all, the reserve is increasing. The foreign exchange reserve also stands at US\$258.2 billion, which is equal to HK\$2,002.5 billion, so we have adequate ammunition in reserve. However, we cannot see the Government introduce measures to cope with the problem of an ageing population, assist in the promotion of the six industries or improve the environment by taking advantage of the surplus and the adequate reserve.

President, I have proposed an amendment relating to immigration and later on, there will also be an opportunity to debate the issue of property prices, so on this occasion, I wish to focus on environmental protection. The Civic Party believes that green economy is closely related to a just society, so in respect of this year's Budget, that is, when we met the Financial Secretary in December last year, we submitted a very clear proposal entitled "A Green Economy, A Fair Society" to him. This is because environmental protection is also related to a just society and the health of Hong Kong people is certainly related to economic development, that is, whether or not we can attract inward investments.

According to our calculation, the loss in terms of public health and financial cost incurred by air pollution is as high as \$2 billion and each year, 1 100 people died from air-pollution-related diseases and the hospital bed days involved was 78 000 days. The number of medical consultations was over 6.2 million and on average, three persons die from air pollution each day. These health problems have beset Hong Kong society for many years and recently, in March and April, an instance of sandstorm and low visibility occurred, so the condition of Hong Kong's peripheral environment is becoming increasingly unbearable. However, fresh air requires investments and it is necessary to propose appropriate plans and measures in the Budget to tackle this issue, instead of shifting the blame to the industries on the Mainland or the sandstorm all the time.

Concerning the air quality objectives, the SAR Government has discussed them for many years but the objectives adopted two decades ago are still in use. Although the Government said recently that a review would be conducted, we

still have to urge the Government to do so in the Panel on the Environment each month. So far, the authorities have not yet submitted any report. The measures on green economy announced by the Government lack originality. For example, the Cleaner Production Partnership Programme and the Harbour Area Treatment Scheme Stage 2A are all old items. Although the Government has also introduced some new initiatives, for example, the \$300 million Pilot Green Transport Fund, the emphasis is on technological research rather than the replacement of old buses. Mr Jeffrey LAM said in his speech that it was not environmentally-friendly to replace all buses at one stroke. President, even if the replacement were to begin now, the buses could not all be replaced at one stroke and the procurement of buses will take three or five years. In fact, each day, in Central, Causeway Bay and on Nathan Road, commuting members of the public are all breathing in the fumes discharged by these old buses and this definitely affects our health. For this reason, the Civic Party proposes that a clean air fund be established and discussions on how to replace buses with environmentally-friendly ones be held with bus companies as soon as possible.

In the policy address three years ago, the Government said that \$3.2 billion would be spent on subsidizing the replacement of Euro I and pre-Euro vehicles. At that time, the number of such vehicles stood at over 70 000, but I do not know why the number has now dropped, standing at just some 50 000. Even so, when the scheme finally ended on 31 March, only 14 000 vehicles had been replaced and some \$200 million was left. Now, the Government will again launch a \$540 million scheme to subsidize the replacement of Euro II commercial diesel vehicles. However, we know from Ms Miriam LAU's speech just now that she does not think this scheme would work. Concerning old vehicles, the Civic Party proposes that the approach of "carrot and stick" be adopted. Of course, an increase in licence fees can be considered, but there should also be appropriate incentives. For example, in respect of existing licences, since vehicle owners may not be able to afford new vehicles or there may be technical problems, the Government can consider buying their vehicles. Therefore, the Government should actually offer a package of proposals for them to choose from. Unfortunately, the vigour in this regard is inadequate.

The greatest source of pollution in Hong Kong is electricity generation. Since the gas supply from Yacheng is decreasing, the proportion of coal firing has

increased by 44.5%. As a result, emissions of sulphur dioxide, nitrogen oxide and suspended particulates have increased by 20%, 6% and 30% respectively when compared with 2008 and the emission of carbon dioxide has also increased by 6%. President, in fact, there is no measure in the Budget to solve the air pollution problem in the short term, or even in the medium term.

When the Government announced its nature conservation policy in 2004, it said that 12 sites had been identified for public-private partnership but so far, nothing has been done with regard to any one of them and I have also asked the Government about this a number of times. No provision has been made in the Budget, so it is up to the land owners of sites with ecological value to resolve this matter by themselves or co-operate with the business sector. If the Government does not allocate funds, it is practically impossible to carry out conservation.

In addition, in view of our discussion on the drought on the Mainland and since the water pipes in Hong Kong have been leaking for many years, leading to a waste of as much as 20% of potable water each year, this is an issue that requires our prompt action, something behind which the Budget should throw its weight by means of fund allocation. There is also the issue of waste disposal. Last year, the cost of collecting one tonne of refuse by the Food and Environmental Hygiene Department stood at \$200 and the cost of transporting it to the landfills for disposal was \$344, adding up to a total of \$544. Last year, the landfills received 4.86 million tonnes of waste, so this means that we spent \$2,643,840,000 on disposing of the waste. President, regarding the proposals of the Civic Party on job creation by recruiting waste reduction ambassadors, setting up flea markets in the 18 districts and promoting green energy-saving products, the Financial Secretary has adopted none of them.

President, recently, I was interviewed by an English television channel. The host asked why, since Hong Kong people were so concerned about air pollution, the Government had not introduced any policy. Was it because Members of the Legislative Council had voiced opposition and stood in the way? In fact, it is because the Government does not have enough political support and since it is not popularly elected that often, such efforts can get nowhere.

DR SAMSON TAM (in Cantonese): President, the Budget that we have to pass every year actually affects all the 7 million people in Hong Kong. For this reason, I have been wondering how we can enable more people to participate in Budget discussions. The reason is that unlike all of us here, many people do not have any opportunities of direct dialogues with the Financial Secretary and Bureau Directors. I maintain that as a bridge linking the Government and the public, we Legislative Council Members must do our utmost in this regard. Consequently, I have been pondering on how I can make use of a new channel this year in addition to the conventional ones, namely the Internet as a platform of giving audience to more voices. Therefore, since the Financial Secretary's announcement of the Budget, I have been running a Facebook discussion group. The operation of the discussion group has attracted many responses from the public, indicating that many people are very concerned about this matter. I have thus been able to learn of their major concerns instantly, such as those relating to housing, the wealth gap and opportunities for the youth, which many Members have mentioned.

I have discussed the housing issue with many friends. All of them agree that unreasonably high property prices and the asset bubble will actually pose very great dangers. This explains why many friends and members of the public maintain that it is necessary to resume the construction of Home Ownership Scheme (HOS) flats, and they hope that the Government can give serious thoughts to this proposal.

And, what is the root cause of the wealth gap? I hold that one of the causes is the emphasis of our economic system on financial activities. There is nothing wrong with financial activities because they can generate and create wealth for us. But financial activities are heavily reliant on "using money to make money", and capital gains may even become the sole means of wealth creation. This is no long-term approach. Consequently, the Government should really consider how we can develop the real economy, so that Hong Kong can continue to create wealth. As for how we should distribute the wealth thus created to those in need, I think that the setting of a minimum wage which we are discussing and the handing out of "candies" are both necessary.

President, in early March, I put forward 53 questions on the Budget. Most of these questions are about innovation and information technology because I am

concerned more about these topics. I placed all these questions in the discussion group very quickly, and I noticed that members of the public studied them all very carefully. Members of the public were not the only ones who did so. Even government officials from various Policy Bureaux and departments also had first-hand information about what questions I would put forward. Usually, I will inform the Legislative Council Secretariat of my questions, and the Secretariat will relay them to those concerned at various levels. This may take about one week. I found that some government officials would obtain first-hand information through the Internet, and in this way, they would know the questions I wanted to ask and could thus make preparations well in good time. I placed the Government's replies on the Internet in late March, and I received many responses. Apart from using the Internet, I also invited the relevant Bureau Directors to meet with the industry participants. On that day, nearly 100 people turned up. It is this evident that the public and the industry all want to have more communication with the Government, so that they can reflect their views direct. That is why I have led a group of people from the sector to meet with the Commissioner, that is, the Commissioner for Innovation and Technology and also the staff of the technology office. To sum up, people from the information and communication technologies (ICT) sector have put forward several recommendations on assisting in improving the overall economy.

The first recommendation is about the provision of software and hardware infrastructure for the ICT sector. I think that every year, Dr Raymond HO is very concerned about whether \$20 billion, \$30 billion or \$50 billion is to be spent on infrastructure construction. And, on my part, I very much hope that the Financial Secretary will not ignore the infrastructure provision I have just mentioned. Works projects on bridges, the airport and piers are naturally desirable, but in an information- and knowledge-based society like Hong Kong, it is all the more necessary to provide the software and hardware infrastructure. What kind of infrastructure am I referring to? We in the sector have been advocating the following: encouraging people to use Hong Kong as a "landing point" for more underwater cables; providing more ancillary facilities for the establishment of large-scale data centres, and the penetration of optic fibres in all Hong Kong households, so that all people can enjoy equal access to information. Besides, the Internet has definitely become the dominant mode of communication, with many countries recognizing its significance and investing resources in its development. Admittedly, the Government cannot possibly

invest directly in the provision of such infrastructure, but I do hope that it can still render its support and assistance, so as to make more people willing to make investments. That way, Hong Kong will not lag behind other countries in terms of such infrastructure.

As for the Government's internal application of information technologies, there is in fact much more room for improvement in various aspects, such as security, education and health care. Recently, Mr CHEUNG Kwok-che and I have advised the Secretary on how to proceed with online social work. If we are to do a good job in social work, we must realize that even if several hundred, or several thousand, social workers are employed, it will still be not enough, the reason being that many young people are reluctant to reach out for any contact. Therefore, the authorities should explore how to train up online social workers and make them well-equipped, so that our young people can be reached in appropriate ways. I think the Government should make good use of information technologies and exert more efforts in this regard. This is just one example.

The second concern of the ICT sector is the establishment of the next-generation Internet. Time really flies, and it has been some two decades since the adoption of the Internet in Hong Kong, first in universities. These days, the whole world is discussing the next-generation Internet. The present attitude of the Governments seems to be that the matter is simply none of its business, because efforts should be made by the sector itself. Therefore, very often, we can see that while efforts are being made in other countries with an extreme sense of urgency, there is still no progress in Hong Kong. I am very concerned and worried about this. What is the next-generation Internet? It is about the technologies and resources relating to Internet Protocol version 6 (Ipv6). Many neighbouring places have made very good efforts in this regard already.

I hope that the SAR Government can show commitment to this aspect. As an international financial centre, as a digital city, it has potentials of developing itself into a data centre in the future. Since the laws of Hong Kong are different from those of the Mainland, Hong Kong can definitely turn itself into an international communications hub and develop the next-generation Internet. But what investments has the Government made in this new economy? I hope that the Government can make investments in scientific research and development (R&D). Or, it may increase the funding for co-operation with universities, so

that the fruit of R&D can be applied to cope with Hong Kong's economic restructuring as soon as possible.

The third concern of the sector is digital inclusion. In this regard, the Financial Secretary has made a response in the Budget, proposing to provide a household subsidy of \$1,300 for Internet access charges. I think this is definitely a good proposal, one which can help 300 000 families. Apart from providing assistance to the families concerned, this move can also assist the education sector in implementing e-learning in the future. This is definitely a good proposal. However, it is not easy to provide support for these 300 000 families. The authorities must find out why these families do not use the Internet. Is it because they do not have any computers? Or, is it because they simply do not want to use the Internet? I think the Government must find out the reasons as quickly as possible, with a view to finalizing the support measures.

Regarding digital inclusion, it must be said that while good efforts have been made in respect of education (for young people), the work in other areas is very unsatisfactory. A research report recently published by the University of Hong Kong shows that the proportion of elderly persons and persons with disabilities in Hong Kong who used the computer and the Internet in the past five years was only 10%, and the percentage never showed any increase. Why are elderly persons and persons with disabilities in Hong Kong denied opportunities of using the computer? Regarding this question, the Government must really make some efforts. I believe that those in Hong Kong who are computer and Internet illiterate will surely be denied many of their legitimate rights, such as the rights of receiving information and expression. Therefore, I hope that the Government can really allocate funding and earmark sufficient funding in the Budget for enhancing training and support, with a view to developing Hong Kong into a digital city where all can enjoy equal participation.

The sector's fourth concern is the career prospects of the talents concerned, because the progress of a place must depend on talents. It is certainly true that there are quality universities and educational institutions in Hong Kong which can nurture large numbers of software and hardware talents. Regrettably, we have been told by the sector that it has observed a gradual brain drain from the ICT sector. Why? Many young people will start working in society right after graduation, but many organizations may not necessarily want to recruit fresh graduates, so people with several years of working experience can secure

employment very easily. As a result, those fresh graduates who cannot find any jobs will switch to other occupations or jobs that are not related to their professional training. I think that this will lead to a wastage of the quality professional personnel trained up by universities in Hong Kong. I therefore hope that for the sake of the development of the sector, the Government can provide graduates with in-service training. The Government may also employ them for periods of three to six months, so that more training can be provided to them. Or, a career progression ladder may even be established to induce young information technology personnel to join the sector.

President, the four points mentioned are what the ICT sector expects of the Government. Actually, the impacts of ICT are not confined to the sector itself. More importantly, ICT or the Internet will affect the whole world, many countries and places, and it will also affect their societies, economies, education and people's livelihood. In the future, the power of the Internet will only increase. As a government with vision and a sense of responsibility, the authorities should conduct some early studies, so that before the impacts of the Internet are felt by society, some new measures can be implemented to cope with the future changes of the world.

In this connection, I would like to raise two points. The Internet will surely lead to the emergence of a net generation, a generation of young people born and raised under the influence of the Internet. The next generation of young people will certainly want to participate in social affairs as e-citizens, which is why the governments of many countries and places have made room in their future planning for implementing e-citizen participation and interactive government. As a matter of fact, with the prevalence of the Internet, the population of e-citizens is growing. They all hope to participate directly in discussions on government policies through the electronic media. Hong Kong is rather backward in this regard. Many countries have already formulated their public information access policies, but Hong Kong has not drawn up any. This explains why Policy Bureaux can decide at will whether they are going to publicize any information on the Internet. In the absence of any information, members of the public are unable to discuss government policies and offer their advice. I therefore think that the Government should expeditiously explore how Hong Kong should formulate a public information access policy.

And, how can we materialize e-citizen participation? I observe that some Under Secretaries have recently started their activities in the Internet world. This is good. However, instead of leaving any Under Secretary or departmental staff to fight a lone battle on the Internet, the Government should really appoint a person or a certain department with special responsibility for enforcing an integrated policy. The reason is that it is not at all easy for any government official to fight a lone battle on the Internet. The Government must always play a unique role here. I maintain that the Government must play the role of overall co-ordination in deciding their extent of participation. Only in this way can it answer the aspirations of the people in the Internet world. The Government needs not worry about the Internet world. The Internet world may sound very terrible, but when there are more interaction and discussions, online channels can certainly enable the Government to benefit from the collective wisdom of society, thus making its policies better heed public opinions.

Speaking of the second point, I believe insofar as the social impacts of the Internet are concerned, apart from e-citizen participation and the demand for opening up the Government, the last point is about Internet economy. With the Internet economy, the world has become increasingly flat, and competition has grown keener and keener as a result. For historical reasons, there are many small and medium enterprises (SMEs) in Hong Kong. These enterprises can actually make use of the Internet as a means of gaining a leading role in the global market. Regrettably, among all the enterprises in Hong Kong, only large enterprises, such as banks and financial institutions, have made use of the most advanced ICT in the world. SMEs and small enterprises generally do not have the knowledge and means to make use of state of the art technologies. I therefore think that if the Government does not explore how to induce and help SMEs to apply information technologies and to invest in R&D, such enterprises may well be eliminated in future.

As for the 10% research and development cash rebate recently introduced by the Financial Secretary, I think the proposal is very much welcomed by the sector. Although we originally hoped that the authorities could offer a tax rebate, we still think that the 10% rebate is after all a good beginning. Besides, many in the sector also hope that the authorities can appropriately relax the restrictions attached to this new measure, so that more enterprises can take part. In other words, they hope that participation in the scheme will not be confined to co-operation with universities.

Finally, regarding the Budget as a whole, we hope that while handing out "candies", the Government can also invest in the future, so as to enable Hong Kong to create more wealth. I believe that only a government which does so can call itself a government with commitment and a government that makes the most effective use of public money.

President, I so submit.

MR WONG TING-KWONG (in Cantonese): President, to begin with, I wish to say a few words on handing out "candies" and long-term development. In recent years, there has emerged a demand in Hong Kong society, a demand that there must be "candies" in every Budget. And, not only must "candies" be handed out but they must also be given in large quantities to benefit everybody. The handing out of "candies" seems to have become the only yardstick of appraising a Budget.

Over the past two financial years, the Government has spent more than \$87.6 billion on the implementation of various relief measures. Including the measures proposed this year, nearly \$110 billion has been spent. Such relief measures include tax rebates, rates waivers, rent waivers for public housing tenants and "double pay" for recipients of Comprehensive Social Security Assistance (CSSA) and the "fruit grant".

I think that apart from focusing on relieving people's plight, we must also strive to boost Hong Kong's economic development. It is only in this way that we can upgrade Hong Kong's overall wealth creation ability, thus making it possible for everybody to have a job and maintain their living, rather than turning to the Government for help all the time.

I hope that in all our future discussions on Budgets, we can focus more on Hong Kong's long-term development, rather than always dwelling on the handing out of "candies". I am of the view that the Budget this year is still marked by inadequate treatment of economic revitalization and the formulation of long-term development strategies.

Second, I wish to discuss the establishment of funds and the provision of industry assistance. I do not know whether the Government has ever considered the idea that in the course of promoting the development of new industries, it can follow the example of the Beat Drugs Fund and set up industry development funds. Each industry development fund can be given a one-off capital injection for making investments. In this way, these funds can make investment returns, and with the annual investment returns, these funds can assist eligible industries in their development. The forms of assistance can be grants, low-interest loans and equity injection. By investing in a number of projects with potentials, risks can spread. This can make good use of Hong Kong's huge fiscal reserves on the one hand and promote its sustainable economic development on the other.

Third, I wish to say a few words on revitalizing factory buildings as a means of assisting in the development of emerging industries. The revitalization of factory buildings is a proposal put forward by the DAB some time ago. We hold that since there are many vacant factory buildings in Hong Kong, the revitalization of old factory buildings will be an effective means of releasing land and fostering the development of various industries and the economy. These days, property prices have been soaring, causing a drastic rise in the rents of shops and offices, too. Therefore, rent increases are not a problem faced only by cultural and creative undertakings. Rather, it is a common problem confronting many developing new industries. The SAR Government should adopt a concessionary land grant policy for the industries it wants to promote. It should proactively roll out more measures and copy the example of the Urban Renewal Authority, using public-private partnership as a means of inducing owners intent on conversion to lease eligible enterprises of new industries some floor areas at preferential rent levels. Or, it may even purchase factory buildings for conversion, set up something similar to industrial estates, and then rent the premises to enterprises of new industries, such as cultural creative industries, testing and certification services and innovation and technological research services.

Fourth, I also want to discuss the issue of assisting the development of testing and certification services. Earlier on, the Hong Kong Government put forward the idea of promoting the development of six industries in which we have clear advantages, and the testing and certification services are one of them.

There are indeed many problems with the further development of testing and certification services in Hong Kong.

At present, outside organizations, including Hong Kong organizations, intent on carrying on testing and certification business on the Mainland must apply to the relevant authorities for a testing and certification certificate. But it is very time-consuming to apply for such a certificate. The whole process spanning from filing an application to eventually establishing a laboratory may often take three to five years. The laws of the Mainland also require an applicant to possess international testing and certification qualifications for at least three years in its country of origin. And, the amount of investment in the Mainland must not be less than US\$350,000. In addition, two thirds of the technical personnel of a laboratory are also required to pass the certificate examination for chemical personnel of the Mainland. Can our SAR Government consider the possibility of requesting the Mainland authorities to lower the threshold for operating testing and certification services on the Mainland, so that qualified Hong Kong organizations can also engage in testing and certification services on the Mainland, in addition to providing testing services in Hong Kong for Mainland products to be sold overseas?

What is more, according to the requirements, even if a Hong Kong laboratory can obtain the qualification concerned, it can only carry out testing for export goods. Anyone who wishes to provide testing services for products to be sold domestically must first obtain the "China Compulsory Certification" mark, commonly called the "CCC" mark.

With China's economic development and the Mainland's active attempts to expand its domestic market, many consumer goods have been imported into the Mainland. The resultant market for testing services is very large. Our SAR Government should negotiate with the Mainland authorities on permitting Hong Kong testing centres to provide testing services for products sold in the Mainland and on granting recognition to the testing and certification reports issued by Hong Kong testing centres, so as to provide Hong Kong with more business opportunities. This is also good to the Mainland. This can enhance consumer protection on the Mainland and promote the progress and further development of Mainland testing and certification services. Besides, the adoption of common international testing standards will upgrade China's international image.

The DAB is of the view that Hong Kong may request the Mainland to select Guangdong as the first trial point of permitting Hong Kong testing centres to provide testing services for products to be sold domestically. As for places outside Guangdong, joint ventures should be encouraged, so as to enable Mainland and Hong Kong testing centres to join hands to provide testing and certification services for products sold on the Mainland. In addition, more training programmes for testing and certification personnel should be offered, and testing and certification firms should also be permitted to station in the Science Park of Hong Kong, so as to give them a larger supply of more suitable and cheaper sites. Assistance should also be offered to Hong Kong laboratories in conducting promotion activities in foreign countries, so that they can expand their local and overseas business.

Next, I wish to discuss how the SAR Government can assist Hong Kong businessmen in gaining entry to the domestic sales market of the Mainland. The DAB recommends the holding of a large-scale promotion function in the Mainland, which may be called "Hong Kong Goods and Services in China". Promotion and exhibition stalls may be set up in the exhibition centres of major Mainland cities such as Beijing, Shanghai, Chengdu, Xian, Wuhan and Guangzhou, so that different types of Hong Kong companies can take turns to rent the stalls in such exhibition centres for the purpose of holding short-term promotion activities for their brands. On the one hand, this can enable Hong Kong companies to step up their promotion activities and increase the sale of their goods and services in the various cities and provinces of the Mainland, thus widening their sales network and establishing recognition of their brand names over time. At the same time, Hong Kong companies can also acquire more knowledge of the demands and tastes of Mainland buyers to facilitate their research and improvements. On the other hand, Mainland buyers will also have access to some relatively centralized venues in Mainland exhibition centres where they can get to know different Hong Kong brand names and make purchases more easily, thus reducing the time which must otherwise be spent on going to Hong Kong for trade negotiations. Besides, consideration may also be given to establishing long-term exhibition and distribution centres for Hong Kong products in cities with stronger radiating power (such as Wuhan and Guangzhou) one by one and also the creation of an online distribution platform, with a view to assisting Hong Kong enterprises in setting up permanent Mainland sales distribution channels, establishing their respective brand images, and gaining a further foothold in the domestic market of the Mainland.

Next, I wish to say a few words on constructing a large brand-name factory outlet near the airport for visitors. Recently, a consortium has put forward a proposal to the Government on constructing a large two- or three-storey brand-name factory outlet on a site between Asia World-Expo and SkyPier near Chap Lap Kok Airport. The estimated size of the factory outlet will be something like 50 000 sq m, and it is expected to attract more than 300 world-famous brand names and more than 10 million visitors a year.

This proposal happens to be exactly the same as the one put forward by the DAB in 2006. At that time, the DAB recommended that under the concept of a bridgehead economy associated with the Hong Kong-Zhuhai-Macao Bridge, thoughts might be given to the development of a large duty-free zone for visitors which included a large brand-name factory outlet.

In the next few years, a number of infrastructure projects linking to Chap Lap Kok Airport will be completed one after another. They include the Hong Kong-Zhuhai-Macao Bridge (HZMB) and the Hong Kong-Shenzhen Airport Rail Link. All this will make transportation to and from the Chap Lap Kok Airport very convenient. Therefore, the proposed factory outlet will surely attract shoppers from all over the world. What is more, there are already many famous tourism spots near Chap Lap Kok Airport. Once the proposed factory outlet is constructed, the sightseeing experience of visitors will be greatly enriched, and the place will thus become a famous shopping landmark of Hong Kong. This will enhance Hong Kong's image as a world city on the one hand and raise the efficiency of the HZMB on the other.

Although the idea can bring many benefits to Hong Kong, the Secretary for Transport and Housing and the Airport Authority have both refused to accept the construction of the factory outlet on the ground that the commercial land to the east of the airport must be reserved for the provision of transport facilities in support of the Boundary Crossing Facilities on the artificial island east of the HZMB. But, can the Government identify another site more suitable for the construction of a factory outlet?

In the following part of my speech, I shall point out that innovation and technology has not been given due attention. Innovation and technology is one of the six Hong Kong industries in which we have clear advantages, but the

Budget has not accorded any importance to it. The measures put forward are not only fragmented but also devoid of any long-term planning perspectives. When compared with the measures in Singapore, all the support and financial concessions mentioned in the Budget are just negligible.

The Government should capitalize on the policy of early and pilot implementation and even the recently concluded Framework Agreement on Hong Kong-Guangdong Co-operation, so as to assist the innovation and technology sector in opening up the market of Guangdong and even that of all the 1.3 billion people of the entire country.

At present, small and medium enterprises (SMEs) which want to enhance their efficiency and competitiveness need to purchase additional information technology products on a continuous basis. But they are faced with the difficulty of having inadequate government support. At present, there is only the SME Loan Guarantee Scheme to assist SMEs in purchasing new IT products. However, the financial assistance under the scheme is very limited. And, since new IT products keep emerging, many SMEs often lag behind others in terms of IT equipment. In the present Budget, the Government continues to ignore the relevant needs of SMEs, much to the disappointment of the sector.

The achievement made by the movie "Echoes of the Rainbow" is good proof of the significance of the financial assistance provided by the Film Development Fund.

Admittedly, the production budget under the Film Development Fund has been raised to \$15 million, but given the existing film production standards, an amount of \$15 million is not even enough to cover the pre-production costs of a 3-D film. If the local film industry is unable to have adequate technological and financial support, it will be severely limited in its attempts to open up new markets. It is indeed necessary to review the role of the Film Development Fund in providing assistance to the film industry, so as to find out whether we should limit financial assistance to medium-to-low cost art films while failing to give any impetus to the development of the local film industry.

Finally, I wish to talk about the Framework Agreement on Hong Kong-Guangdong Co-operation and the inclusion of the trial zone of Hong

Kong-Guangdong co-operation in the National Twelfth Five-year Plan. In this year's Report on the Work of the Government, Premier WEN Jiabao stated, "We will conscientiously implement the Outline of the Program for Reform and Development of the Pearl River Delta, vigorously promote the construction of the Hong Kong-Zhuhai-Macao Bridge and other major cross-boundary infrastructure projects as well as the development of Zhuhai's Hengqin Island" (*The buzzer sounded*) Thank you, President.

MR IP WAI-MING (in Cantonese): Undeniably, the building of a harmonious society is the common aspiration of many Hong Kong people. It is also the policy objective of the SAR Government in recent years. However, the findings of an opinion poll entitled "Social Harmony in Hong Kong 2010" published by The Chinese University of Hong Kong earlier on confirm that Hong Kong is not a harmonious society, and it is still marked by very acute and deep-rooted conflicts such as the disparity in wealth. Insofar as the Budget this year is concerned, assistance for the grassroots is admittedly given some sort of treatment, but there is still a long way to go before they can be provided with adequate protection to narrow the wealth gap and bring forth genuine harmony. It is small wonder that some have remarked that this is a Budget which has been brushed aside, forgotten by people.

Let me now discuss the plight of young people. At present, young people in Hong Kong face many different challenges and difficulties. The greatest concerns are their difficulties in securing employment and purchasing their own homes.

Regarding employment, we have heard many graduates lament that graduation is the same as unemployment. The unemployment problem faced by young people has along been a major concern of society. Their unemployment rate is often among the highest, and we can notice that their unemployment problem has been showing a trend of escalation in recent years, coming to affect those with high academic qualifications as well. According to the figures of the Census and Statistics Department, in the past three years, more than 10 000 young people with tertiary academic qualifications were unemployed. This can show the gravity of the problem.

Even young people with high academic qualifications are faced with such a situation, and we must not forget that there are still many young people with low income and academic qualifications. Their situation may be even worse.

Some grass-roots young people want to pursue further studies, but they are unable to pay the required tuition fees, thus denied any alternative avenues. They may learn some theories after completing various courses, but since they do not possess any skills, they may still find it difficult to land any jobs.

The Budget says, "We will step up our efforts to help young people with special employment difficulties. The Labour Department will launch a targeted employment programme under which non-governmental organizations will provide training and internship for 12 months to young people, aged between 15 and 24 with low educational qualifications, who need special assistance because of emotional and behavioural problems or learning difficulties. The programme will provide 500 places." But are there only 500 non-engaged young people? What is more, why should they be labelled as people with emotional and behavioural problems or learning difficulties? Is the direction followed by the Government really correct?

While encouraging continuing education, has the Government put in place any suitable support and assistance measures? And, having a job is not necessarily the end of all problems. Many young people must work in the same posts for prolonged periods, but they do not have any promotion prospects. In the end, they cannot achieve any progress.

On the other hand, young people face even greater difficulties in buying their own homes. According to the statistics of the Joint Institution Job Information System (JIJIS) for the latest quarter, the monthly salary of 70% of the jobs in the JIJIS is less than \$10,000. On the basis of this income level, it can be concluded that in the absence of any family and government assistance, it will be totally impossible for most young people to buy their own homes. And, also due to the pressure of repaying student loans, young people will not dare to think about buying a home in the very first place.

Since the prices of private residential properties are so high, young people who do not have the means will consider applying for Home Ownership Scheme

(HOS) flats and sandwich-class housing. But they are similarly denied any "admission tickets". Earlier on, when the Hong Kong Housing Society put the last batch of surplus sandwich-class housing units for sale, an over-subscription rate of 400% was recorded, showing the very strong social demand for this type of housing and highlighting people's current difficulties in home ownership. Under such a situation, the chances of young people being successful in their applications will be even slimmer than winning the Mark Six Lottery. And, how about applications for public rental housing? They may also need to wait for prolonged periods. For all these reasons, I advise the Government to resume the construction of HOS flats and squarely address young people's housing needs.

Next, I wish to discuss inflation and the livelihood of grass-roots people. Since the outbreak of the financial tsunami, the Hong Kong economy has to meet severe challenges, with many enterprises closing down and the unemployment rate rising incessantly. This has greatly affected the livelihood of the grassroots. By now, the economy has slightly recovered after surmounting many difficulties, and there are signs of improvement. But the various utility companies have started to increase charges one after another. Electricity tariffs, town gas charges and transportation fares have all gone up. There seem to be just mild increases here and there, but when all the increases are added, the sum is not at all small. The appreciation of the Renminbi and the price increases of staple and non-staple foods have also added to the plight of low-income people in Hong Kong. Inflation has increased their burden of living directly.

It is a pity that the government resources devoted to this area are still inadequate. And, no long-term and effective policies have been put in place either. As a result, the problems of poverty and working poverty have both worsened. The setting of a minimum wage level has been discussed for a very long time, but there has been no decisive action yet. We therefore hope that the Government and government officials can speed up the progress of formulating a minimum wage level, so as to provide appropriate protection to the livelihood of the broad masses of workers.

When it comes to transportation support, President, the labour sector and I have been repeatedly urging the Government to lengthen the Transport Support Scheme (TSS). What we want to see is not only the lengthening of the TSS

which offers direct subsidy to grass-roots people seeking employment. We also hope that the TSS can be extended to all the 18 districts in Hong Kong, so that all elementary wage earners in Hong Kong can benefit. The previous TSS was very harsh, in the sense that it was restricted to job seekers living in the four districts of the Outlying Islands, Tuen Mun, Yuen Long and the North District. The underlying rationale of this Scheme is that people living in these four districts must pay high fares for commuting between their homes and the urban areas. But people living in nearby districts, such as Tai Po, also need to pay high fares for commuting to the urban areas and crossing the harbour. But they are excluded from the Transport Support Scheme. Moreover, people living in remote areas do need to pay high fares for journeys to urban districts, but are the fares from the urban areas to remote areas any less expensive? Therefore, the TSS should be extended to all districts in Hong Kong. The application period under the TSS already expired as early as last year. Originally, Secretary Matthew CHEUNG said that review findings concerning the TSS would be available in January this year, but the review has been delayed again and again. At a special meeting of the Finance Committee, in reply to Mr WONG Kwok-hing's question, Secretary Matthew CHEUNG said that the review could be completed at the end of this year. I hope that the Secretary can really honour his undertaking this time around, rather than stealing time from the grassroots once again.

In regard to residential places, President, I would also like to say a few words. At a special meeting of the Finance Committee, Secretary Matthew CHEUNG said, to this effect, "We will allocate \$160 million to provide a total of 1 087 additional subsidized residential places for the elderly, including 818 nursing home (NH) places. Of this sum, additional recurrent funding of \$93 million is for providing about 740 additional subsidized NH places by increasing the ratio of NH places in existing contract residential care homes for the elderly (RCHEs) and purchasing vacant NH places from self-financing NHs and RCHEs." But we hold that the additional places are just a drop in the bucket, far from being able to cope with the demand for residential places of our ageing population. According to the statistics of the Social Welfare Department (SWD) on its website, subsidized residential places and the improved bought-place scheme only account for 32% of all residential places. In other words, many elderly persons can only be admitted to private RCHEs. But the

quality of individual private RCHEs varies a great deal. The Government's reliance on the Residential Care Homes (Elderly Persons) Ordinance as a means of regulating private residential care homes has long been criticized by people. Besides, the SWD's monitoring is also severely inadequate. According to the reply given to me by the Administration at the special meeting of the Finance Committee, the Contract Management Section under the SWD has a staff of eight persons only. How much resource has the SWD devoted to the day-to-day monitoring of RCHEs?

Recently, the Hospitals, Clinics and Nursing Workers Union and I held a press conference to disclose the shortage of manpower in private RCHEs. In order to cope with the regular inspections of the SWD, some residential care homes may deploy nursing workers from other homes, or they may offer high pay to employ some "extras" to cope with inspections. And, many residential care homes also employ imported workers at low costs and suppress the wages of local nursing workers. All this can show the loopholes in the SWD's present monitoring system. Therefore, I maintain that the Government must ensure the "surprise" nature of its inspections, step up its monitoring efforts and allocate more resources for increasing the number of subsidized RCHEs. In regard to nursing workers, we hope that the Administration can forbid private residential care homes to import any workers. Only in this way can the wages of local workers be raised. Moreover, the number of working hours per day for nursing workers should be limited to eight. We also hope that the Government can step up its inspections to ensure the quality of residential care homes. In addition, we further hope that the Government can consider the possibility of enhancing the support for private RCHEs.

President, at present, low-income earners are still brushed aside by society, unable to extricate themselves from poverty. The unemployment rate of young people is still very high, and there are no opportunities of upward social mobility. "A home for the aged" is still very much an extravagant hope. If the situation continues, social grievances will only increase, splitting our society apart. We therefore urge the Government to squarely address the matter and allocate additional resources for preventing any deterioration of the problem and restoring social harmony for the people. We hope that the Government's talks about

harmonious government are not mere empty talks. Rather, we hope that all such talks can be translated into concrete actions.

President, I so submit.

MS STARRY LEE (in Cantonese): President, with globalization, Hong Kong faces increasingly intense competition from various economies all over the world and within the region, and whether Hong Kong can maintain its edge is really worrying. In the Global Competitiveness Report 2009 recently published by the World Economic Forum, same as last year, Hong Kong is ranked the 11th out of 133 countries or regions, but the competitiveness of our imaginary rival, Singapore, has obviously increased, for it has risen from the fifth to the third now. Although Hong Kong has managed to maintain its ranking, in comparison with the rapid development of peripheral countries, Hong Kong evidently needs to ponder over the matter because we must move forward or we will fall behind.

A few points in the report give the SAR Government much food for thought. It is stated in the report that, compared with Singapore, Hong Kong is ranked the 28th in innovation while Singapore is ranked the eighth. In respect of technological maturity, Singapore is ranked the sixth while Hong Kong is ranked the ninth. On the education front, Hong Kong is obviously lagging behind Singapore; and in respect of tertiary education and training, Singapore is ranked the fifth while Hong Kong is ranked the 31st.

The main reason why Hong Kong can maintain its ranking at the 11th position is that we have China as our hinterland, and we have close ties with the financial markets on the Mainland, therefore, we are still attractive to investors and companies. On the contrary, Singapore relied on its own strength to become one of the most competitive countries in Asia. It ranks the first in the world in terms of resources and labour market effectiveness, and it ranks the second in terms of financial market maturity. Also, it has spared no effort in recent years in infrastructure and tertiary education development, which greatly enhanced its competitiveness.

Among Mainland cities, Shanghai has caught up with Hong Kong in recent years. The information is not new and all of us may know that very well. The Shanghai authorities announced sometime ago that Shanghai had a GDP growth

of 8.2% last year, and the total value reached a high level of US\$218.3 billion, which reflected that its GDP exceeded ours at US\$210.7 billion. Owing to the rapid development of Shanghai, we in Hong Kong have an increasingly higher sense of crisis.

How should Hong Kong cope with the situation? In the past, we frequently said that we should really give full play to our advantages; how can we with China as our hinterland seek the way out? Recently, the Government has made positive efforts to sign the HK-Guangdong Co-operation Framework Agreement which is highly significant in ascertaining the position of Hong Kong as a regional financial, shipping and modern service industry centre. Our position is granted by the Central Authorities through the Framework Agreement, but it is most important for us to rely on our own strength. If our performance is inferior to others or other Mainland cities, even though others firmly believe that Hong Kong is a financial or logistics centre, it will not help when actual strength is called into play. Furthermore, the most important imperial sword under the Framework Agreement is "early and pilot implementation" and it should be utilized well. Indeed, "early and pilot implementation" is a very important imperial sword. Regarding a lot of measures not currently implemented in the whole nation under the state system or measures which the Central Authorities are unwilling to implement nationwide, the SAR Government can request their trial or breakthrough implementation, and early and pilot implementation in Guangdong or some cities within the province to increase its strength in this respect. Nonetheless, to make such a request, we must have innovative ideas and I really hope that the SAR Government can redouble its efforts in this connection and consider how it can continue to make good use of this imperial sword of "early and pilot implementation".

To accelerate the opening up and integration of the two places, we suggest that Guangdong and Hong Kong should join hands to strive for the Central Authorities' approval for the development of "early and pilot implementation" areas such as Qianhai, the river-loop area and Hengqin through Guangdong-Hong Kong co-operation. By means of "early and pilot implementation", these areas should be constructed as advanced service and industry zones through Guangdong-Hong Kong co-operation. In addition, I hope the SAR Government can consider with an open mind borrowing the example of the Singaporean Government in establishing an investment company or a similar sovereign fund to

participate in the management of and investment in the zones. The Government should inject part of its fiscal reserves as seed capital of the investment company or similar sovereign fund. On the one hand, this can make the investment with fiscal reserves more diversified, and on the other, this can speed up the development of the relevant industries and gradually diversify our economic structure.

In recent years, the Government has been keen on the development of six industries where we enjoy clear advantages. It is also stated in the Budget that the Government will provide the necessary support in land resources and human capital. But how can we enable the market to really monitor the development of these six industries? I remember that when I spoke on the policy address at a previous debate, I already asked the Government to publish regularly information on the respective contribution of the six industries to our GDP or the jobs to be created to enable us to monitor the development of the six industries. I have recently looked up the relevant statistical information, but it appears that there have not been any update. I hope the SAR Government can reconsider the relevant proposal because I am very worried that the development of the six industries where we enjoy clear advantages will be reduced to empty talk. Given the absence of any data to facilitate public monitoring, I believe it will be very difficult to promote the development of the six industries.

President, as stated in the Global Competitiveness Report 2009 published by the World Economic Forum, Hong Kong is lagging far behind Singapore in terms of tertiary education and training. What actions will the Government take in response?

Regarding education services, it is stated in the Budget that the Government will reserve a site at the former Queen Hill's Camp in Fanling in the New Territories to establish a self-financing tertiary institution. It is a rather large site with an area of 100 000 sq m. Together with the five sites for establishing private universities announced earlier, there will be 17 000 additional private university places in Hong Kong in the future. It is a big leap forward in terms of figures, but I fail to find the Government highlighting in the Budget or other discussions how it is going to achieve quality assurance.

Actually, the quality of private universities is most worrying. As a scholar has warned, private universities overseas run to two extremes: the first one is that they are operating most outstandingly, achieving good reputation and status. Another type refers to "pheasant universities". Will the private universities on the six sites become phoenixes or pheasants eventually? We can guess what is going to happen in the future on the basis of the sizes of the sites. Apart from the recently allocated site at the former Queen Hill's Camp in Fanling, the remaining five sites are very small, and it is reckoned that only a teaching building can be constructed on each site. Integrated university campuses require larger sites; in addition to teaching activities, researches and extra-curricula activities will be carried out there. Therefore, in comparison, private universities on very small sites are naturally inferior to conventional universities in terms of space for researches and activities. For this reason, we are most concerned about whether students can achieve whole-person development. Apart from the small site areas, how is the Government going to guarantee the quality of private universities? I think our future discussion must focus on this issue because I trust that quality is more important than quantity at this stage of education development.

Another very worrying issue is the debt crisis of students. At present, there are only 1 900 bridging programme places reserved for holders of associate degree each year, and most of the remaining graduates have to take up employment or pursue studies overseas. Therefore, I reckon that when there is an increase in private university places in the future, many students will be enrolled, and most of them may be students who have completed associate degree programmes. This will certainly offer another channel for these students to enter universities. On the other hand, this will create serious debt crises for these university students. When these students pursued associate degree programmes, they might have borrowed large amounts of loans from the Government, and if they continued to pursue studies at private universities, they would have to borrow further loans from the Government. Eventually, they would owe debts totally more than \$100,000 or some hundred thousand dollars. As their salary levels will most probably be lower than those of conventional university students, how are we going to help them? Is the Government still sticking to the 14 500 line? How is it going to assist in these university students in upward movement? How is it going to help them attain higher academic qualifications? In fact, these matters cannot be neglected by the Government in its bid to develop private universities. I am gravely concerned that if the

Government continues to decline to discuss this issue and continues to cite resources as an excuse, there will be a continuous increase in social conflicts and young people will become increasingly frustrated.

Furthermore, while developing private universities, we must ponder over one point, that is, this is not an independent policy as it must complement the policy objective of becoming a regional education hub. Based upon my analysis, I can assert that by merely relying on several private universities, we cannot develop Hong Kong into a regional education hub or sharpen our edge in tertiary education to train up talents for the region.

In fact, the universities in Hong Kong enjoy a very high status throughout China; some academics have even said that the strongest university in the Southern China cannot compare with the weakest university in Hong Kong. To give full play to the edge of our universities, we must break free of the regional mindset. Apart from the development of private universities, we must assist universities in moving out beyond Hong Kong, and help them offer university programmes on the Mainland to train up talents for the Pearl River Delta (PRD) Region. According to an earlier report, the joint founding of the United International College in Zhuhai by the Hong Kong Baptist University and the Beijing Normal University met with difficulties. It does not have policy support from the SAR Government, it has insufficient operating funds, and it fails to apply for technology funding from Hong Kong. Because of the difficulties in soliciting funding, they can only rely on tuition fees, thus, the tuition fees have continuously increased, and according to the report, the fees have already reached a high level of \$57,000. These fees are a very heavy burden for Mainland and Hong Kong students. Nonetheless, if the tuition fees run below this level — I have been given to understand that the College will have a very serious deficit even if fees at such a level are charged. We can all see that all universities in Hong Kong have the intention of going north and provide quality education services in the PRD Region. Can the SAR Government consider complementing their intentions of going north? Indeed, the Government should have a breakthrough in thinking and the vision to make bold innovations so as to promote the development of the tertiary education services of Hong Kong beyond our own territory.

President, next, I would like to talk about the fiscal management concepts of the Financial Secretary. The Budget is an important social event because the Financial Secretary must account for how resources are allocated and how the

ideas in the policy address will be realized. He also needs to account for how public money is utilized and the edge of Hong Kong sharpened to inject new impetus into our economy. However, I wonder if the Secretary has noticed that, from the time consultations were conducted on the Budget to the time it was announced, the discussions were only focused on how the Secretary would hand out candies and to whom candies would be dished out. Frankly speaking, having got candies, the public should have immediately tasted sweetness, but many opinion polls told us that people actually wanted the Secretary to resolve various deep-seated conflicts in Hong Kong in the Budget, and to make efforts to upgrade our long-term competitiveness.

Frankly, people think that this Budget has not made efforts to pinpoint the deep-seated conflicts in Hong Kong. Putting it more pleasantly, the Financial Secretary has really followed through the prudent fiscal management principle. When we see so many European countries such as Greece facing financial difficulties now, we are certainly delighted to find that Hong Kong has such a huge reserve. Putting it in a way that is not pleasing to the ear, the Government has actually been very conservative in fiscal management, and its previous fiscal management concepts have not changed at all. How much reserve should we have? Hong Kong already had \$1,500 billion in 2008; that is, after deducting the \$500 billion monetary base, the Government had \$1,000 billion which included its available fiscal reserve and the accumulated surplus of the Exchange Fund. The question is: how much reserve does the Government intend to put aside? What is a sufficient level of reserve? I believe the higher should not be the better because a fiscal reserve is just a means after all. The question lies in how appropriately and making the necessary expenditures are important with a view to enhancing our competitiveness and tying in with the global development.

If the Secretary continues to use this method, that is, taking short-term relief measures and introducing each time some measures that may incur recurrent expenditure, discussions will have to be conducted over a long period of time and people will really be made rather dissatisfied. For instance, a consensus has long since been formed in the community on extending the Cross-District Transport Allowance Scheme, but this Budget has not put that into practice. On the one hand, we understand that this may promote employment, and on the other, it can assist the working poor, and we estimate that the amount of public money to be spent will not be substantial. I believe that, apart from money, the most important reason why it has not been implemented is that

recurrent expenditure will be incurred. As the Secretary has to consider the matter again and again, it has not been implemented so far. I would like the Secretary to consider one point: should all matters involving recurrent expenditure be considered for so long before implementation on each and every occasion, even if the amount of public money to be spent will not be substantial? We all say that the key to success is innovation and to keep abreast of the times. As a matter of fact, we should also keep abreast of the times and judge the time and size up the situation insofar as fiscal management is concerned. People most earnestly hope that the SAR Government can deal with the deep-seated conflicts in Hong Kong. This Budget really fails to meet people's expectations in such areas as handling the disparity between the rich and the poor and property prices surging beyond people's affordability. Some have even told me that the measures to be adopted are not strong enough.

Yet, I have to sing praises of the Financial Secretary. One month after the building collapse incident on Ma Tau Wai Road, he made special arrangements for special cases and expeditiously announced in the Budget that \$2 billion would be spent on a redevelopment project by the Urban Renewal Authority covering old buildings in 33 street numbers on Ma Tau Wai Road, Hok Yuen Street and Chun Tin Street. Here, I hope the Government will take one step further and extend the scope of redevelopment to the even number buildings on Chun Tin Street. Those who have been there will know that the buildings are just one street or road apart. From the perspective of planning, to redevelop the even number buildings at the same time will facilitate better planning of the area in the future. Putting ourselves in others' shoes, if the owners of those even number buildings are not included in the scope of redevelopment, the prices of their buildings will drop significantly, so will the chances of their buildings being acquired in the future. In addition, as they have also said, since the buildings in which they are living are of the same type, they are worried that they may also meet with misfortune; hence, they hope that the Financial Secretary can reconsider the scope of redevelopment.

President, I so submit.

MR LAU WONG-FAT (in Cantonese): President, this year's Budget is the third one prepared by the Financial Secretary since he took office and, during this

not-so-long period, Hong Kong has been taken on a roller-coaster ride. From a record surplus of over \$100 billion, through the sudden outbreak of the global financial tsunami, to the relatively quick recovery of the Hong Kong economy nowadays, the swiftness of the changes are unprecedented. In the face of such a situation, it goes without saying that the Financial Secretary, John TSANG, has to change his tactics frequently.

The Financial Secretary has made it clear that through this Budget, he will strive to achieve the three major objectives of consolidating the recovery, developing our economy and building a caring society. There is no doubt that the Hong Kong economy is recovering at a fairly fast pace. Apart from the timely adoption of the strategy of "stabilizing the financial system, supporting enterprises and preserving employment" by the Government, the introduction of generously-funded measures by the State to counter the financial tsunami and its economic measures to give full backing to Hong Kong have also played a very important role.

It is clear that Hong Kong has already tided over the impacts of the financial tsunami safely. Although there are still uncertainties in the macro economic climate, there are positive signs of a steady economic recovery in Hong Kong. However, we must handle the risk of an assets bubble properly, particularly the problem of a bubble in the property market. Otherwise, should the bubble burst, all the efforts made by various parties to bring about an economic recovery would go to waste. The property market crash that occurred soon after the reunification in 1997 is a recent lesson that the Hong Kong Government may do well to keep in mind.

The Government has already expressed its keen interest in this issue in the Budget and introduced four measures to ensure the healthy and stable development of the property market. Regarding this repertoire of punches, various commentaries generally consider its power to be unremarkable and since its deployment, the property market is still bubbling and the boxer obviously gives us an impression of being at a disadvantage. I believe this repertoire of punches is good for the purpose, but since the situation is serious, it is necessary for Financial Secretary John TSANG to strike out with even greater force, in particular, when deploying the ultimate stroke of "increasing land and property supply", it is necessary to step up the effort and expedite the process.

More importantly, on increasing the supply of small and medium residential flats, the Government should not just scratch the surface, rather, it should announce more plans. Through open tender and stipulating the conditions of land sale, the number of projects providing small and medium flats can be increased. This targeted measure should be able to ease the concerns of the middle class and even those of the general public in a great measure.

President, it is said that the law should change with the times. With the significant increase in the risk of a bubble in the Hong Kong property market, I believe the authorities should review the policy on investment immigrants. The amount of investment, being \$6 million, to be made by an investment migrant formulated some years ago has obviously become outdated and the term that the investment can be made in real estate will only add fuel to the bubbling property market. For this reason, in the submission on the Budget made by the Heung Yee Kuk a month ago, it is proposed that the amount of investment to be made by an investment migrant be raised substantially and that restrictions should be imposed on the portion of investment in real estate.

Nothing can stop the rise of China. One commentator pointed out aptly that whatever product China is capable of manufacturing would certainly be cheap and whatever China needs would certainly become expensive. Now, the frenzy of mainlanders coming to Hong Kong to buy and speculate on properties is gathering momentum, so the Government had better look for counter-measures to avoid the emergence of another crisis.

The second goal proposed by Financial Secretary John TSANG in his Budget is to develop the economy. With the signing of the Framework Agreement on Hong Kong/Guangdong Co-operation (the Framework Agreement) and the establishment of the Hong Kong-Taiwan Economic and Cultural Co-operation and Promotion Council earlier on, there is greater optimism as well as greater certainty that this goal can be achieved. In particular, the former specifically supports Hong Kong to become the leading financial centre and makes reference to a series of measures that will facilitate the entry of the Hong Kong financial industry into the Guangdong market. This will give a tremendous boost to reinforcing Hong Kong's position as an international financial centre, to speeding up the integration of Guangdong and Hong Kong and even to forging a new world-class economic region together. The key now

is that we must seize this new opportunity by implementing the Framework Agreement with the greatest effort and efficiency.

In addition, on the flexible use of land resources in Hong Kong, the Government announced that it would consider relocating government departments in government office buildings in the central business district to industrial buildings. I think this idea is highly laudable. For one thing, the Government can set an example and take the lead in revitalizing industrial buildings, and for another, the land in the central business district thus released can be used for other more cost-effective purposes. In addition, this measure can also give a boost to the catering industry and other businesses in the industrial areas, thus creating more jobs. When putting this desirable idea into practice, I hope the authorities will not just give consideration to government office buildings and industrial buildings in the urban areas. The departments in government office buildings in the New Territories can also be relocated to local industrial buildings. For example, in Tuen Mun, there are many suitable industrial buildings awaiting revitalization and utilization.

President, the most abundant land resources in Hong Kong can be found in the New Territories and a lot of it has yet to be developed. In order to complement the Government's promotion of the six industries where we enjoy clear advantages and make the best use of land resources, the Heung Yee Kuk proposes the establishment of a commercial park, a logistics park and a production base for the innovative industry and high technology manufacturing industry in the border area. The Heung Yee Kuk considers that the Government is duty-bound to put this precious resource called land to good use, and a balance should be struck between the ideal of conservation and economic development without bias for or against either.

For a long time, the development planning of the Hong Kong Government has attached greater weight to the urban areas and new towns to the neglect of the needs of the vast rural areas. As a result, there is a widening gap between the urban and rural areas. From 1989 to 1999, the authorities implemented the Rural Planning and Improvement Strategy (RPIS) with fairly satisfactory results. However, the RPIS has been halted for 11 years and many facilities in the rural areas of the New Territories have fallen into disrepair and become inadequate. Be it roads, sewerage, recreational facilities or the environment, comprehensive improvements are called for. At present, many villages still lack vehicular

access and this is most inconvenient to residents entering or leaving them. I think this situation is unacceptable. The Government's requirement that land owners surrender their land voluntarily before road projects would be carried out is actually very hard for them to stomach and this is also unreasonable. A more responsible approach is for the Government to acquire land for road construction.

I propose that the Government reintroduce the RPIS, so that the relevant problems can be solved effectively to narrow the difference between the urban and rural areas and raise the standard of living of residents in the rural areas, so as to enable them to share the fruits of economic development together with other members of the Hong Kong public.

President, lastly, I wish to talk about the issue of a caring society, which the Financial Secretary, John TSANG, wants to foster. The Government is duty-bound to take care of the socially disadvantaged groups and people in difficulties, and I believe no one would disagree with this. In fact, care is an important pillar in building a harmonious society. On the question of how a caring society can be promoted, so as to get positive results, the use of resources is certainly a major consideration. However, obviously, it is more important to look into ways of setting appropriate standards, so that people in genuine need and difficulty can be taken care of and the good intention of showing care and concern would not go amiss. The Government must oversee this aspect properly.

In this regard, I am really puzzled and confounded by the so-called pilot programme launched by the Labour Department under the excuse of providing support to job seekers through the offer of a cash incentive of \$5,000 to each person who has worked for a continuous period of three months. The Government has conceived the idea of offering a cash incentive merely for the humble objective of encouraging the people concerned to work for a continuous period of three months, so the caring and benevolent officials who conceived this idea really have the best of intentions. But I wish to ask the authorities one question: If this programme attracted a large number of people who work for three months to get the cash incentive but quit afterwards, would this programme be considered a success or a failure? Even if the programme is considered a success, this measure would inevitably entrench Hong Kong people's mentality of relying on the Government. As regards whether it has more merits or demerits, I

think this question really warrants careful consideration by government officials and members of the public.

President, I so submit.

MR VINCENT FANG (in Cantonese): President, after the release of the Budget this year, the voices of public discussion can be said to be the smallest over the years. I do not know whether this is because everyone is happy with the Budget or people do not see much controversy in it. In my opinion, this year's Budget is an acceptable Budget, though it is still far from meeting the wishes of the people. The reasons why this Budget is acceptable are that firstly, it is more pragmatic because we indeed still have to face uncertain economic prospects, we lack the strength to achieve recovery, and the competitiveness of Hong Kong has been slipping downhill. Secondly, this is a deficit Budget drawn up amid unoptimistic economic prospects, albeit we may find comfort in a reassuring level of fiscal reserve. Thirdly, the target beneficiaries of the relief measures proposed this time around are more comprehensive than before. However, the Financial Secretary has continued to neglect the "four have-nots" and some grass-roots business operators, and there is room for remedies.

It is most welcome that the Financial Secretary has managed to respond more promptly to issues of public concern, resolutely making decisions to check the spiralling property prices and make the Urban Renewal Authority (URA) responsible for the redevelopment of the building collapse site in To Kwa Wan.

I very much support the initiatives proposed in this Budget to provide a site in Yuen Long and specify in the land sale conditions requirements on the number and size of flats, and to allow the URA to redevelop on its own the said site in To Kwa Wan and give priority to the original residents in moving back. These two measures will not only increase the supply of small and medium-sized flats, but also expedite the renewal of old districts.

Certainly, it is not adequate to take forward just these two projects. To achieve the objective, it is necessary to increase land supply and provide more sites for housing development with limited floor area in the light of the demand in

the market, and strengthen the role of the URA in the renewal of old districts. It is because the redevelopment of old districts does not mean expelling the original residents from the urban areas and developing on the site luxurious apartments with no characteristics to speak of. In this connection, I hope that in its future redevelopment projects, the URA must provide sufficient flats and give priority to the original residents in purchasing these flats, so that they can move back to their original locality. This can reduce disharmony caused in the course of acquisition of flats and also speed up the progress of the project concerned, which is conducive to the cityscape and the supply of residential flats.

If there is no sustained support and policy, the provision of the site in Yuen Long for developing flats with limited floor area and the redevelopment of the To Kwa Wan site would be no different from one-off relief measures of the Financial Secretary, and the same problem would arise again after these measures are digested by the public. If the Government kept on using one-off measures to regulate the market, that would be tantamount to interfering with the market by administrative means, which would not be helpful to the market-led free economy of Hong Kong.

Speaking of free economy, recently there have been a lot of advertisements at bus stops and publicity on radio about the consultation on the recovery of waste electronic and electrical equipment. The relevant consultation document proposes to charge a fee for disposal of such waste equipment at the import or retail level.

A levy on plastic bags is in force in Hong Kong. If, in future, a fee was charged for waste electrical equipment at the retail level and also for various types of containers, such as mineral water bottles, soy sauce bottles and soft drink cans, as well as packaging materials, that would actually mean stripping Hong Kong of its status as a "duty free port" which has all along contributed to the success of Hong Kong. It is because many tourists will purchase electrical appliances and various types of products or food in this "duty free paradise" of Hong Kong. Even though the Government will allow tax rebates for tourists, there will still be many items to which tax rebate is not applicable, meaning that everybody would have to pay a tax for these items.

On environmental protection, I have talked about it for more than six years. We cannot throw rubbish out of the Earth and we are all breathing the same air

and so, nobody would object to environmental projection. This is why I support the series of measures proposed in the Budget on the promotion of green economy, including the provision of subsidies to the phasing out of old diesel commercial vehicles, making appropriations for environmental protection, and so on. Regrettably, the Government has provided subsidies to environmental projects selectively, such as granting subsidies to electric vehicles and relevant charging facilities. However, with regard to projects that have the greatest bearing on the overall image of Hong Kong and the general public and even the competitiveness of Hong Kong, the Government has refused to implement them; nor has it taken any initiative to promote them. For example, automobile dealers and the public hope that the Government can waive the First Registration Tax for motor vehicles as a means to encourage private car owners to replace their old vehicles aged 10 years or more with higher emission levels, but the Government has turned a deaf ear to their request.

We all know that electric vehicles have yet to become popular, and they are expensive and unaffordable for members of the general public. Is there an urgency to provide funding to promote these vehicles? To address the problem of solid waste which has been bothering Hong Kong for years, we have, for many years, campaigned for government subsidies for the waste recovery and recycling industry to tackle the problem of landfills reaching capacity, and we have urged the Government to encourage the development of the recycling industry to create employment and to encourage the development of innovative industries. With regard to all these aspirations, the Government has all along rejected them on the pretext of "positive non-intervention". But then, is the provision of subsidies for switching to electric vehicles not an instance of intervention too?

Taking an overview of places all over the world, we will see that in all developed economies, their governments are always playing a leading role, injecting funding and providing policy support and incentives to resolve the problems caused by wastes because this is, after all, an unattractive, obnoxious industry. Without government subsidies, surely nobody would make any commitment and in that case, how can the waste electric equipment and the harmful substances contained in it be disposed of and who will be responsible for doing this in the future? I sincerely hope that the Financial Secretary can seriously study the relevant issues with his colleagues. I hope that the Financial Secretary will include these issues in future Budgets during his term of office,

while bearing in mind that he must not turn Hong Kong into a "paradise" levying a plethora of fees and charges.

I support the relief measures introduced in this year's Budget. It is because compared with the "candies" handed out in the past, this year's measures have a wider coverage, and they have also included the "candies" handed out in the past. In other words, what were provided before can be found in this Budget, such as waiving the business registration fees, an additional one-month payment of Old Age Allowance and Comprehensive Social Security Assistance, paying two months' rent for public housing tenants and waiver of rates. However, what was not provided before continues not to be provided this year, the most obvious example being no mention of hawker licence fee and the "four have-nots".

Financial Secretary, you claim that these relief measures are intended to help people in need of help. But why is it that when even multinational corporations can benefit from the waiver of business registration fees and even luxurious flats costing hundreds of millions of dollars can enjoy the rates waiver up to \$6,000 per annum, hawkers who operate in markets can have nothing to enjoy and the "four have-nots" continue to be denied any benefit? In respect of the hawker licence fee, the Secretary for Food and Health said that it is necessary to recover the cost. But since it is clearly said to be "handing out candies", which clearly means giving benefits to the people, why should he talk about cost recovery? Regarding the "four have-nots", even the welfare organizations have the relevant information, so why is it that such a large-scale organization as the Social Welfare Department does not have any information on these people? So, I very much hope that the Financial Secretary can reconsider this and respond to the aspiration of on-street hawkers in Hong Kong by waiving their licence fee for one year, and start the registration of the "four have-nots".

Whether in the form of relief measures or "handing out candies", these are all one-off initiatives taken to address the symptoms rather than the root cause of the problems, with the aim of solving the pressing problems in society, but they are merely "petty favours". I think the Budget has now become a package of initiatives geared towards finding solutions to problems currently faced by Hong Kong to the neglect of how public coffers should be appropriated to support the overall as well as the medium-to-long-term development needs of Hong Kong. Today, many colleagues have mentioned the deep-rooted conflicts of Hong Kong

as referred to by Premier WEN Jiabao, as well as the increasingly serious problem of disparity between the rich and poor in Hong Kong. However, the emergence of these problems has actually shown that the macro environment marked by the spirit of perseverance and diligence and the courage to take challenges to which Hong Kong's success in the last half of the century was attributed has already vanished.

President, after the financial tsunami, the economy and conditions in Hong Kong managed to turn the corner speedily amidst fears of looming crises and even registered fairly good economic growth at the end of the day. The reason is that we can leverage on the Motherland which has emerged to be stronger and stronger economically and apart from this, it is obviously due to the continued extension of the Individual Visit Scheme for Mainland residents to visit Hong Kong, thus giving a boost to the business of the biggest employers in Hong Kong — retail, catering and service sectors — and setting the supply chain in motion. But after discounting the factor of Mainland visitors, the local consumer spending actually keeps on shrinking. Therefore, it is very important to promote the sustained development of Hong Kong.

There were times when Hong Kong was known as a goose that lays golden eggs. But after the reunification, we have immediately turned into a child who keeps on asking for favors from "Grandpa". Perhaps it is because the SAR Government does not wish to be called "a prodigal son" that it has been holding the purse strings tightly to ensure that its fiscal reserve is not a penny less. However, running a government is actually like running a business, for it requires the injection of funding and there is also the need to create favourable conditions for business operation, so that enterprises can have an environment for sustained operation and proceed making. Only in this way will an enterprise have future and naturally, it can then provide better fringe benefits for its staff. But what this Budget has provided seems to be enough just for paying the rent. As regards "handing out candies", will the same be done next year? Should we again hope that the Exchange Fund can have a good investment return? President, as far as I understand it, saving up for a rainy day also implies the need to inject a reasonable amount of capital in areas capable of generating long-term benefits when the reserve is strong and abundant.

President, although I support this year's Budget, I hope that the Financial Secretary can transcend the limit of his term of office and draw up next year a

more forward-looking Budget that can promote the sustained socio-economic development of Hong Kong. I so submit. Thank you, President.

MR WONG SING-CHI (in Cantonese): President, from the welfare and labour measures proposed in the Budget, I note today that the Government is actually not determined at all in resolving the problem of disparity between the rich and the poor. In the area of welfare, the Budget has failed to propose long-term measures. Instead, it has merely put forth some short-term, unsustained and piecemeal policies. The title of the proposed budget prepared by the Democratic Party this year is "assisting the disadvantaged and building a fair community". But much to our regret, the Financial Secretary has disappointed us. This concept is completely absent in the measures proposed in the Budget.

As we all know, in order to take care of people with disabilities and elderly persons, the family members of these people have to give up their jobs. Furthermore, they must work very hard, and sometimes, they even have to make mental and physical efforts. Despite the Democratic Party's repeated appeals to the Government to provide subsidy to these carers, the Government has turned a deaf ear to us. Although a consolidated surplus of \$13.8 billion is forecast for this financial year, the Government seems to have turned a blind eye to these people who are most in need. The Democratic Party's proposed subsidy of \$1,000 for each carer of people with disabilities is just a very humble request, for it will only cost the Government approximately \$1.54 billion a year. I simply cannot understand why the Government could have refused to loosen the purse strings to provide relief to these disadvantaged persons who are in dire straits.

As regards elderly welfare, the Government's reluctance to make concessions has greatly disappointed the public. Despite the Financial Secretary's emphasis of financial prudence and keeping expenditure within the limits of revenues, he has, for reasons unknown, estimated wrongly on every occasion, with fiscal surpluses running several times higher than forecast most of the time. But, despite the abundant surpluses, he seems to have forgotten the well-being of the elderly and the need for the Government to continue to take care of the needs of these people. Perhaps Financial Secretary John TSANG considers the provision of one more month of Comprehensive Social Security Assistance (CSSA) and Old Age Allowance, also known as the "fruit grant", great favours, and he can become the benefactor of the elderly and people with disabilities. But, sorry, I cannot agree with him. Actually, these favours are

simply not enough to help those people meet their expenses for the year. Anyone who is discerning enough can instantly see that these measures are merely a drop in the bucket, simply unable to address the crux of the problem. Welfare problems should be tackled at root through institutional reform and relaxing some unreasonable or outdated regulations.

At present, the systems governing the applications for CSSA, the "fruit grant" and Disability Allowance are so ossified that they are a torture for people in need. While elderly persons living within a family unit cannot apply for CSSA independently, elderly recipients of the "fruit grant" are also subject to the absence rule, under which they are required to return to Hong Kong to report within a short period of time. Furthermore, they cannot receive the "fruit grant" and Disability Allowance simultaneously. These unreasonable restrictions have denied many people in need the relevant benefits.

I cannot figure out why the Government, on the one hand, indicates its determination to promote family harmony but, on the other, disallows elderly persons living within a family unit to apply for CSSA independently. The 240-day absence rule on elderly recipients of the "fruit grant" is also extremely unreasonable. For some elderly persons living on the Mainland, this is extremely inconvenient. We hope the Government can relax these restrictions by allowing the elderly to return to Hong Kong to report once a year and examine the feasibility of allowing them to receive the "fruit grant" and Disability Allowance simultaneously. Actually, these two subsidies should be processed separately, and the Government should not disallow the elderly from receiving the two subsidies simultaneously. This is extremely unfair to elderly persons with disability. We hope the Government can really make more dedicated efforts in helping the elderly and people with disabilities.

As well as the elderly persons, new arrivals are also subject to the extremely unreasonable CSSA rules. Owing to the fact that under the present requirements, CSSA applicants must live in Hong Kong for at least seven years before they can apply for CSSA, many people in need cannot benefit. Although the Social Welfare Department (SWD) has time and again indicated that discretion can be exercised under reasonable circumstances, some cases with desperate needs can still not be taken care of in many circumstances. For instance, as there might be a considerable gap between the educational attainment of some newly arrived single mothers and that of people in Hong Kong, the

former must overcome great difficulties before they can catch up with the educational standard in Hong Kong. Upon arrival in Hong Kong, they might become single mothers because of the deaths of their husbands, divorce or many other reasons. Not only are they ineligible for applying for CSSA, they can also not go out to work because they have to take care of their children. In the end, they can only live in straitened circumstances by relying entirely on the CSSA payments to their children. I cannot understand why the Government can still treat them with indifference on seeing such circumstances.

Furthermore, it is very much frustrating to see such an ossified system for adjustment of CSSA amounts. The Democratic Party advocates that CSSA amounts should keep abreast of the times, such that adjustments can be made in accordance with the Social Security Assistance Index of Prices and social circumstances. Some CSSA recipients have indicated that they have to ponder over whether they should eat fresh meat because the CSSA amounts are too low. In other words, although the existing CSSA amounts will not starve recipients to death, the amounts are not enough to meet their daily expenses. Actually, the present system will very often injure the self-esteem of CSSA recipients. In this respect, I hope the Government can refrain from approving CSSA applications as if it is giving away alms, so that people in genuine need will not need to beg for mercy. Actually, the Government is duty-bound to take care of some people in need. According to the information provided by the Census and Statistics Department on the CSSA recipients in 2008, 53.4% and 12.7% of the CSSA recipients were elderly persons and single-parent families respectively. Obviously, these CSSA recipients are in great need of our support. Actually, the Government must provide welfare to these people, so that they can sustain their living and lead a dignified life.

With the worsening of the ageing of our population, there is a growing demand among elderly persons for residential care homes for the elderly (RCHEs). Therefore, it is a matter of great urgency to increase the number of subvented RCHEs and subvented residential care places for the benefit of the elderly. Furthermore, we also urge the Government to extend the opening hours of day care centres for the elderly for the convenience of their family members who need to go to work. In doing so, elderly persons can receive proper care, and more elderly persons and their family members can thus be benefited.

The Government should formulate forward-looking welfare policies rather than handing out "candies" for its own sake. The role played by the Government

is to address the long-term inadequacies of the welfare system rather than merely taking one or two short-term measures of handing out "candies", as if it is bestowing great favours. The people are sharp-eyed. We can see that the measures of handing out "candies" taken by the Government in the past and now are merely meant to restore its popularity for a short while. But actually, the result achieved by the Government is contrary to its expectations. Obviously, these are not long-term measures for benefiting the people. The people of Hong Kong can see very clearly. The Government cannot deceive them anymore and employ these tactics to restore its own reputation. What is true cannot be false, and what is false can never be true. If its popularity is low, the Government cannot restore its popularity even if it makes more efforts in doing things that are false. In order to restore its popularity, the Government must benefit every member of the community by launching some long-term measures for the well-being of the people, so that every one of us can fulfil our rights as well as human rights.

President, apart from welfare issues, I would also like to take this opportunity to say a few words on issues relevant to the labour policy. While we find the welfare policy outlined in the Budget disappointing, we have similarly failed to see any initiatives in the labour policy that can bring the public at large any surprise or joy. In this respect, there is still much room for improvement by the Government.

President, I would like to say a few words specifically on the proposal of expanding the Transport Support Scheme (TSS) because the community at large has indeed too many diverse views on the Government's repeated procrastination. Actually, the Democratic Party already expressed our view on this topic a long time ago. The existing TSS is actually inadequate as it is only applicable to certain remote districts. In fact, it is very difficult for low-income earners to make a living, no matter where they live. As transport expenses are so exorbitant, why can the Government not allow every low-income earner to receive the transport allowance?

Actually, the Democratic Party already stated its position during the debate by colleagues on "Enhancing employment support and creating employment opportunities" on 25 November 2009. The amendment proposed by me at that time was also passed. However, President, Secretary Matthew CHEUNG merely indicated in an understatement that the relevant details had been explained

in the meeting of the Panel on Manpower, and so he did not wish to repeat them. During the Chief Executive's Question and Answer Session held in January, I also put this question to the Chief Executive. The Chief Executive replied that this question had been brought to the attention of the Panel on Manpower to be discussed in a public hearing. According to the Chief Executive, "after sorting these views, we hope that the existing system can be improved expeditiously, so that we can examine ways to meet their needs in a truly practical manner". President, these are the replies of Chief Executive Donald TSANG and Secretary Matthew CHEUNG. Subsequently, the public hearing was held smoothly on the day. Both the Democratic Party and a number of organizations hoped that the Government could expeditiously expand the TSS to cover all districts. But much to our regret, President, the Government has hitherto failed to do so. Despite the fact that the Secretary pointed out at the time that the public hearing was very important and the Government had to consult the relevant parties first, the relevant proposal was still not implemented even after the hearing. I wonder what views the Government has listened to and what it intends to do after listening to those views.

President, we find the executive authorities most disappointing. In the Budget speech, the Financial Secretary merely indicated that "the Labour and Welfare Bureau will complete by the end of this year a study on ways to reduce the burden of travelling expenses borne by the working poor in Hong Kong" (only a study will be conducted) and "the existing Transport Support Scheme will remain in force before the completion of the study". Having said that, the Financial Secretary was merely suggesting that a study would be conducted. He even added that the relevant report could not be submitted until the end of this year together with an announcement on the ways of implementation for discussion. At present, many people already have to such circumstances. I hope the Financial Secretary can urge the Secretary to expeditiously implement the TSS and stop telling us how the study will be conducted.

Apart from this, I think I cannot leave out the youth employment problem and the problem of assisting the middle aged in seeking employment. In the Budget speech, Financial Secretary John TSANG mentioned "the ageing problem and possible skills mismatch in the construction workforce" and so the Government should attract "more young people to join the construction industry and to improve the practice of the industry". President, I felt a chill down my spine on hearing that. Putting themselves in someone's else shoes, what would

those elderly construction workers ask themselves after hearing the Secretary's remark? What could they do? Now, the Government has not only failed to offer them a helping hand, it even indicates its intention to help young people to join the industry to replace them. Is this the intention of the Government? The fact that the Government has only raised this proposal without making any substantive efforts has actually frightened many workers and reinforced their thinking that the Government is merely making a window-dressing effort. Actually, can the Government provide more support and assistance to construction workers? I cannot see what specific measures the Government can tell us. I hope the Financial Secretary can give me a specific answer in reply to Members' questions as to what the Government will do to help construction workers who are facing the ageing problem to resolve the present skills mismatch problem rather than training young people to replace them.

Lastly, I would like to say a few words about the youth employment problem. Although the latest unemployment figures appear to have stabilized, Hong Kong is actually still plagued by hidden crises. Some academics have stated outright that any small improvement in the environment will trigger rent increases and price hikes, thereby undermining the purchasing power of the people and subsequently affecting the labour market. Therefore, the unemployment rates for the next two quarters might not drop rapidly. Under such circumstances, young people with low skills and little experience will definitely lack bargaining power in the labour market. Furthermore, the minimum wage has yet to be endorsed. The Government emphasized in the Budget that training would be provided to young people as a targeted policy. Although we agree that learning knows no bounds, and young people as well as adults should continue to study, we still have to provide young people with opportunities of practice. It is actually unacceptable if the Government cannot provide them with real job opportunities, which means that they do not have opportunities to put what they have learnt into practice. When I suggested the authorities concerned to discuss the employment prospects for young people, the authorities often indicated that the employment prospects could not be seen clearly because the future economic situation and labour market would depend on numerous factors. President, is the Government trying to escape from the reality in acting in this manner? I believe we are all too well aware of the answer to this question. I hope the authorities concerned can demonstrate at least a little bit of determination — only a little bit of determination, as we cannot see any strong determination — to tackle these problems in a pragmatic manner to

prevent the problem of disparity between the rich and the poor to continue to deteriorate and the polarization of society to continue to widen.

I so submit. Thank you, President.

MS EMILY LAU (in Cantonese): President, now it is almost seven o'clock and it is meal time and so there are very few Members in this Chamber. But as I have heard, this is because of a good cause and, that is, the Liaison Office of the Central People's Government has thrown a banquet for Members of the pro-establishment camp in the Chinese General Chamber of Commerce. President, maybe I got the news wrong, but certainly members of the media should go and check it out.

Tonight some people have thrown a banquet and not long ago, a lousy constitutional reform package was announced and it could well be that some people want to celebrate it. But President, I trust that many people of Hong Kong would not want to celebrate. Frankly speaking, many people of Hong Kong are flared up because of that.

In the debate today, many people have touched on the problem of the disparity between the rich and the poor. We in the Democratic Party are very concerned about it too. I trust that even Members from the pro-establishment camp are very concerned. They may explain the problem of the disparity between the rich and the poor differently. But it cannot be denied that Hong Kong is one of the places in the world with the worst wealth gap problem. Hong Kong's Gini coefficient is 0.533, which is a dangerous level. And how much money do the authorities have? It is \$1,000 billion, of which some \$500 billion is the fiscal reserves and some \$500 billion is the accumulated surplus. The total is \$1,000 billion. But the Government is still unwilling to do something to help the poor. At the end of last month, I interviewed the Chairman of the Equal Opportunity Commission, Mr LAM Woon-kwong, on my online television. And what did he say? President, he said that he was aware of the concern of this Council for the disadvantaged, and for all things concerning the provision of health care, welfare, education, and so on, for the disadvantaged, most of the Members of this Council were willing to lend their support to them. But as he said, it is only that the SAR Government does not want to do anything. Such are the words from the mouth of a former top official.

President, the problem of the disparity between the rich and the poor in Hong Kong has reached indecent proportions. And the Chief Executive is still saying that this is found all over the world. Actually, there are places that do not have this problem. Let us look at some figures, President. In 1997 during the handover, at that time the local GDP was \$1,113.8 billion and last year, this figure rose to \$1,606.1 billion and the increase was almost 50%. So this pie, as many Honourable colleagues have said, is growing bigger. But why are the people getting poorer? President, if you look up the information from the Hong Kong Council of Social Service, you will see that some 1.3 million people are living in dire straits and, compared with the times under the British rule, the number of people has increased by as many as 100 000. When the money has increased by so much but the number of poor people has also increased by such a great margin, then, President, the only conclusion is that the money has gone into the pockets of a small number of people. So how can this not lead to grievances among the people?

President, you may notice the Forbes Rich List and every year the richest people in the world are ranked in it. And some Hong Kong people will certainly make their way on to the List. The 14th on the List, that is, the ranking in 2010, on this List by Forbes, is LI Ka-shing from the Cheung Kong Holdings. His net asset value is \$163 billion. He ranks the first among the tycoons of Hong Kong and he ranks the 14th on the Forbes Rich List. It should be \$163.8 billion. In the 22nd place on the Forbes Rich List and ranking second in Hong Kong is LEE Shau Kee of Henderson Land with a net asset value of \$144.3 billion. In the 28th place on the Forbes Rich List and ranking third in Hong Kong are the KWOK brothers of Sun Hung Kai Properties, with \$132.6 billion. Ranking the 106th place on the Forbes Rich List and fourth in Hong Kong is CHENG Yu-tung and his family of New World Development with \$53 billion. Taking up the 129th place on the Forbes Rich List and fifth in Hong Kong is Joseph LAU of Chinese Estates with \$45.2 billion. President, I am not at odds with the rich and I do not envy them, but I must ask this question: Why are all these billionaires in the real estate business? This is a question that every one of us has asked.

When I was a junior reporter, some Members of the former Legislative Council told me that people in Hong Kong would work for decades and so hard only for a few families of large developers. It was the case in the 1970s, the 1980s, the 1990s and it is still the same in this millennium. President, how can this situation not have anything to do with government policies? During a debate held in the past, some Members pointed out that we were protected by law

if we were cheated when we bought barbecue pork in the market, but we did not get any protection when we bought a flat. No regulation has been done all through so many years and so they can do whatever they like. President, how can there not be any discontent in the people?

Many Honourable colleagues have talked about a survey done by The Chinese University of Hong Kong (CUHK). Let me read out some information from that survey. President, CUHK conducted a survey in the form of an interview and on the factors most affecting social harmony in Hong Kong or "河蟹"⁽¹⁾ as the Central Authorities would love to hear, President, the respondents thought that the most serious one with 60% of them agreeing is first, the contradiction that exists between the rich and the poor. President, this situation was already very serious back in 2006 when it was 61.9%. It reached 64.4% in 2010. The second contradiction is that between the people and the big consortia, and this has risen from 50.3% to 56.8%. President, you should note the third contradiction and, that is, political disputes for it was only 49.2% in 2006 but it has surged to 59.2% now. I am sure after today, this figure will at least rise to some 80%.

Besides, there is an issue which the Financial Secretary would love to hear and, that is, the contradiction between the people and the Government. President, it was 34.6% in 2006, but it is 56% this year.

President, these are the findings of the survey done by CUHK, and you know that they had interviewed many members of the public. These figures are not made up by the democratic camp. That could be the so-called deep-rooted conflicts mentioned by the Premier has talked about. These matters have been handled for so many years and there is so much money but more and more are going to the pockets of a handful of people. There is no change in our political system. Now we have asked the Financial Secretary questions for more than two hours, but, President, nothing can be done about it. Do you think that the people outside will go with you to the Chinese General Chamber of Commerce and raise their glasses and toast in celebration? President, these things politics and economy are two sides of the same coin. We can see that there is money here, but the political rights are held in the tight fists of a handful of people. So President, can we not become so flared up as we are now?

(1) "河蟹" meaning "river crab" when pronounced in Putonghua is "he xie", can mean "harmony" in English, thus the pun.

So if the Financial Secretary does not make use of the Budget to solve this problem of the disparity between the rich and the poor, I trust I would not want to have anything to do with this problem anymore. The survey also shows that more and more people support the use of resistance such as seizing, raiding or clashing with someone, and so on. I have said in public many times that I do not agree to the use of violence. I support using peaceful, rational, non-violent and non-abusive language to solve these contradictions. But President, we can see that a few months ago when we discussed the express rail, there were many people from outside and they even wanted to gate-crash, climb in or force their way through and get in here. I asked them what they wanted to do if they managed come in. They said that they wanted to come in to replace us. Wow, this is like the French Revolution and people would be sent to the guillotine.

President, certainly, Hong Kong has not yet come to such a state, but we have all these figures and the wealth we have got has grown to more than \$1,000 billion. The Hong Kong Monetary Authority keeps this sum of money for us, why do we lock this sum of money up? Why do people like LAM Woon-kwong would say those things? For things which are done in support of the disadvantaged, such as the elderly, the children and the ethnic minorities, President, the party to which you belong, the party to which I belong and many other parties as well, are all supportive. But the authorities do not want to do them and what they do is to give a bit of charity, without devising policies to do that on a bigger scale. Now there is a mine of grievances among the people and I believe soon they will explode. President, then your SAR Government, not mine, because it is not elected by me But I can tell you on behalf of my voters that we are very angry.

President, after talking about these, I must talk about the matters I care about, matters which enrage me all the same, and they are related to gender mainstreaming. I have raised 15 written questions and I do not know for what reasons Secretary Matthew CHEUNG placed these under the charge of the Labour and Welfare Bureau. This is outrageous indeed. He said that I had raised 15 written questions and a book could be compiled on them. President, as a matter of fact, when his replies are sorted out, there is only one page. What is gender mainstreaming? According to the explanation given by the Secretary personally and verbally — I do not think the Financial Secretary would know it — it is to incorporate a gender perspective and gender needs in laws, policies and plans related to all areas so that when these laws, policies and plans are devised,

implemented, supervised or assessed, consideration would be given to matters and experiences which are of concern to both sexes. I have said it, but I do not think he knows what I am saying. Some people did not understand what I said yesterday.

Yesterday, the Bills Committee on the Minimum Wage Bill held a meeting and the Commissioner was sitting in the same seat as the Financial Secretary is now sitting. He was a Deputy Commissioner and he was Mr A WONG, Deputy Commissioner for Labour. Why do I have to mention him? This is because he has set up the Provisional Minimum Wage Commission. Of the nine unofficial members in it, only two are women. I asked him why he did not examine that list. He looked puzzled. President, it was like you now and he did not know what list I was talking about and what was meant by examining it. He knew nothing about it at all.

Secretary Matthew CHEUNG pointed out in his reply to me that in these few years past, 4 300 civil servants had received training and the Labour Department was given specific training as well on how these matters should be dealt with. This is something they have to pay attention to when they draw up policies. President, during the past two months, they sent a memo to the Financial Secretary. No, he did not give it to the Financial Secretary but to the Secretary of Department and the Commissioner and told them they should pay attention to the issue of gender mainstreaming.

President, the authorities have been promoting this for 10 years and it was only in this February that a memo was issued. And the Deputy Commissioner sitting there did not have a word to say about it. It was because he had never heard of such a term. I asked him to take the paper back to the authorities and demanded that all the papers to be submitted to this Council in future, be they bills, or papers on funding or policies, should all carry consideration of gender mainstreaming and be checked against this list to see what impact there may be on either of the genders.

President, I can see that you look puzzled too. Actually, you should be enlightened by him (*Laughter*). Do you not know that a few years ago President, now the time has come again. Hong Kong has to appear before the United Nations Commission on the Status of Women again to make a report.

This is because we have signed the Convention on the Elimination of All Forms of Discrimination against Women. We reported to the Commission five years ago. I also went to New York at that time and I have to do the same now. President, what did the Commission say at that time? It said that it was about to do these things and it asked the authorities in Hong Kong to set up some central mechanism so that when enacting laws, making appropriations or devising policies, this list can be used to check if anything has been done to achieve gender equality.

But the authorities refused to do it. Then what did they do? They only set up a Women's Commission and it does not have any powers or funds. I do not know how the authorities would explain to the United Nations. This year a funding of \$23.8 million is allocated to the Women's Commission and it is asked to do some educational and publicity work. I ran into Sophia KAO, Chairperson of the Women's Commission the other day. She was at jitters, saying that things were terrible then. Sophie LEUNG is sitting here and she was the former Chairperson of the Women's Commission, so she may be at jitters too. She would not feel enraged. She is a very cheerful person. Let us go and have a meal together.

President, the problem now is that this is an issue of gender equality and they are just sitting there wearing a smile. Why do they smile? Because they are all male and we are talking about matters related to women here. For all these years, what they feel most successful and what they have been talking about most of the time are the cubicles in a toilet. I think when they are to walk in a shopping mall with their wives, they have to wait for them outside the toilet. And they have to wait for them when they go to a concert or something like that. Work on that has been going on for 10 years and yet even the problem of toilet cubicles is not solved. For if not, I would not say that the SAR Government fails to sense the urgency of the people.

President, I hope that when the Financial Secretary compiles his Budget next year, he can consider a gender Budget and when he is to decide how money is to be distributed, he should examine what the impact of the item is on males and females respectively. I raised a question on that earlier this year. The Financial Secretary said in reply that he wanted to promote the wine trade and more work should be done on training in the construction industry. Then I asked what the impact of all these policies on women was. He said that they had

not examined it. President, what kind of a reply did he give? He was only glossing things over and he said that he believed women would stand to benefit too. If such a reply were made when we talk about gender mainstreaming, it would certainly be unacceptable. So President, the problem of the wealth gap is very serious indeed. The Democratic Party will make an all-out effort on this question of gender mainstreaming. We hope the authorities would wake up, for I believe the grievances of the people will make their way from the streets into this Council. And we can only pray for the best.

PRESIDENT (in Cantonese): Mrs Sophie LEUNG, what is your point?

MRS SOPHIE LEUNG (in Cantonese): I wish to raise a point of order, because Ms Emily LAU mentioned two points earlier and they were related to me. First, she mentioned my name no, I wish to ask her to clarify that is, I wish to make a clarification of what she has said because there are some inaccuracies. This is because when I was the Chairperson at that time, gender mainstreaming had already

PRESIDENT (in Cantonese): Mrs Sophie LEUNG, your request does not constitute a point of order.

DR PHILIP WONG (in Cantonese): President, the Chinese General Chamber of Commerce (CGCC) which I represent supports the Budget this year. We are of the view that the Budget is reasonable, practical and in the right direction, and it is conducive to economic stability and improving people's livelihood.

During the fiscal year of 2009-2010, the economic performance of Hong Kong has been better than expected. This is especially evident in the robust investment and property markets, leading to a great surge in stamp duty and land revenue. This will help alleviate fiscal deficits and provide more resources for Hong Kong's development. However, our economy is still facing problems like slackened demand in European and American markets, the great inflow of hot money which has driven property prices up and the lack of diversity in our

industrial structure. Therefore, the future development of Hong Kong is still filled with challenges.

Now I would like to comment on the Budget in a number of aspects.

First, the Budget has responded to public aspirations by introducing a number of concrete measures. These include suggestions made by the CGCC earlier to put in efforts to match the Twelfth Five-Year Plan of our country, intensifying regional co-operation, strengthening the integration of Guangdong and Hong Kong, reviewing the land policy, improving the Application List, promoting the use of electric vehicles and easing the problem of youth unemployment. However, it must be said that there is still room for further improvement to materialize these proposals.

The rapid development of the Mainland economy has become the engine for our economic growth. The SAR Government should make use of the planning stage of the Twelfth Five-Year Plan of our country to play an active role in key areas like financial reform, low carbon economy, tax reform, and the development of towns and cities. In this way, business opportunities can be seized by capturing the major directions of our country's development.

The financial tsunami has exposed the shortcomings of the over-reliance on the US dollar by the international monetary system. If the Renminbi can go international, it will not only help China face any crisis but also increase stability in the international monetary system. Hong Kong should promote the use of Renminbi as the currency for pricing and settlement with its trade partners. It should make efforts to make Renminbi the major currency for settlement in trade with ASEAN countries. We should work to elevate the position of Renminbi in the European currency system so that it can become a major currency in the region. The SAR Government should seize this good opportunity to create favourable conditions for Hong Kong to develop further its Renminbi business. This will include taking active steps to develop the off-shore Renminbi market. It can open up investment channels for Renminbi investors and also attract more Mainland companies to come here to issue Renminbi bonds.

At the end of last year, our country acted in a way most befitting its status as a great power in the Copenhagen summit on climate change. China showed the world its determination in environmental protection. Low carbon economy

will become an important tool in fostering economic change and opening up markets. Hong Kong has made some achievement in the promotion of the use of electric vehicles, but we are still at the infancy stage in the popularization and utilization of electric vehicles. I suggest that the SAR Government should give more financial assistance to the use of electric vehicles so that Hong Kong can progress faster to a low carbon city. This will also help us share our relevant experience with the Mainland. The Government may also consider allocating more resources to mitigate air pollution more effectively and increase the energy efficiency of buildings.

The development of the Pearl River Delta (PRD) have grown into a strategic dimension in national development. The Framework Agreement on Guangdong/Hong Kong Co-operation marks a new era in Guangdong-Hong Kong co-operation. Given Shenzhen's close proximity to Hong Kong, it is the best testing ground for Guangdong-Hong Kong co-operation. I would suggest that the SAR Government should be more progressive in planning the development of land along the Hong Kong-Shenzhen border and be more active in responding to the development of the Qianhai specific development zone in Shenzhen. Hong Kong should promote the development of high value-added service industries like health care, education, innovative technology and cultural and creative industries in the zone. It should try to transfer the management mode of Hong Kong characterized by high efficiency, diversification and internationalization and allow Hong Kong residents and Guangdong residents who hold valid papers to travel freely in and out of the zone. In this way, it would combine the management edges of Hong Kong with the giant market potentials of the PRD.

Hong Kong and Taiwan have similar historical and cultural backgrounds and there is frequent contact between the people of both places. The CGCC has been promoting trade, and economic and cultural exchanges between Hong Kong and Taiwan, and it supports the new platform for dialogue that has just been set up. I hope that the SAR Government will work in line with the policies of the Central Authorities in this respect and engage in negotiating agreements on trade and economic co-operation between the two places, including the signing of agreements on regional co-operation in finance and other such areas, exempting visa arrangements, removing double taxation, liberalizing air rights, and so on, hence imbuing new economic impetus into Hong Kong.

Second, the steady development of small and medium enterprises (SMEs) is crucial to the economy, people's livelihood and employment situation of Hong Kong. In the wake of the financial tsunami, the conventional markets in Europe and America have shrunk and Hong Kong SMEs engaged mainly in export and re-export business have suffered badly. Many companies have since turned to the domestic market on the Mainland, but they have encountered many difficulties.

Over the past year, the SAR Government pursued the policy of "stabilizing the financial system, supporting enterprises and preserving employment" and introduced a special credit insurance scheme, 100% deposit protection, and so on. All these measures will help ease the tight liquidity position of SMEs. Recently, the investment conditions of Hong Kong have improved, but the momentum of recovery is still not marked and SMEs in particular still have to face many problems.

I suggest that the Government should consider extending and intensifying the support measures for SMEs in the following ways: First, extending the scope of credit insurance and permit qualified Mainland banks or the mainland offices of local banks to take part in the credit insurance scheme, thus enabling Hong Kong enterprises on the Mainland to lodge their loan applications with local banks direct and secure credit insurance from the Government; second, relaxing the restrictions on export credit insurance and bring Hong Kong enterprises on the Mainland into the scheme, thus helping SMEs to change from being export-oriented to focusing on the Mainland domestic market; third, setting up agencies specifically tasked with studying Mainland policies and changes in the market and reporting such information promptly to Hong Kong enterprises, thus helping SMEs understand the business environment on the Mainland, the consumption demands, taxation policies and financing policies.

Third, the global economy is still beset by a lot of uncertainties. Some countries are summing up their experience and lessons learnt and considering the right timing for exit. I would think that as countries are preparing to exit, the SAR Government should take into full account the practical situation of Hong Kong. The moves made by the Government to intervene in the market previously are meant to address practical economic operation, unlike the equity injections made by some countries into their financial institutions. The

Government should evaluate the negative impact on Hong Kong economy of the exit moves made by other countries and consider whether it is necessary and feasible to extend some of the extraordinary measures. Such will prevent uncertainties from forming in the Hong Kong economy which is recovering.

Fourth, I hope that the SAR Government and sectors across the community will bring forth the determination to collaborate and take vigorous and effective actions to solve some deep-rooted problems in Hong Kong.

I think the strategy of poverty alleviation is to develop the economy and invest in education, such as increasing the investment made in all types of education institutions, and stepping up employment support given to the disadvantaged so as to foster social mobility. In respect of economic development, I think that the Government should undertake planning for long-term strategies and further display a vision for the future development of Hong Kong. It should adopt a diversified industrial policy, improve its education policy and increase resources committed to the training of youths. With this multi-pronged approach, it can hope to achieve the objectives of sustainable development, alleviation of poverty and promoting social mobility.

Fifth, I hope Members can discuss seriously whether the \$159 million public money earmarked in the Budget for the by-election is justified. As we all know, the Basic Law states clearly the legal status of the Hong Kong SAR which is a local administrative region subservient to the Central Government. Pursuant to the Constitution of our country, the system to be practised in a regional administrative region is to be determined by the Central Authorities. Moreover, the Constitution of our country and the Basic Law have no stipulations on a system for referendum. It follows that any form of referendum is in contravention of the Constitution and the law.

The so-called referendum of five constituencies has no legal basis at all. It has no effect and runs counter to public opinion. It will not help promote the development of our constitutional system. The Central Authorities, the SAR Government and the Hong Kong public at large will not recognize it. I think that since there are many problems related to the economy and people's livelihood in society that badly need solving, this sum of some \$150 million earmarked in the Budget can be better used to do a lot of things for the elderly, the children and

the disadvantaged. If the money is used on disaster relief, it can help many victims, which is far more meaningful than spending it on a farce like this which resembles nothing that it sets out to be.

President, I so submit.

MR RONNY TONG (in Cantonese): President, today we are discussing the Budget. If anyone wants to discuss the Budget without touching on the issue of governance in Hong Kong, then I would think that he is only being self-deceptive.

President, over the past three years, the Chief Executive used the word "new" in the policy address to describe the policy direction of the SAR Government. In 2007, he used yellow as the colour of the cover and the policy address that year was entitled "A New Direction for Hong Kong" and he urged us to be new Hongkongers. In 2008 when Hong Kong was hit by the financial tsunami, he called on the people to face it calmly and the colour aquamarine was used. The policy address that year was titled "Embracing New Challenges". This year the policy address is entitled "Breaking New Ground Together". So the word "new" is found in the three policy addresses. But what in fact is new about them after all? President, there is actually nothing new about them. Conversely, what we can see is that the lame duck mentality is still engulfing the Hong Kong Government.

President, what I wish to say is, if you meet any Hong Kong person on the street — you do not have to ask our Premier — and ask him what the most deep-rooted conflict in Hong Kong is, be it a woman in Ngau Tau Kok or an old man in Wan Chai, they will tell you (and you do not need to hear what WEN Jiabao say) and you will find that the most deep-rooted conflict in Hong Kong is this impasse in political reform and the disparity between the rich and the poor. With respect to the political system, all the SAR Government is doing is to second-guess the inclination of Beijing and there is no thinking of its own at all. With respect to the disparity between the rich and the poor, the SAR Government only probes the wishes of the business sector and it also has no ideas of its own. More importantly, there is consistency in the mentality of the SAR Government over the past few years and, that is, handing out candies, and handing out candies all through. President, it has been doing that for three years. It handed out

\$50 billion in the first year. It handed out twice last year at a total amount of some \$23 billion. And it handed out \$20.4 this year. The SAR Government thinks that by handing out candies, problems with the political system and the wealth gap will all be gone. This kind of thinking entirely lacks novelty. I wish to tell the Financial Secretary, and I also hope that the Chief Executive will hear it, that if we want any new thinking, this kind of approach must be changed.

President, it is unfortunate that this kind of culture of handing out candies seems to have taken root in local soil. Now many people would think that if the Government does not hand out candies next year, then it is not doing a good job. So people would simply extend their hands and clamour for a tax cut and a cut in rates. Interestingly enough, the Financial Secretary says every year that he will not do that, but it turns out that every year he is doing exactly that. Why? President, I am not saying that If it is possible, we do not have to give any assistance to the middle class. There are indeed many top earners around and when you hand out \$6,000 to them, they will spend it in a dinner. They would not care a dime about it. However, if you are doing that every year but cease handing out candies to them the next year, then they will think that the Government is no good. Obviously, the Government has been hearing their voices.

President, if we really want to look after the disadvantaged in Hong Kong, it might well be that we do not have to spend \$50 billion. What we need to do is just to focus on this problem. As in the case of constitutional reform, we need to focus our efforts on it. The question is not simply about what will happen in 2012, but in which direction is the constitutional development of Hong Kong going. It is the same case with assisting the poor. We should not just give money to anyone who extends his hand. On the other hand, the Government should use an appropriate amount of its resources and focus on the problem to solve it. This is the most important thing of all.

President, in this regard, I would think that this approach taken by the SAR Government to adopt a culture of handing out candies to silence the people of Hong Kong is a very insulting approach to take. This is because handing out candies has a negative implication. For one thing, it is only a petty favour, and for another, this is actually not practical. What we need are some long-term policies. The Government cannot do such things every year. Certainly, the

Government may say that these are one-off measures and it can consider its responsibility fulfilled once the money is handed out. I am referring to some policies of a longer term, that is, long-term policies that can really help the people of Hong Kong. President, I know that time is running short. And at most I can talk about two issues, but that does not mean that the Budget is deficient only in two aspects. Actually, there are many deficiencies.

Now I wish to concentrate on two topics: First, property prices in Hong Kong, and second, residential places for the disadvantaged. President, with respect to this issue of property prices, what has the Government done? The question of property prices actually involves two obvious issues. This morning I said on the radio that first, it is about supply in the property market and second, with respect to consumers, it is a question of whether they have fair and equitable bargaining power. The SAR Government has always evaded the question of land supply. This makes people think that the Government is actually afraid of the developers. With respect to consumers, the Government has done very little in helping consumers secure better conditions in the sale and purchase of property in a fair manner. The Government just shirks its responsibility. Even if some people have engaged in some totally false transactions, the Government has only written a few letters. It takes months for the Government to write these letters and it does not know what has happened at all. If there is any fraudulence or deception, the Government should take legal action. Would the problem be solved simply by writing a few letters? The Secretary has said recently that show flats should be subjected to regulation and prospective buyers should be able to take the measurements themselves. But these are not the most important issues, President, for the consumers do not have any choice at all. The market is monopolized by big developers actually. And the biggest player in such monopolization is the Government, for it has been helping these developers to prey on the consumers. Why can the Government not grant some plots of land of a smaller size every year or construct some affordable buildings? We urge that Home Ownership Scheme flats be relaunched and that markets for these flats and sandwich class housing flats should be revitalized. Why can the Government not do it? All along the government policy is that there should be fair competition in Hong Kong. Even though the Government is unwilling to introduce a fair competition law, I would ask every year when such a law can be introduced. However, I still fail to see it introduce that law and submit it to this

Council, notwithstanding the fact that the Government already said a long time ago that it has got such a policy.

As for the property market, what has the Government done to ensure that there is a market with genuine fair competition? Why are small developers unable to become rivals to big developers and supply some more suitable and affordable flats to the lower and middle classes? Why can this not be done? With respect to the question of compulsory sale, why did we oppose it so strongly? This is because facts are telling us that the so-called compulsory sale does not have any bidder other than one single developer. If only it has the say, then no one can get involved. This is actually not a real auction. So despite all these nice words said, the people of Hong Kong are perpetually exploited by developers and the Government.

President, let me cite a simple example, one found by my assistant. A flat measuring 474 sq ft in Nam Fung Sun Chuen close to North Point sells at a price of \$3 million or \$6,400 per sq ft. At this price, a down payment of 30% of the flat price would mean \$900,000. Even if we are so lucky that the minimum wage imposed is not \$20 per hour but \$30 an hour, President, a person working 30 days a month can only make some \$7,000. Even if both the husband and wife are working, they can only make \$14,000. If they are to pay \$900,000 in down payment, they will have to make repayments at some \$11,000 a month, which would become greater if the interest rate rises. And the tenure might even be extended indefinitely. When this couple can only make \$14,000 and if they have to make mortgage repayments at \$11,000 a month, then the remaining \$3,000 will have to be used on transportation, food, schooling for kids, Internet fees, and so on, how can they possibly live? It is said that the people of Hong Kong are full of grievances, and many people would think that they should resort to drastic means to get their due rights. Why are they doing that? Because they can see no hope and chance of easing the pressure exerted on them. Would it be affordable if they choose not to buy a flat but rent one instead? It is also expensive to rent a flat these days.

President, this year we are urging the Government to face squarely the issue of Home Ownership Scheme (HOS) flats. We hope that the construction of HOS flats can be resumed. Apart from revitalizing the secondary market for

HOS flats, the Government should also do the same for markets of more affordable flats, such as flats for the sandwich class. Would property prices fall after these markets are revitalized? The case may not be so. But it would be better than making no attempts at revitalization at all. Then why can the Government not do something as simple as that?

After talking about buildings, I would also like to talk about the elderly and persons with disabilities, as well as some proposals made by the Government this year in this respect. President, every year the Government will say the same thing, that more resources will be injected. But has the result borne out the Government's claim that it is caring for the most needy wholeheartedly? President, figures show that this is not the fact. I have got some figures here. From March 2009 to end February 2010, the number of elderly persons on the waiting list for residential places in subsidized nursing homes totals 9 450 people, but only 605 people were given a residential place over the past one year. President, it is only 6% of the total. And those who passed away while waiting numbered 1 951 people. Put it bluntly, 20% of the people on the waiting list failed to get a place before they died. In other words, the number of elderly persons who die before getting a place is three to four times more than those who can get a place. Now the average waiting time is 42 months and this is only the figure for elderly persons, and that for persons with disabilities is even worse.

A few days ago when we discussed the existing licensing regime in this Council, the Government said that the licensing regime could ensure the quality of nursing homes. But is this true? We have checked some figures and discovered that the existing quality and service standards are even worse compared to the situation in 2002. This is like what is happening in the political system — the constitutional reform proposal this year is even worse than that in 2005. With respect to manpower ratio and the space provided to inmates, there has been a big step backward. What does this tell? It shows that the Government is saying one thing and doing another. In 2002, the Government thought that there should be a minimum requirement and this requirement and quality must be maintained. But in 2010, this requirement can be lowered because if it is not lowered, the Government will have to put in more resources. This is something it does not want to do. President, this Government of ours is weird, so weird that there is no other government like it in the whole world. Why? Because whenever it has to face any social responsibility, it will say that

it is no concern of it, claiming that operators should bear the social responsibility themselves. President, this is not the first time I am making this remark in this Chamber. It is obvious that anyone who runs a business will want to make profits. Will he listen to you if you tell him that he should not make any profits and he has to bear social responsibility? More importantly, is the bearing of social responsibility the duty of the business sector, or that of the Government? Why does the Government not do it and ask the business sector to do so instead? What is the justification and logic of this? President, I fail to see it at all. With respect to the question of residential places, if the Government does not want to put in more resources and devise a long-term plan to tackle these problems, and if it just carries out some minor patchwork every year, then I do not think this problem can ever be solved.

Apart from the problem of residential places, we can also talk about the transport problems faced by persons with disabilities, a question the Government has never tried to address. President, we all know and the Government knows it equally well that persons with disabilities must be integrated into society. But how can they integrate into society if the transport fares are so expensive that they cannot afford them? What they can do is to lock themselves up in a small room and lead a life that is most lonely, with no one caring for them. To solve this problem, should we not put in much more resources? President, this is not the case in reality because a few years ago, or a couple of years ago rather, the University of Hong Kong conducted a study and the findings were then submitted to the Government for consideration. If fare concessions are provided to persons with disabilities, transport operators will not incur losses. Even if they do, the Government may well be able to meet the shortfall. President, what we are talking about is not a sum of some tens of billion dollars (*The buzzer sounded*) what we are talking about is just a few million dollars. Why can the Government not even do that?

PRESIDENT (in Cantonese): Mr TONG, your speaking time is up. Does any other Member wish to speak?

(No Member indicated a wish to speak)

SUSPENSION OF MEETING

PRESIDENT (in Cantonese): If not, I now suspend the Council until 9 am tomorrow.

Suspended accordingly at twenty-four minutes to Eight o'clock