

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 26 May 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 TAM YIU-CHUNG, G.B.S., J.P.

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

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

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

THE HONOURABLE 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.

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

THE HONOURABLE LEUNG KWOK-HUNG

THE HONOURABLE TANYA CHAN

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE WONG YUK-MAN

MEMBER ABSENT:

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

PUBLIC OFFICERS ATTENDING:

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

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

MS FLORENCE HUI HIU-FAI, J.P.
SECRETARY FOR HOME AFFAIRS

MS JULIA LEUNG FUNG-YEE, J.P.
SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY

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

MR YAU SHING-MU, J.P.
SECRETARY FOR TRANSPORT AND HOUSING

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

CLERKS IN ATTENDANCE:

MS PAULINE NG MAN-WAH, SECRETARY GENERAL

MRS JUSTINA LAM CHENG BO-LING, ASSISTANT SECRETARY
GENERAL

MRS PERCY MA, 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>
Inland Revenue (Double Taxation Relief on Income from Aircraft Operations) (The Republic of the Fiji Islands) Order.....	55/2010
Securities and Futures (Levy) (Amendment) Order 2010.....	56/2010
Food Business (Amendment) Regulation 2010	57/2010
Frozen Confections (Amendment) Regulation 2010	58/2010
Milk (Amendment) Regulation 2010.....	59/2010
Public Health and Municipal Services (Fees) (Amendment) Regulation 2010	60/2010
Sweeteners in Food (Amendment) Regulation 2010	61/2010
Telecommunications (Determining Spectrum Utilization Fees by Auction) (Amendment) Regulation 2010.....	62/2010
Telecommunications (Designation of Frequency Bands subject to Payment of Spectrum Utilization Fee) (Amendment) Order 2010.....	63/2010
Dangerous Drugs Ordinance (Amendment of Second Schedule) Order 2010	64/2010
Solicitors (Professional Indemnity) (Amendment) Rules 2010.....	65/2010

Merchant Shipping (Local Vessels) (Typhoon Shelters) Regulation (Amendment of Schedule) Notice 2010.....	66/2010
Tate's Cairn Tunnel Ordinance (Amendment of Schedule) Notice 2010.....	67/2010
Copyright (Amendment) Ordinance 2007 (Commencement) Notice 2010.....	68/2010

Other Papers

- No. 96 — Report of the Committee on Members' Interests on a complaint against Mr LEUNG Kwok-hung in relation to his conduct in claims for reimbursement of operating expenses

Report No. 11/09-10 of the House Committee on Consideration of Subsidiary Legislation and Other Instruments

ADDRESSES

PRESIDENT (in Cantonese): Address. Mrs Sophie LEUNG will address the Council on the report of the Committee on Members' Interests on a complaint against Mr LEUNG Kwok-hung in relation to his conduct in claims for reimbursement of operating expenses.

Report of the Committee on Members' Interests on a complaint against Mr LEUNG Kwok-hung in relation to his conduct in claims for reimbursement of operating expenses

MRS SOPHIE LEUNG (in Cantonese): President, in my capacity as Chairman of the Committee on Members' Interests (the Committee), I would like to present to the Legislative Council a report on its preliminary consideration of a complaint against Mr LEUNG Kwok-hung (the Report). Now, I will give a brief account of the Report.

On 5 January 2010, the Complaints Division of the Legislative Council Secretariat (the Secretariat) forwarded to the Committee a complaint from a member of the public against Mr LEUNG Kwok-hung, alleging that Mr LEUNG had used public funds to take out insurance policies through one of his part-time employees, who was also an agent of the insurance company concerned and was able to obtain commissions from these policies.

As the complaint concerns the conduct of Mr LEUNG in making claims for public funds for reimbursement of operating expenses (OER claims), it falls into the terms of reference of the Committee as regards the handling of the complaint, as provided in Rule 73(1)(ca) of the Rules of Procedure of the Legislative Council (the Rules of Procedure).

The Committee conducted a preliminary consideration of the relevant complaint against Mr LEUNG in order to ascertain the subject of the complaint and the provisions of the Rules of Procedure relevant to the allegations in question. Meanwhile, the Secretary General of the Secretariat also started an examination of some of the allegations in question which appeared in the press reports, as she, being the Controlling Officer, has the duty to ensure that the financial provisions allocated to The Legislative Council Commission are properly spent. The scope of the examination by the Secretary General focused mainly on the allegation that Mr LEUNG had failed to obtain three quotations in accordance with the requirement when he took out insurance through his part-time employee. On completion of the examination and with the concurrence of The Legislative Council Commission, the Secretary General has formally submitted the examination report to the Committee for its reference.

In this connection, the Committee has held five meetings. After the conduct of the preliminary consideration, the Committee considers that Mr LEUNG Kwok-hung cannot be regarded as having failed to follow the relevant guide or breached the Rules of Procedure. As such, the complaint is not substantiated, and no further investigation will be required. The Committee has already conveyed the above decision to Mr LEUNG and the employee concerned, and invited them to express views on the draft report. So far, the Committee has not yet received any views from them. The Committee now submits the Report to the Legislative Council in accordance with paragraph (20) of its procedure for handling complaints (the Procedure).

First, I would like to give an account of the facts obtained by the Committee. Since October 2008, Mr LEUNG Kwok-hung had submitted four claims for reimbursements of insurance premiums in the aggregate amount of more than \$16,000. The policies covered the insurance for his offices, as well as the medical insurances and employees' compensation insurance for certain employees of Mr LEUNG. These insurances were taken out through a part-time employee of Mr LEUNG, and the employee had declared in each of the declaration forms that she, acting as the insurance agent, was able to obtain commissions from these policies. Mr LEUNG had also declared in the relevant declaration forms that he and his relatives had no financial interest in or control of the business of the said insurance company.

In the conduct of the preliminary consideration, the Committee has noted that Members have to follow the requirement under the Guide for Reimbursement of Operating Expenses for Members of the Legislative Council (the Guide) in making OER claims. Members also have to ensure that any information provided is true, accurate and complete in accordance with Rule 83AA of the Rules of Procedure.

The Committee is also aware that the provision of paragraph 60 of the Guide is relevant to the complaint, which stipulates that a Member or his/her staff should not engage a contractor or supplier whose business he/she, his/her staff or any of his/her relatives has a financial interest in or control of. If this cannot be avoided, they should obtain at least three quotations for price and performance comparison whenever practicable, declare interest and document the justifications for doing so.

According to the Secretary General's examination, the provision of paragraph 60 was incorporated into the Guide by the Secretariat in 2005 after taking into account a series of recommendations on the avoidance of conflict of interests made by the Independent Commission Against Corruption. However, as the conflict of interests referred to in paragraph 60 relates to the "financial interest in or control of the business" of the contractor or supplier, and there is actually no information to indicate that Mr LEUNG Kwok-hung has any financial interest in or control of the business of the said insurance company, coupled by the fact that the receipt of insurance commissions by that employee is also not regarded as having any financial interest in or control of the business of the

company. As such, the requirement under paragraph 60 of the Guide to obtain at least three quotations does not apply to Mr LEUNG's case.

Nevertheless, the Secretary General has pointed out in her examination report that the avoidance of conflict of interests is the most important principle underlying the reimbursement system. A Member should be advised to refrain from claiming reimbursement for any transaction from which he himself, his relatives or business associates may be perceived to have benefited. If this cannot be avoided, a Member should make conscious efforts to declare his interest and obtain at least three quotations for comparison. In this incident, Mr LEUNG is not required to submit three quotations as the "financial interest" referred to in paragraph 60 of the Guide is taken by the Accounts Office of the Secretariat to mean "financial interest in the business of the insurance company", and not "financial benefit from a transaction" in relation to the handling of Mr LEUNG's claims.

The Committee considers that while it is Members' responsibility to account for their OER claims, Members rely heavily on the advice of the Accounts Office on the interpretation of the provisions in the Guide. On the basis of the interpretation of paragraph 60 by the Accounts Office which excludes "financial benefit from a transaction", and that there is no information to indicate that Mr LEUNG has covered up anything, the Committee considers Mr LEUNG cannot be regarded as having failed to follow paragraph 60 of the Guide or breached Rule 83AA of the Rules of Procedure.

The Committee notes that the Secretary General has pointed out in the examination report that paragraph 15 of the Code of Conduct for Staff Employed by Legislative Council Members (the Code of Conduct) provides that "When there is perceived or actual conflict of interest, the staff member should abstain from dealing with the matter in question and report the situation to the Member, who may reassign the task to another staff". As there is no provision in the Guide requiring Mr LEUNG to reassign the task to another staff, the Committee does not consider that Mr LEUNG's not having done this is a failure to follow any provision in the Guide. In addition, the employee concerned has also declared interest in accordance with paragraph 15 of the Code of Conduct.

However, the Committee supports the Secretary General to adopt initiatives to improve the provisions of the Guide, which include setting out more clearly in

paragraph 60 of the Guide the extent of conflict of interest that a Member ought to avoid, extending the meaning of "financial interest" to cover "financial benefits from a transaction", and incorporating measures into the Guide to avoid conflict of interest as suggested in the Code of Conduct.

I would particularly like to mention that Mr LEUNG Kwok-hung was still a Legislative Council Member when the Committee commenced the preliminary consideration, but he resigned from office as a Member of the Legislative Council with effect from 29 January 2010. According to paragraph (1) of the Procedure, consideration of a complaint should not be initiated if it is made against a former Member, but there is no provision in the Procedure on whether the Committee should cease consideration of a complaint in the event that the Member under complaint has resigned. In view of the importance of the issues under discussion and the wide public concern over the matter, the Committee decided that the consideration of the complaint against Mr LEUNG should continue even though members were aware that it might not be appropriate for the Committee to recommend imposing sanctions on a person who is no longer a Member.

Finally, the Committee is very grateful to the Secretary General for providing it with a detailed examination report. We also hope that the Secretariat will propose amendments to improve the Guide, and consult Members and its staff members in this regard as soon as possible.

President, I so submit.

ORAL ANSWERS TO QUESTIONS

PRESIDENT (in Cantonese): Questions. First question.

Tree Felling and Planting Arrangements

1. **PROF PATRICK LAU** (in Cantonese): *President, some members of the public have complained to me that several trees located at the junction of Conduit Road and Kotewall Road have been felled for no reason, leaving behind only the base part of the tree trunks which look like "graves", with the soil around the roots of the trees covered by cement. According to the staff of the Leisure and*

Cultural Services Department (LCSD), the trees were felled to safeguard public safety, as their health conditions were unsatisfactory. Yet, the staff did not undertake to replant trees at the original location. In this connection, will the Government inform this Council:

- (a) whether it is required under the existing policy that to preserve the original green landscaping, the government departments concerned are required to replant trees of similar quantities and sizes within a specified period of time at the original locations where trees were felled, and whether the authorities have formulated guidelines focusing on handling trees of unsatisfactory health conditions, with a view to monitoring the process of tree assessment and removal, and ensuring the complete removal of sick trees, thereby preventing the remaining tree trunks or roots as well as problematic soil from affecting the health conditions of the trees nearby, and preventing the remains of tree trunks from hindering the planting of new trees and affecting green landscaping; if such guidelines have been formulated, of the details; if not, the reasons for that;*
- (b) whether the government personnel responsible for assessing the health conditions of trees must possess specified professional qualifications or have received training in specific skills, so as to prevent healthy trees from being felled by mistake; and*
- (c) given that some members of the public have pointed out that at present, quite a number of trees along the roads have been trimmed down to their main trunks, and yet double deck buses generally do not run on those roads, of the reasons for the authorities to trim such trees?*

SECRETARY FOR DEVELOPMENT (in Cantonese): President, to enhance the professional standards of government departments and the trade in carrying out greening, landscape and tree management work, the Task Force on Tree Management led by the Chief Secretary for Administration put forward a series of recommendations in its report entitled "People, Trees, Harmony" and published last June. To implement the recommendations, the Development Bureau set up a Greening, Landscape and Tree Management (GLTM) Section in March this

year. One of the key tasks of the GLTM Section is to formulate the standards and best practices on tree management, including guidelines on proper tree care and the identification of problematic trees, and to promote such standards and best practices within the Government and the trade. The GLTM Section will do its best in carrying out this task.

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

- (a) Under the current policy, government departments are required to carry out compensatory planting if trees are removed for the purpose of government works. The Works Branch of the Development Bureau has issued internal guidelines on compensatory planting, which specify the quantity and quality of compensatory trees, the planting depth and the requirement for reserving sufficient planting space, and so on. For instance, the quantity of compensatory trees should be no less than that the quantity of healthy trees removed and the aggregate girth size of the compensatory trees should not be less than that of the healthy trees removed. Moreover, the compensatory trees should meet specifications of "heavy standard" trees (for example, height exceeding 3.5 m, stem diameter exceeding 75 mm, well balanced branching head, and so on). The GLTM Section is reviewing the guidelines with a view to further improving the measures on compensatory planting. It also intends to require government departments to consider, in cases where trees are removed for purposes other than government works, planting suitable trees *in situ* or nearby in compensation where there is sufficient space and soil depth for tree growth.

As regards monitoring and assessing trees in poor health, the major government departments tasked with tree management responsibility, such as the LCSD, Housing Department and Agriculture, Fisheries and Conservation Department, have drawn up guidelines. In support of the implementation of the tree risk assessment arrangements, the GLTM Section formulated practical guidelines to provide guidance to government staff in assessing the health condition of trees. The LCSD has also issued guidance notes on trees removal, such as the methods for removing tree trunks and roots at different sites; safety measures that staff should follow at

work and requirements for compensatory planting. In general, departments will check the health condition of other trees nearby after removing a sick tree and take appropriate action if any problems are identified.

The GLTM Section is drawing up a comprehensive set of standards, practical guidelines and best practices for tree maintenance. In the process, the GLTM Section will review the current requirements for monitoring, assessing and removing trees (including those affected by diseases and pests). Where necessary, the GLTM Section will further refine the general guidelines to enhance the professional capability of the departments in tree management.

- (b) Tree management is a professional task. Government departments responsible for tree management deploy staff with relevant expertise and operational experience to take care of trees (including assessing their health condition) and arrange staff training in the light of operational needs. The GLTM Section introduced new arrangements for tree risk assessment within the Government early this year to facilitate departments in identifying problematic trees as early as possible and taking appropriate follow-up actions in order to minimize the hazards. In support of these new arrangements, the GLTM Section has organized training workshops for about 2 230 managerial, supervisory and front-line staff from government departments and their contractors to help them acquire tree risk assessment techniques. To further enhance the quality and professional standards of our local tree management workforce, the GLTM Section has set up a Training Committee to review the training strategies of the departments tasked with tree maintenance responsibilities and formulate initiatives to enhance training for managerial, supervisory and front-line staff.

Regarding the prevention of removal of trees by mistake, all departments responsible for tree management impose stringent professional requirements. In general, each case of tree removal due to poor health is subject to assessment by staff who have many years of tree management experience and have received relevant training so as to ensure that trees may only be removed in the

absence of any feasible way to improve their health and on grounds of public safety.

- (c) The Works Branch of the Development Bureau has issued technical guidelines on proper tree pruning to all government departments responsible for tree management and public works. It regularly reminds the staff of these departments as well as their contractors to comply with the requirements in these guidelines and, in particular, to avoid topping, over-pruning, cutting too close to the tree trunk or tearing the tree bark so as to minimize the risks of pest infection and tree decay. One of the considerations in pruning trees along roadside is to ensure that the tree crown would not be so large as to compromise the safety of road users. While some roads may not be open to double-decker buses, heavy vehicles may travel on these roads. Hence, tree pruning will also need to take this into account.

To raise private property owners' awareness of proper tree maintenance methods, the GLTM Section has recently embarked on issuing guidelines on the best practices for tree pruning to owners' corporations, mutual aid committees and property management companies across the territory for their reference. We will also promote proper tree care methods to the trade to help them enhance their professional standards.

PROF PATRICK LAU (in Cantonese): *President, in her main reply, the Secretary has neither mentioned the locations, that is, the base part of the tree trunks we mentioned just now, nor indicated when all the roots will be dug out for replanting new trees. Moreover, should not the cement near the base part be removed?*

SECRETARY FOR DEVELOPMENT (in Cantonese): Just now my main reply did not address the several cases cited by Prof LAU as we believed that the main question is about the policy measures in general.

In fact, we have carried out inspection in each of the cases and compared our latest observations against the photos provided by Prof LAU. All of the six

trees were growing on a slope within the boundaries of a leisure park under the LCSD. According to the aforesaid policies in force, each of the cases was inspected by experts and the trees were removed only in the interest of public safety and in the absence of any feasible way to conserve them. As a matter of fact, two of the trees had withered and died already when they were removed.

During the process of removal, the tree must be removed at root. The general guidelines prescribe that the base part should be removed down to the soil immediately underneath as far as possible. Given that the trees were on a slope, currently the stumps can be removed by two methods. The first method is organic decomposition which means leaving the stump in the soil for gradual decomposition by fungi. Another method, also a mechanical one, can speed up the process of decomposition by using a stump grinder with a sawtooth flywheel that can grind the stump into small pieces. However, the stump grinder which is relatively large in size is generally suitable for use on level ground. It would be difficult to move it up a slope. Therefore, the LCSD opted for removing the stumps by the method of organic decomposition.

As for the cement mantle shot by Prof LAU at one of the trees, it was not laid by our colleagues, for it was there all the time. Yet we will ask the LCSD to find ways to improve the situation.

Prof LAU's biggest concern is, if these trees are removed due to infection, will compensatory planting be carried out in future? As I admitted just now, under the current government guidelines, compensatory planting will only be carried out if trees are removed for the purpose of government works. But this is not strictly applied in the event that trees are removed for other reasons. Nevertheless, we are currently revising the guidelines in the hope that the compensatory planting arrangement can also be applied to trees removed for purposes other than government works.

PRESIDENT (in Cantonese): Prof LAU, has your supplement question not been answered?

PROF PATRICK LAU (in Cantonese): *Yes, I would like the Secretary to clarify and let the people know, when will a new tree be replanted?*

SECRETARY FOR DEVELOPMENT (in Cantonese): We will ask the LCSD to carry out compensatory planting in suitable areas nearby by all means.

MISS TANYA CHAN (in Cantonese): *I have some information at hand about my enquiries made with the LCSD earlier with respect to the massive felling of trees before the typhoon season last year, with particular reference to the Tree Preservation Board (TPB) set up in September 2000. It is listed therein in detail the work procedures and practice of tree handling, such as the causes for removing trees, of the TPB. The information shows that the LCSD once indicated experts would conduct inspections to identify if the trees would pose immediate or potential danger, and some relevant procedures would be carried out subsequently. In other words, regardless of whether the trees will pose immediate or potential danger, the same procedures will still be carried out. Certainly, if a tree is identified as posing immediate danger, they will quicken up the process due to public safety concern; whereas trees identified as posing potential danger may have to wait for the deliberation and assessment at the regular meetings of the TPB. The prescribed procedures include posting notices on problematic trees, on which information such as the scheduled date and cause for removal as well as other relevant information will be provided so that members of the public can make enquiries or even lodge complaints.*

May I ask the Secretary, insofar as these two trees are concerned, whether the relevant procedures have been carried out on this occasion? When necessary, can members of the public make enquiries about whether the trees pose immediate or potential dangers? Have any notices been posted? Have any complaints been received? When were the notices posted up and for how long? Because even if they have been posted up for just a few hours, that counts. Most importantly, I believe someone must have inspected the trees. According to the information I have at hand, the LCSD has replied that the inspection records will be filed and made available for reference. Hence, are those documents also available for our reference? If the Secretary does not have the information with her today, can she give us a supplementary reply in writing later on?

SECRETARY FOR DEVELOPMENT (in Cantonese): Miss CHAN's understanding is generally correct. Currently, an assessment board under the LCSD is responsible for making decisions on the removal of trees only upon the completion of specific procedures and reviews by experts. Also, a notification system is in place to notify the public before the removal of trees. As for the details of some cases requested by Miss CHAN, I am afraid the information can be provided only after the meeting. (Appendix I) Nevertheless, under this notification system, in most cases, other than emergency cases, the LCSD would actually post up a notice to notify the public before removing the trees. If the tree to be removed is listed in the Register of Old and Valuable Trees, detailed notification will be given to the public as to the cause and scheduled date of removal.

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

MISS TANYA CHAN (in Cantonese): *No, I only hope that the Secretary can provide the relevant information later on.*

DR PRISCILLA LEUNG (in Cantonese): *President, in the second paragraph of part (b) of the main reply, the Secretary mentioned that in each case, the decision of removal was only made on grounds of poor health condition of the tree. As we all know, nowadays trees are really regarded as treasures, and they may have even higher values later. In this case, has anything been done to explore why those trees are in such conditions? Who should be held responsible for that, the public, the government departments in charge of such work or any other parties? Besides, how many trees have been removed as a result of such conditions? What are the solutions to the problem?*

SECRETARY FOR DEVELOPMENT (in Cantonese): As rightly pointed out by Dr LEUNG, to further understand the problems we face in tree care is one of the major tasks of the GLTM Section. Currently, trees are only removed for several types of reasons. The first type is certainly what I just mentioned, government works. Another type of removal is due to the risks that the trees

pose to public safety. Some of the trees were removed as they had been seriously damaged under emergency or adverse weather conditions. Also, some trees are removed when we identify the need to do so during the process of tree management. Based on these several aspects, we will conduct analyses with a view to perfecting our work.

In fact, focusing on the trees affected by natural factors, in particular the pest and disease factors, we will appoint an external body to conduct a study on tree decay caused by biological agents in the hope of enhancing our knowledge and understanding of fungi and other diseases in Hong Kong and providing basic statistics for reference so as to build up a solid scientific basis for tree care and maintenance in the future.

DR PRISCILLA LEUNG (in Cantonese): *President*

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

DR PRISCILLA LEUNG (in Cantonese): *Yes, the Secretary has not replied as to how many trees have been removed because of their health condition. The trees removed due to government works is another type, I am concerned about those trees removed because of their health conditions. In this respect, what management problems have emerged? If the Secretary does not have the information now, can she provide it in writing later on for our reference? Besides, insofar as tree removal due to health conditions is concerned, are there any ways of improvement?*

SECRETARY FOR DEVELOPMENT (in Cantonese): Just now I have provided the current classification. If Dr LEUNG is interested, I also have the actual figures. In 2009, 4 310 trees were removed due to government works, 4 000 were removed because of risks posed to public safety, 6 600 trees were removed due to serious damage under adverse weather conditions and 6 900 trees were removed as part of the tree management process. With regard to the figure sought by Dr LEUNG — the number of trees removed directly because of pest,

diseases or health reasons during the process, I am afraid this is lacking. In this connection, as I just said, our GLTM Section is going to carry out a study in this regard.

MR LEUNG KWOK-HUNG (in Cantonese): *President, in part (b) of the main reply, the Secretary said — let me quote her words: "In support of these new arrangements, the GLTM Section has organized training workshops for about 2 230 managerial, supervisory and front-line staff from government departments and their contractors to help them acquire tree risk assessment techniques". May I ask, among the 2 230 managerial staff, how many of them come from government departments? What is the composition of these government departments? How many departments are there? Also, how many of them are staff of government contractors? How much are they paid? I mean what is the level of their wages. President, I ask this question because her reply is too general. She said they have a workforce of 2 230, that sounds huge, but indeed how many of them are government employees*

PRESIDENT (in Cantonese): Mr LEUNG, how does your question on staff wages relate to the theme of this question?

MR LEUNG KWOK-HUNG (in Cantonese): *I know you are knowledgeable in Chinese, "Even the trees have undergone changes, not to mention the people". You take good care of the trees, but those people have to sweat in their work. President, I met a woman when I was serving my community service order in Tin Shui Wai — I told you about this before. She worked there every day for a monthly salary of \$4,800. She was as sturdy as a cow and her skin dark as charcoal. If a woman has to toil like a cow for a monthly salary of \$4,800, yet we are discussing ways to maintain trees in this Chamber, I think it is a bit over the top.*

PRESIDENT (in Cantonese): Mr LEUNG, you can express your opinions by other means

MR LEUNG KWOK-HUNG (in Cantonese): *Therefore I asked her*

PRESIDENT (in Cantonese): But the main question is about tree maintenance.

MR LEUNG KWOK-HUNG (in Cantonese): *because the working conditions of the maintenance workers*

PRESIDENT (in Cantonese): Mr LEUNG, I believe your supplementary question is clear enough, let me see how the Secretary replies to that.

MR LEUNG KWOK-HUNG (in Cantonese): *Fine.*

PRESIDENT (in Cantonese): Secretary, please reply as to the breakdown of that workforce of some 2 000 staff and their wages.

SECRETARY FOR DEVELOPMENT (in Cantonese): I only have a breakdown of management and front-line staff at hand. Among the 2 230 trained staff, about 800 are management and supervisory staff, while 1 430 are front-line personnel. I am afraid I have to provide further information that will contain another breakdown showing the number of civil servants and staff from the contractors after the meeting. With regard to wages, to provide more relevant information for Mr LEUNG's reference in response to his question about their grades, I suggest that we would indicate the grades of the staff trained by government departments in the information.

MR LEUNG KWOK-HUNG (in Cantonese): *She has not answered my supplementary question.*

PRESIDENT (in Cantonese): Which part of your supplementary question has not been answered?

MR LEUNG KWOK-HUNG (in Cantonese): *My question is about the remuneration of staff on outsourced work, but she said it would be better to provide information on the grades. This is similar to her giving me an answer about an apple when I ask her about an orange, as she says all fruits are the same. This is not acceptable.*

PRESIDENT (in Cantonese): Mr LEUNG, we are clear about that.

MR LEUNG KWOK-HUNG (in Cantonese): *So, will she answer the question?*

PRESIDENT (in Cantonese): Secretary, please answer the question.

SECRETARY FOR DEVELOPMENT (in Cantonese): Perhaps I can look into it further so as to find out the positions of the trained staff from the contractors under the employ of the contractors. If I manage to find their wage levels, I would be happy to provide the details to the Council. (Appendix II)

MRS SOPHIE LEUNG (in Cantonese): *President, I am glad that nowadays so many people are concerned about trees. But I also agree with what Mr LEUNG said just now. Should we devote more efforts to caring about the community and the people? Nevertheless, I also have a question for the Secretary. In the main reply it is mentioned that tree management should be handled by specialists, and it should be developed into a profession.*

President, during our recent visit to the World Expo, we noticed that they managed to relocate the ancient trees in the Expo site in an exquisite manner. Recently, I travelled to Guangdong Province on the Birthday of Lord Buddha where I saw a lot of greening initiatives at the local level. They have sound professional knowledge of trees. May I ask how we can enhance the

professional knowledge in tree maintenance in Hong Kong? I find that we have many misunderstandings in society. For example, many trees need proper pruning from time to time, but the public always responds to tree pruning with dissenting voices, saying that the trees should not be pruned to the extent that only the main trunks are left, but this happens to be necessary for some trees, we just do not understand a lot of

PRESIDENT (in Cantonese): Mrs LEUNG, 22 minutes have passed. Please ask your supplementary question in a concise manner.

MRS SOPHIE LEUNG (in Cantonese): *Alright. May I ask the Secretary, in a bid to enhance the professionalism and professional exchange in this regard, whether we can enhance our knowledge in this aspect by acquiring some tree-related know-how under the co-operative framework between Hong Kong and Guangdong?*

SECRETARY FOR DEVELOPMENT (in Cantonese): I entirely agree that tree management is highly specialized. Hence, we have taken the initiative to set up a training committee since the establishment of the GLTM Section under the Development Bureau. Exchanges and learning from the experiences and practices of our neighbouring cities, as mentioned by Mrs LEUNG, is certainly one of the tasks of this training committee. In fact, colleagues in the GLTM Section have taken the lead to visit Singapore so as to study their greening initiatives. I believe there will be more exchange and training opportunities like this in future.

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

Security Problem of Automatic Teller Machines

2. **MR TOMMY CHEUNG** (in Cantonese): *President, automatic teller machines (ATMs) fraud cases which had quietened down for several years*

occurred again at the end of April this year, affecting around 100 customers of two banks and causing a total loss of some \$300,000 to at least 12 customers. The Hong Kong Monetary Authority (HKMA) issued a circular to all authorized institutions as early as October 2003 to advise them to take precautionary measures such as installing closed-circuit televisions and keypad covers, so as to enhance the security of ATMs. Yet, it has been reported that some of the banks have not even installed keypad covers after the lapse of seven years and have only recently indicated that they would complete the installation work as soon as possible. This incident has aroused concern about the security of ATMs. In this connection, will the Government inform this Council:

- (a) of the banks' implementation of the various measures recommended by the HKMA in 2003 to enhance the security of ATMs, as well as the progress;*
- (b) whether the HKMA will impose any sanction on those banks which have not yet installed keypad covers in accordance with its recommendation after the lapse of seven years; if so, of the details; if not, the reasons for that; and*
- (c) given that it has been reported that the HKMA received reports on the aforesaid incident from the bank concerned on 23 April (Friday), and yet it did not contact the bank concerned to obtain further information until 26 April (Monday), whether such situation was attributed to the implementation of the five-day week initiative by government departments; if so, whether it will review the handling of the matter; if not, why the HKMA did not contact the banks concerned as early as possible?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President,

- (a) The HKMA issued a circular in October 2003 requiring banks to implement a number of measures to enhance the security controls of ATMs. These measures included:

- (i) installing anti-skimming devices to prevent fraudsters from capturing customer data stored on the ATM cards using card reading devices attached to the ATMs in order to create counterfeit cards;
- (ii) installing closed-circuit televisions at ATMs;
- (iii) performing more frequent patrols of ATMs during and after office hours and inspecting ATMs for any suspicious devices attached to the machines;
- (iv) implementing mechanisms to promptly and effectively detect unusual ATM transactions such as large-amount transactions that happened during midnight, repeated ATM withdrawals with the requested amount close to the daily limit, and transactions conducted at overseas ATMs; and
- (v) enhancing public education such as:
 - reminding the public to cover the keypad when entering their personal identification numbers (PINs) into the ATMs;
 - keeping the PIN secret and not to disclose it to anyone;
 - if an ATM card is suspected of being compromised, contact the card issuing bank for card renewal; and
 - encouraging the public to report immediately to banks any suspicious devices on ATMs or any unusual transactions in their bank accounts.

According to the review conducted by the HKMA in mid-2004, banks had implemented appropriate security measures to protect their ATMs. However, no security measure can completely eliminate all ATM tampering. As such, the HKMA and the banking industry will continue to review from time to time the need to introduce additional

security measures taking into account emerging fraudulent techniques. In addition, the Code of Banking Practice provides that card issuers are responsible for bearing the full loss incurred by their customers when transactions are made through the use of counterfeit cards. Therefore, I have to stress that bank customers affected by ATM frauds will not suffer any monetary loss.

- (b) As set out in the response to part (a), the review carried out by the HKMA in mid-2004 indicated that banks had already implemented the security measures as required in the HKMA's circular issued in 2003. Subsequently, individual banks continued their review of ATM security measures and some banks took their own initiatives to implement additional measures, for example the installation of keypad cover. Although the HKMA's circular issued in October 2003 did not require banks to install keypad covers on ATMs, all banks are planning to complete the implementation of this additional security measure by end of May 2010.
- (c) Upon receiving notification of the incident from the bank concerned in the evening of 23 April (Friday), the HKMA immediately requested the bank to provide additional information relating to the case. At the same time, the HKMA understood that the bank had already taken necessary action to contain the incident and to protect the affected customers' interests. The HKMA received the required information from the bank concerned in the morning of 27 April (Tuesday), and promptly issued a press release in the afternoon of the same day reminding the public to remain vigilant and beware of any abnormality when using the ATM service to reduce the risk of falling victim to ATM frauds.

MR TOMMY CHEUNG (in Cantonese): *President, I think banks are obliged to make compensation, but paying compensation does not mean everything, for the lot of customers' data stored at banks may have been disclosed. I would like to ask the Secretary one point. According to part (c) of the main reply, the HKMA received the notification on 23 April (Friday), but the incident was not announced till 27 April. Though we are talking about only two working days, I consider it*

too long. Besides, if based on calendar days, it is a lapse of four days — ATMs of banks are available for use every day. Actually, President, I did ask about this in the main question, only that the Secretary did not answered whether the Government considered the situation satisfactory. Does it consider making the announcement four days later satisfactory? Or does it consider the arrangement unsatisfactory, and that actions should be taken be it a Saturday or not? If the notification was received on the 23rd, no matter which day of the week it was, should the public not be given the alert on the 24th, but not till the 27th, to beware of such incidents?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, as I said in the main reply earlier, the prime concern of the HKMA and the Government is whether proper actions have been taken after the occurrence of the incident, and whether such frauds will continue be found. In that evening, upon receiving the notification, the HKMA tried to understand the situation and learnt that the incident had been handled and contained. Actually, on that day, the bank concerned discovered some irregular withdrawals overseas, and immediately informed the customer affected and understood that the customer concerned was not out of town. The incident was then revealed. Hence, the bank concerned informed the HKMA immediately. The HKMA knew that the bank had immediately stopped the service of that ATM and had informed all customers who had used that ATM during the period to replace their old cards with new ones. Hence, actions that should be implemented in the first instance were already taken. I now respond to Mr CHEUNG's question on the reason for not making an announcement on the following day or that evening to remind the public to beware of such frauds. Indeed, upon the occurrence of each incident, the authorities have to understand clearly the cause of the incident and the fraudulent techniques employed in order to remind the public of the aspects to which they should pay attention. At that time, the HKMA requested the bank concerned to provide more information, which took some time. With the information provided by the bank concerned on the 27th, the HKMA gained a full understanding of the fraudulent techniques and process involved. It then decided to announce the incident in the afternoon to alert the public.

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

MR TOMMY CHEUNG (in Cantonese): *President, the Secretary has not answered whether he considers it acceptable that the incident was announced after a lapse of four days.*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): The HKMA needed time to understand the details of the incident before it could take appropriate measures. We think that the HKMA has handled the incident properly.

MISS TANYA CHAN (in Cantonese): *President, initially, I intended to raise supplementary questions on other questions, but I am extremely dissatisfied with the earlier reply of the Secretary for, as mentioned by Mr Tommy CHEUNG, compensation alone cannot put an end to the incident. Insofar as this type of incidents is concerned, if the public will only suffer loss in monetary terms, it may not be a significant problem. But to many members of the public, their bank transactions usually involve some confidential information. Members all know that the keypad covers of ATMs are very silly fixtures, many people using the ATM have to bend down to press the keys, and I find this laughable. When people with presbyopia use ATMs installed with keypad covers, they cannot see clearly.*

I consider the approach adopted by the Government in handling the incident unacceptable. Even if they are working a five-day week, the authorities should inform the public as soon as they learnt of the incident and remind the public to beware of such serious incidents. Regarding the consideration of having to get more information before the announcement, the authorities may make the announcement first and give a detailed explanation on Monday or Tuesday. Since the public in general is dissatisfied with the approach employed in handling the incident, may I ask whether the authorities will consider releasing the relevant information earlier if similar incidents occur in future? It is most important to remind the public to be cautious. Though they have been reminded this time around, they may not necessarily remember this next time. May I ask the Secretary whether a review will be conducted on the entire mechanism to

examine why it took so long for the information to reach the authorities and why it took so long to collect the information?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Actually, we fully understand the need to raise the alertness of the public. For this reason, the authorities decided to announce the incident immediately in that afternoon and remind the public of the security issues they should pay attention to in using ATMs. Members may know that there were no similar incidents in the past few years, and they happened again only recently. It is thus necessary for us to raise our alertness. Hence, I would like to reiterate that upon the occurrence of the incident, the HKMA must find out the cause of the incident and the corresponding precautionary measures before it notified the public. Moreover, in this course, the authorities had ensured the protection of the customers affected and their losses were compensated.

MRS SOPHIE LEUNG (in Cantonese): *In the last paragraph of part (a) of the main reply, it says, "As such, the HKMA and the banking industry will continue to review from time to time the need to introduce additional security measures taking into account emerging fraudulent techniques." May I confirm with the Secretary that the work will not be focused on emerging fraudulent techniques alone, but will also take into account possible loopholes? Regarding educating the public to raise their alertness, will the authorities consider taking a pre-emptive approach?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): As for the raising of alertness, after this incident Actually, since last year, we have been considering the issue from two dimensions. First, how can the reoccurrence of these frauds be prevented in the technological aspect? Members all know that ATM cards are now operated with magnetic stripes. As mentioned earlier, fraudsters may use card reading devices to capture the data, and microchips are indeed a better technology. Last year, we started examining the introduction of microchip technology with the trade, and we are now working vigorously on this.

Second, we have to raise the alertness of the public. Actually, the HKMA had taken the first step when it made the announcement on that day. After that, the HKMA discussed the issue with the Hong Kong Association of Banks (HKAB) and considered it necessary to enhance public education. In this respect, we have taken a series of actions. Members may have noticed that certain major banks have already put some reminders on the ATMs to remind users to cover the keypads with their hands when they enter their PINs, for even if keypad covers have been installed, it is useful to cover the keypad with hands. Certain banks have already implemented this measure. Other banks which have not yet done so are either considering or preparing to post such a reminder on ATMs to remind the public of covering the keypad when they enter their PINs. This is the simplest and most effective precautionary measure, for fraudsters have to capture the information from the magnetic stripe and obtain the PINs in order to create counterfeit cards, which cannot be done without either one. We are working on these two aspects.

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

MRS SOPHIE LEUNG (in Cantonese): *I forgot to make a declaration of interest. When I first worked in banks in the 1970s, I participated in the development of ATMs of the first generation.*

MR JAMES TO (in Cantonese): *What kind of interest is involved? I do not understand, and you are just blowing your own trumpet.*

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

MR JAMES TO (in Cantonese): *Sorry, President. I would like to ask the Government about the "additional information" mentioned in part (c) of the main reply. Since the Secretary said that additional information had to be obtained before making the announcement, may I ask whether the content of the*

announcement made subsequently included any additional information? What was the additional information? Why would the additional information have a bearing on the Bureau in making the announcement? It is mentioned in part (c) of the main reply that the authorities "immediately requested the bank to provide additional information", what was the exact timing of "immediately"?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, the additional information refers to the techniques employed in the fraud. Before making the announcement, we must understand the techniques adopted by the fraudsters, and we must know whether the affected scope had been confined as far as possible. This we did. Hence, before When we learnt that counterfeit cards had been made for making overseas withdrawals, we needed to know the devices used by fraudsters in capturing customer data and the techniques used for stealing the PINs of cardholders. We have to confirm the methods used by fraudsters and ensure that the measures now adopted by banks can serve the precautionary purpose — the additional information provided enables us to understand the fraudulent techniques adopted before making the announcement.

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

MR JAMES TO (in Cantonese): *No. Does the Secretary mean that the above information was not mentioned at all in the standard information provided by the bank initially?*

PRESIDENT (in Cantonese): Secretary, please explain what is additional information.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, it took time for the bank to provide more detailed

information that could enable the HKMA to understand clearly the fraudulent techniques.

MR JAMES TO (in Cantonese): *President, I was not asking about this. I think she has misunderstood my question, sorry.*

PRESIDENT (in Cantonese): Please repeat the part of your supplementary question not answered by the Secretary.

MR JAMES TO (in Cantonese): *It is mentioned in the main reply that the HKMA "immediately requested the bank to provide additional information relating to the case". Does it mean that the information provided by the bank according to the standard notification requirements to the HKMA did not include the information on fraudulent techniques, and the bank only provided such information upon the request of the authorities? Is this what he means? Does it mean that the bank has actually violated the rules? For it should have notified the Bureau of such information right at the beginning.*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): For the details of the information provided by the bank concerned at the time, the adequacy of the information provided, and the follow-up information sought by the HKMA, I do not have them for the time being. However, my colleagues told me that the bank concerned had provided the information, which had not been confirmed and might only be the estimate of the bank, and thus more information had to be provided and it took time for the bank to collect more information to confirm the fraudulent techniques employed.

MR JAMES TO (in Cantonese): *Regarding the information mentioned earlier, would she provide a reply in writing?*

PRESIDENT (in Cantonese): Secretary, will you provide the supplementary information after the meeting?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Yes. (Appendix III)

MR CHAN KIN-POR (in Cantonese): *President, it is mentioned in the main reply that banks are responsible for bearing the full loss incurred by their customers when transactions are made through the use of counterfeit cards. If the fraud cases are conducted in a systematic way, the cases may easily be proved. But for sporadic cases — which are quite common — they can hardly be proved. In this connection, has the HKMA issued guidelines to banks on handling complaints about the use of counterfeit cards?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): We attach the same importance to every case. We do not classify them into sporadic cases, non-sporadic cases or general cases. Even if only one case involving counterfeit cards occurred, it is a serious incident. According to the Code of Banking Practice, compensation has to be made for every case involving counterfeit cards, where guidelines on handling such cases have been put in place.

MS MIRIAM LAU (in Cantonese): *President, it is mentioned in a part of the circular issued by the HKMA in 2003 that it is necessary to remind and educate the public of the need to cover the keypad when they use ATMs, so that other people may not see the PINs entered. However, in part (b) of the main reply, the Secretary said that though the authorities have not "required banks to install keypad covers on ATMs", and only required the public to cover the keypad with their hands, some banks have installed the covers of their own accord. In view of the occurrence of the recent incidents, all banks are again required to install keypad covers. I think the authorities must review these circulars and guidelines. This is not my supplementary question, for they are my views.*

My supplementary question is: Why did it take four days for the HKMA to explain the case to the public and remind them to beware of irregularities when they use ATMs? Upon receiving the notification on Friday, the HKMA office was closed on the following days. Now, according to the Secretary, it is because the authorities had to request the bank concerned to collect information. Does

the Government know whether the parties concerned had taken any actions between Friday and the following Tuesday (the day the HKMA received the official report from the bank concerned)? Did the bank take any action? Did the police take any action? Did the HKMA take any action? Will the Secretary give us a detailed account? Did the HKMA do anything on that Saturday and Sunday, or did all staff just enjoy their holidays?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, my answer to the Member's question is that the bank concerned and the HKMA had both worked on that. Regarding the need for four days to handle the incident, it is because the bank had to review the recording of the closed-circuit television, which took time. Since a closed-circuit television was installed beside the ATM, the bank had to spend time checking all the recordings to examine whether certain devices had been installed at the ATM by suspected persons. The bank needed time to find out the cause and process of the fraud and present them in a clear and systematic manner. As for HKMA staff, though they were on leave, as an established practice, they remained in contact for work related issues. HKMA staff can be reached and make notification at all times.

PRESIDENT (in Cantonese): Last supplementary question.

MRS REGINA IP (in Cantonese): *President, in the main reply, the Secretary mentioned some precautionary measures, such as the keypad covers, PINs or closed-circuit televisions, and so on. However, these measures are not satisfactory, for they are just some old-fashioned devices. In the Secretary's reply to a supplementary question earlier, she mentioned that discussion would be held with banks on the use of microchip technology. May I ask the Secretary whether the HKPKI has been approached — President, it is PKI but not PK? I am referring to the Hong Kong Public Key Infrastructure, which is specialized in electronic authentication, the measure used to enhance the security of credit cards or ATM cards through electronic authentication. Has the Bureau discussed this new technology with the HKAB?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, since additional security facilities can be included in a microchip, the data stored in microchips will not be captured as easily as data stored in magnetic stripes. Regarding the association known as PKI, as the Member mentioned earlier, we have not contacted nor held any discussion with that association. However, we understand that the microchip technology has been introduced in Britain, and it is feasible in technical terms. But why has this not been introduced in Hong Kong? We are concerned about certain technical issues. At present, ATMs in many overseas regions are still using the magnetic-stripe reading devices but not microchip reading devices. We have to consider whether people holding microchip credit cards and ATM cards can use their cards both in Hong Kong and overseas.

PRESIDENT (in Cantonese): Third question.

MPF System

3. **MR IP WAI-MING** (in Cantonese): *President, regarding the implementation of the Mandatory Provident Fund (MPF) System, will the Government inform this Council:*

- (a) whether it knows the number of complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) in the past three years about employers defaulting on MPF contributions and the total amount involved, as well as the number of cases filed to the Court last year for recovering from employers contributions in arrears which were allowed and the total amount recovered;*
- (b) whether it knows the current charging rates of various registered MPF schemes, broken down by type of fund, namely, aggressive funds, mixed assets funds and capital preservation funds, and so on; and*
- (c) given that the MPF System has been implemented for more than nine years, whether the authorities will conduct a comprehensive review of the MPF System?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President,

- (a) In 2007-2008, 2008-2009 and 2009-2010, the MPFA received 6 075, 6 975 and 5 965 complaint cases about employers defaulting on MPF contributions respectively and the total amounts involved were some \$108 million, \$74 million and \$64 million respectively.

Upon the receipt of complaints about defaulting on contributions, the MPFA will conduct investigations and take follow-up actions immediately. If a complaint is found substantiated, the MPFA will request the employer concerned to pay the arrears immediately. According to the experience last year, nearly 90% of the arrears could be recovered after the MPFA had taken follow-up actions. Regarding those other employers who do not follow the MPFA's request to pay the arrears, the MPFA will recover from them the arrears for the employees through civil claims.

In 2009-2010, the number of cases that were filed to the Court by the MPFA for recovering from employers contributions in arrears and were allowed was 313 and the total amount involved was \$6.4 million.

- (b) Constituent funds offered under MPF schemes can generally be classified into five broad categories on the basis of the major types of investments. They include the MPF Conservative Fund, the Guaranteed Fund, the Bond Fund, the Mixed Assets Fund and the Equity Fund. Currently, the average Fund Expense Ratio (FER) of various types of funds, that is, the expense of a fund as a percentage of the fund size, ranges from 1.13% to 2.36% whilst the overall average FER of all funds is 1.92%. Details are set out in the Annex. To enhance market transparency and facilitate checking by members of the public, the MPFA has set out the FER of individual MPF funds and the relevant information on their fees in its fee comparative platform posted on its website.

Annex

<i>Type of funds</i>	<i>Average FER</i>
MPF Conservative Fund	1.13%
Guaranteed Fund	2.36%
Bond Fund	1.92%
Mixed Assets Fund	2.03%
Equity Fund	1.95%
Overall	1.92%

- (c) Since the inception of the MPF System in December 2000, the Government and the MPFA have optimized the arrangements in various areas under the existing MPF System in the light of the experience gained from actual operation and the latest market development. A total of seven bills have been passed by the Legislative Council to amend the MPF legislation. Major amendments include increasing the level of penalties against defaulting on contributions, allowing employees to transfer accrued benefits derived from their contributions during their current employment, as well as simplifying and improving the operation of the MPF System. Looking ahead, the MPFA will continue to review and improve the operation of the MPF System where necessary, with a view to enhancing retirement protection for the employed population more effectively.

MR IP WAI-MING (in Cantonese): *President, although the Secretary indicated in the main reply that 90% of the arrears could be recovered, in 2009-2010, the MPF contributions in default accounted for some \$64 million while in the same year, the amount recovered was only \$6.4 million. Hence, I do not understand her remark that 90% of the arrears could be recovered. President, it turns out that it is such a difficult task to recover the arrears.*

In addition, we can see that fund fees are not inexpensive and the highest average FER is 2.36%. As we have learnt from some researches, if the charging rates were to increase by 1%, workers would probably receive several hundred thousand dollars less when they retire. The Government always says that the implementation of the "quasi-free choice" scheme will likely lead to a drop in

fund fees because of competition. However, if the situation shows no improvement, should the Government set a limit on fund fees? If not, how will the Government conduct a review of the entire MPF System, so as to protect the retirement life of workers?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Regarding the first supplementary question, as mentioned in the main reply, after the MPFA has received complaints about defaulting on contributions, it will immediately conduct investigations and take follow-up actions. After follow-up actions had been taken, the arrears in nearly 90% of the cases could be recovered. Hence, there is a difference between the amount in question and the actual amount involved in the cases filed to the Court for recovery. We had actually recovered a substantial amount of arrears, only that the outstanding amount involved in cases in which the recovery actions failed and thus civil action was warranted for recovery accounted for some \$60 million. (Appendix 1)

As to the second part, my reply is that we are certainly very concerned about the question of whether or not the competitiveness of the relevant fees can be further enhanced and whether such fees can be lowered. We also understand that in this low-interest-rate era, costs must be reduced by all means for more profits to be made. Over the past years, we have also seen room for downward adjustments in this regard. As I said just now, the average FER in May this year is 1.92%, which is lower than the 2.08% recorded three years ago in 2007. As mentioned by the Member concerned just now, with the endorsement of the "quasi-free choice" scheme of the MPF last year and its imminent implementation, we have seen some signs of pressure bearing on bankers or intermediaries providing MPF services, such that they have to lower their levels of fees. In fact, we have also noticed that the fees of some newly launched MPF schemes on the market are already lower than the levels of fees mentioned just now.

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

MR IP WAI-MING (in Cantonese): *It seems that the Secretary has not answered the question about whether or not any limit will be imposed on the charging rates of funds.*

PRESIDENT (in Cantonese): If Members wish to obtain a clear answer from the Secretary, they had better put only one question clearly, otherwise, the Secretary will have no idea as to what Members wish to ask. Secretary, do you have anything to add?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Let me add a brief point. The Government and the MPFA will not mandate a ceiling on the relevant charges.

MR WONG KWOK-KIN (in Cantonese): *President, we can see that the cost to be borne by employers defaulting on MPF contributions seems to be very low because even if they are found to have defaulted on contributions, it will not be too late for them to make the relevant payments after a notification has been issued to them. For this reason, several thousand cases of default will occur in a single year. Has the Government compiled any statistics on the reasons for default on contributions in the majority of cases? Why did the Government fail to recover the arrears despite its recovery actions? Are there any statistics in this regard?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): A great many cases of defaulting on contributions are caused by administrative problems. That means there is inadequate communication between employers and trustees. Some employers have no intention of not making contributions, but rather have genuine financial difficulties. Certainly, there are also some employers who intentionally default on contributions. I do not agree with the remark made by the Member just now that it is very easy to evade making contributions because there are actually three channels for reports to be made on employers defaulting on contributions. First, employees themselves may make a complaint. Second, trustees are duty-bound to inform the MPFA immediately when certain employers are found to have defaulted on

contributions for 10 days. For these reasons, with regard to combating instances of defaulting on contributions, the best approach is to identify such cases in the first instance. Once such cases are found, the MPFA will immediately take follow-up actions. As I said just now, after communication and employers had been notified of immediately making good the arrears, the contributions in default in over 90% of the cases were successfully recovered over the past few years.

Lastly, the Honourable Member has asked about the reasons for failing to recover the arrears in some cases. In our experience, it was only after an application had been filed to the Court that we found the company in question had already closed down or was undergoing the bankruptcy procedures. Very often, it was even unable to pay wages. This happened in many cases.

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

MR WONG KWOK-KIN (in Cantonese): *She has misunderstood my meaning. By "very low cost", I mean*

PRESIDENT (in Cantonese): Please repeat the part not answered by the Secretary.

MR WONG KWOK-KIN (in Cantonese): *Even if the Government finds that employers have defaulted on contributions, it will merely notify them of making good the arrears. In this way, employers actually do not have to bear any cost at all and may even default on contributions at will. However, the Secretary said in her reply just now that it was easy to make a report. Her reply is actually irrelevant to my question.*

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

MR WONG KWOK-KIN (in Cantonese): *Just now, I said that the cost to be borne by employers defaulting on contributions was very low because even if they had defaulted on contributions, the authorities would merely issue a notification to them without taking any punitive*

PRESIDENT (in Cantonese): Mr WONG Kwok-kin, please sit down. This is precisely the situation that we wish to avoid during Question Time. Just now, the Member expressed his personal view that the cost of defaulting on contributions was very low. Hence, the Secretary gave a reply in this connection. This situation already constitutes a debate rather than a question. I hope Members can put their questions clearly, so that the Secretary can give a specific answers to their questions. We are not having a confrontation of views, nor are we conducting a debate. Members will please pay attention to this.

MS LI FUNG-YING (in Cantonese): *President, I wish to follow up the issue of FER. Just now, I listened carefully to the replies given by the Secretary to the questions asked by Honourable colleagues. She clearly indicated that there was room for downward adjustment of the relevant fees. However, she then said that no mandatory limit would be imposed on fund fees. What specific measures have been put in place as follow-up, so as to make room for downward adjustments of the FER?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Perhaps I did not express myself clearly just now. The expression "room for downward adjustment" I said just now should be taken to mean that the rates in question have already been lowered. That means since 2007, the charging rates have already been lowered. As to the question of what measures have been adopted, since Hong Kong is a place with keen market competition, we strive to exert pressure on market participants through market competition, so as to make them lower the relevant fees. In fact, over the past couple of years, we have made great efforts. For example, fund fees have a high degree of transparency and this is not the case in every country. As smart consumers, members of the public may ascertain which funds charge less expensive fees — I released some average figures just now and the relevant information is also

provided on the Internet — what the fees charged under certain funds should be and even the fees charged under each fund, as well as whether or not the fees charged under the funds to which they subscribe are too high. When we implement the "quasi-free choice" scheme, more funds will be available for employees to select.

MR WONG SING-CHI (in Cantonese): *President, as mentioned by the Secretary in part (a) of the main reply, in the past three years, there were nearly 6 000 cases of defaulting on MPF contributions and the number even exceeded 6 000. It is evident that the situation has actually shown no improvement and as a result, wage earners very often face a great deal of difficulties in handling issues relating to their MPF contributions. May I ask the Secretary, given that a number of problems basically exist in the MPF System and a lot of complicated handling methods are involved, whether or not the authorities will, in the course of conducting a review of the MPF System, also consider a universal retirement protection scheme, so as to ensure that retirees can truly enjoy protection in terms of leading a comfortable life, rather than worrying all the time about the continual shrinkage of their MPF benefits and getting nothing when they retire because of the substantial amount of fees and administrative charges levied by fund companies, as in the present situation? Will the Secretary also consider establishing a universal retirement protection scheme?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, we have highlighted and stated in a number of discussions that Hong Kong adopts a three-pillar model for our retirement protection system and it is also advocated by the World Bank. As one of the pillars, the MPF System mainly aims to help the employed population make savings for their retirement life in future. Regarding the protection in other aspects, discussions spanning a long period of time have actually been conducted in society and we have already responded to them. On 30 March, the Secretary for Labour and Welfare, in giving a response to Members, indicated that the Government was examining the sustainability of the three pillars concerned and considering factors relevant to the findings of the study. For these reasons, while consideration is given to a universal retirement protection scheme, a number of other issues, including those relating to social welfare, also warrant examination.

MR ALBERT HO (in Cantonese): *President, the opinion expressed by Mr WONG Kwok-kin just now is that the present civil prosecution does not have a sufficient deterrent effect and this is precisely the reason for his discontent. In fact, it is easy for the Secretary to make a response and now, I wish to follow up this issue. According to the relevant ordinances, the authorities are empowered to bring prosecution against employers who unreasonably default on or refuse to make MPF contributions. In that case, can the Secretary tell Members the number of cases in which prosecution has been instituted over all these years and why prosecution was not instituted in all the cases? In what circumstances will the authorities not initiate prosecution? Can she tell Members the figures, as well as the outcome and effect of the relevant prosecutions?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): The question of whether or not the authorities will bring criminal prosecution in cases of employers defaulting on or refusing to make MPF contributions depends on whether there is sufficient evidence and whether such prosecution is in public interest. When there is sufficient evidence, the MPFA will initiate prosecution against employers who have repeatedly defaulted on contributions and also in serious cases, so as to achieve a stronger deterrent effect.

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

MR ALBERT HO (in Cantonese): *The Secretary should provide specific figures and at least, she should provide the respective numbers of cases in which prosecution and no prosecution was instituted. Why is she not able at all to provide the relevant figures and why are such figures not provided?*

PRESIDENT (in Cantonese): Secretary, can you provide the relevant figures?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): In the past three years, that is, since the year 2007-2008, 21, 18 and 22 company directors or management staff members were convicted respectively. However, I am not able to provide the number of cases involving no prosecution. I am unable to provide the relevant figure now.

MR ALBERT HO (in Cantonese): *Can supplementary information be provided?*

PRESIDENT (in Cantonese): Secretary, can the relevant information be provided after this meeting?

(The Secretary for Financial Services and the Treasury nodded in the affirmative)
(Appendix IV)

MR LEUNG YIU-CHUNG (in Cantonese): *President, over the past three years, there were on average 5 000 to 6 000 cases of employers failing to make or defaulting on MPF contributions. May I ask the Government whether or not it has looked into the reasons in detail? Given that so many cases happen each year, workers will definitely be subjected to unreasonable treatment and losses will definitely be incurred to their MPF contributions. Can the Secretary tell me, after ascertaining the reasons, how this phenomenon can be curbed and prevented from arising again?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Just now, I tried to give an answer to a related question. There are many reasons for defaulting on MPF contributions. Some relate to communication problems and some to administrative problems. Cases of employers genuinely defaulting on and failing to make contributions mostly arise out of financial difficulties. In these cases, some of the companies are likely to be on the verge of bankruptcy or have already filed a petition for bankruptcy. As it is relatively more difficult to resolve financial difficulties, defaulting on contributions is inevitable.

As to the question of how instances of this nature can be prevented from recurring, over the past years, we have in fact made improvements and simplified the administrative procedures. Now that many years have passed, employers or trustees in fact should be operating more smoothly. Certainly, as I said just now, members of the public may make reports through various channels. Regarding prosecution or deterrence, over the past few years, particularly in 2008 when several amendments were passed, the penalties, terms of imprisonment and amounts of fines have been increased and this can produce a deterrent effect. For these reasons, Members may notice a drop in the relevant figures.

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

MR LEUNG YIU-CHUNG (in Cantonese): *The Secretary has not answered my supplementary question, which asked her about whether or not any effective measures had been put in place to pre-empt the recurrence of the problem in question. Just now, the Secretary failed to answer the question about whether or not any specific and effective proposals have been put forth, for example, enacting legislation or stipulating that employers must make monthly contributions. Have the authorities thought of any measures?*

PRESIDENT (in Cantonese): Mr LEUNG, I hold that the Secretary has already given an answer. Let me see if the Secretary has anything to add.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): The existing laws already provide that employers must make contributions and this is stipulated in the law. Moreover, as I said just now, certain laws have been enacted to increase the penalties, and both the amounts of fines and terms of imprisonment have been increased, in a bid to produce a deterrent effect.

PRESIDENT (in Cantonese): We have spent 21 minutes on this question. Fourth question.

Cross-boundary Rail Freight Service

4. **MR WONG TING-KWONG** (in Cantonese): *The MTR Corporation Limited (MTRCL) will close down its rail freight business on 16 June this year mainly because the demand for cross-boundary rail freight service between Hong Kong and the Mainland has been dropping persistently. In this connection, will the Government inform this Council whether:*

- (a) *it knows the cross-boundary rail freight throughput in the past three years and its percentage share in the market of cross-boundary freight business;*
- (b) *it has assessed the impact of the closure of the MTRCL's rail freight business on the operation of the trading and freight transport sectors, in particular those trading companies which have been using cross-boundary rail freight service for a long time; and*
- (c) *it knows if the MTRCL has consulted the trading and freight transport sectors before making the aforesaid decision of closing down the business concerned; if such consultation has been conducted, of the details; if not, the reasons for that; given that some members of the trading sector have relayed to me their hope that the MTRCL will continue to operate cross-boundary rail freight business, whether the authorities will urge the MTRCL to reconsider acceding to the views of the sector?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, as regards Mr WONG's question about the rail freight throughput, the information is as follows:

(a) and (b)

The freight volume for cargo transported to and from Hong Kong using rail in the past three years in terms of tonnage is 141 000 tonnes, 109 000 tonnes and 84 000 tonnes in 2007, 2008 and 2009 respectively, accounting for 0.05%, 0.04% and 0.03% of all cargo movements to and from Hong Kong, and 0.11%, 0.08% and

0.06% of all cargo movements between Hong Kong and the Mainland.

In fact, in the past 10 years, while the total cargo volume has increased by over a quarter and the cross-boundary cargo movements between the Mainland and Hong Kong have grown by almost 30%, rail freight volume has dwindled by over 80%.

In terms of Twenty-foot Equivalent Units (TEUs), according to the MTRCL's information, in the whole year of 2007, the annual movements of cargo by rail freight were 14 700 TEUs. In 2008, the total movements fell to below 12 000 TEUs. Last year, the annual movements of rail freight even reached a low of 9 875 TEUs, an average of about 800 TEUs a month.

The decreasing rail freight volume over the years is due to a combination of factors, most notably of which is market competition. As compared with other modes of freight transport, rail freight does not have unique advantages in the local market in terms of flexibility, time or costs.

In respect of flexibility, rail freight has less flexibility as it is constrained by the alignment of the railway network. Goods transported by rail invariably need to be further transported by road vehicles. This double handling of rail container cargo is not as flexible as the door-to-door service provided by trailers.

In terms of time, there are operational aspects in rail freight which lead to longer transport time, including the transfers at railway stations, switch of train locomotives, and customs clearance arrangements, and so on. For example, from Hong Kong to cities within Guangdong Province, trailers can complete the journey within a day without the need of transfer. As for rail, it would be necessary to go through loading, track switching and customs declaration before trains are dispatched to their destinations. The whole process would take three to four days. At the same time, road freight has become more convenient and efficient with the completion of new cross-boundary facilities. Waterborne freight is

also more competitive due to reduced processing time at checkpoints and the possibility to reach Hong Kong directly through river courses from the Pearl River Delta.

As regards overall transport costs, the overall transport costs of cross-boundary rail freight include many other fees apart from the basic rail freight charges, such as the TEU rental, haulage, fees associated with using railway in the Mainland, and so on. As such, railway transport costs are on the whole higher than those for other modes of transport such as road, waterborne, and so on.

The pre-merger Kowloon-Canton Railway Corporation has all along striven to raise the competitiveness of rail freight, including co-operating with the Mainland to run container express services between eight cities (including Zhengzhou, Wuhan, Xian and Shijiazhuang) and Hong Kong; and initiating the Dongguan-Hong Kong scheduled services. To address the issue of high transport costs, both sides have been providing discounts over an extended period of time: the transport charges for the Hong Kong section have been frozen since 1998 and a long-term 20% discount has been provided. The discounts on miscellaneous charges are as high as 20% to 60%. A 28% discount on Mainland railway transport charges for major cities is also provided. Unfortunately, the overall transport costs are still higher than other modes after the discounts.

On the other hand, the costs for developing the Port Rail Line and Port Rail Terminal are very high. Coupled with the continuous decline in demand in rail freight, it is estimated that the rail freight volume would not be able to support the construction and expenses of the rail line. In addition, there is only one rail crossing point at Lo Wu and rail freight routing is comparatively restrictive. If the Port Rail Link is to be pursued, the freight will run along the existing East Rail Line and West Rail Line. Both options will mean the freight trains will occupy the available train paths for passenger trains, thus reducing the capacity of these existing domestic passenger lines. Given the financial viability and the bottleneck of the passenger lines, the proposed Port Rail Line is not feasible. As such, we have proposed earlier that the Port Rail Link should not be

pursued further and using the site originally reserved for the Port Rail Terminal in Kwai Chung for logistic use will be able to enhance the overall competitiveness of the Hong Kong Port.

As the volume of goods is continuously dropping, the MTRCL currently transports only about 23 TEUs daily. Taking into account the minimal market demand for cross-boundary rail freight and the limited scope for developing rail freight, the MTRCL has decided to wind down its freight business in order to optimize the use of its resources.

- (c) At present, the MTRCL arranges cargo to be transported to and from the Mainland and Hong Kong through three freight forwarders. These freight forwarding companies are responsible for liaising with the customers. The MTRCL started liaising with its partners, including freight forwarders and the logistics trade, after the decision to wind down its freight business was made in 2009. The MTRCL has also informed the relevant government departments. Before deciding on the date of cessation of freight services, the MTRCL has communicated closely with the freight forwarders such that sufficient time would be allowed for them as far as practicable to make arrangements to transport cargo to destinations through other means. The MTRCL will continue its communication with stakeholders, including the trade, and provide assistance as far as practicable.

MR WONG TING-KWONG (in Cantonese): *President, the authorities' main reply demonstrates precisely that it is unfeasible to build the Port Rail Link, as this will lead to a substantial decline in rail freight transport. The authorities pointed out in part (c) that "before deciding on the date of cessation of freight services, the MTRCL has communicated closely with the freight forwarders." May I ask if the MTRCL and the authorities have consulted the opinions of the import and export sector? Has any study been done to gauge the impact on various trades and industries of the termination of the rail freight service? Has any effort been made together with the Shenzhen border control point to explore*

alternatives that, upon termination of the service, can replace the expedient customs declaration currently adopted for rail?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): On 29 October 2009, the MTRCL issued a press release announcing the winding down of its freight business. The MTRCL also reminded its partners (that is, trading partners) and freight forwarders to liaise with the customers to ensure that they were aware of the decision and that sufficient time would be allowed for them to make arrangements to transport cargo to destinations through other means. In addition, the MTRCL has all along been communicating with the Mainland railway authorities and its business partners. Recently, on 16 April 2010, the MTRCL issued a press release announcing the termination of its rail freight business on 16 June this year.

As to the issues of the freight sector as mentioned by Mr WONG, as rail competes unfavourably with other road and waterborne transport means, after a certain period of time, most cargo has in fact been transported through other means, such as road, waterborne, and so on. The reliance on rail transport has gradually dwindled. Therefore, the MTRCL finds it difficult to maintain this operation. In view of the availability of adequate alternatives in the market, the impact on the import and export sector is believed not to be too great.

MR CHEUNG HOK-MING (in Cantonese): *President, the MTRCL will close down its decades-long freight business, citing low usage. The MTRCL once said that winding down the freight business would provide greater flexibility for the passenger train service. President, may I ask the Government about the progress of the promised flexibility in passenger train service? Should the benefits go to passengers, if there are any?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): The issue of train service flexibility is being actively pursued by the MTRCL. As the freight business has yet to be closed, it is believed that the exact arrangement is subject to the situation after the closure.

As to the question of whether the newly generated revenue can go directly to passengers, I believe arrangements will be made after the full set of accounts is reviewed.

MR WONG KWOK-KIN (in Cantonese): *President, the Secretary has in the main reply cited a number of areas where waterborne transport and land transport are more favourable than rail, as well as how inconvenient rail is, and so on. But there are still people using rail, which shows that there is some demand for it.*

Prior to the Government's approval of the MTRCL's closure of its freight business, had any study been done on why these consignors were still using the rail freight service despite the inconvenience? Upon the termination of the service, do they have any alternatives to cater to their freight activities?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): As regards the current freight volume, there are many factors that make consignors continue to use rail, despite it accounting for a low proportion generally. For example, for mail, 15% of the volume is transported on rail, whereas some food and textiles are also shipped on rail. Nevertheless, their share is dropping. As mentioned in my main reply, this is mainly due to the fact that crossing the boundary on road has become increasingly convenient, and that many places, such as the Pearl River Delta, and so on, are directly accessible waterborne and at lower costs. Therefore, the volume of cargo originally reliant on rail as a means of transportation has been on the decline. As the MTRCL finds the freight operation unsustainable, it closes it down. With the availability of other very robust, convenient, flexible and low-cost means, there are many alternatives in the market.

MR IP WAI-MING (in Cantonese): *President, I would like to declare an interest first. I have a relative working in the rail freight sector.*

In the Secretary's main reply, he has been stressing that rail freight is lacking in competitiveness presently, as pointed out by a colleague. In this connection, to the understanding of the labour unions affiliated to us, this is because the Government has all along ignored rail freight and made no

investment in this regard, thus making it increasingly uncompetitive. Nevertheless, labour unions consider rail freight an indispensable link in the development of our logistics sector.

I would like to put this question to the Government. Apart from cargo movement in the Pearl River Delta, many other Mainland provinces and cities can also be connected by rail to transport cargo to Hong Kong for transshipment to other regions. The Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL) will be in place in the future. The XRL may have a greater role to play in passenger transport. In this connection, will the Government consider beefing up the share and influence of rail in Hong Kong's transportation and logistics sectors?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Before the MTRCL made its decision to wind down its freight business, we understood that the pre-merger Kowloon-Canton Railway Corporation had striven to raise the competitiveness of rail freight, including, as I mentioned earlier, running the so-called container express services to eight Mainland cities and providing discounts. Even so, rail in fact is still not as attractive as waterborne and land transport in terms of cost and flexibility.

In addition, with cross-boundary facilities at the borders becoming increasingly convenient, road transport has become much more competitive. Under this circumstance, in general, there is a fundamental change in the role of rail as a major freight service provider.

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

MR IP WAI-MING (in Cantonese): *My earlier question is: Has the Government forecast or reassessed the need in this aspect, given that the XRL will be in place in the future to play a role in providing passenger services?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): President, I think passenger transport and freight transport are separate matters. As rail fails to cater for freight transport and is not as competitive as land or waterborne transport, there will not be any change to the situation even though the XRL is in place.

MR TAM YIU-CHUNG (in Cantonese): *President, as reflected by Mr WONG Ting-kwong, our representative of the import and export sector, the sector's reaction to the MTRCL's closure of its freight business is very strong. Such being the case, should the MTRCL's scheduled closure of the business on 16 June be deferred such that a study can be conducted on whether there are other alternatives after listening to the views of members of the sector? Is such an approach not more foolproof?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): According to the MTRCL's information, they really have received some views, with some importers and exporters saying there may be difficulties in operation. However, the MTRCL has liaised with these businessmen through freight forwarders, hoping to help them address any problem that may arise during the transitional period. But in general, the problem is not great. So, the MTRCL will maintain its decision to terminate the freight service on 16 June.

PRESIDENT (in Cantonese): Last supplementary question.

MR IP KWOK-HIM (in Cantonese): *President, according to the Bureau's response, the actual rail freight volume amounts to only 23 TEUs at present. It was also mentioned that using other means of transportation would be less costly and more attractive than the existing rail network. However, I heard that the sector had reacted very strongly to this. Have the views of the sector, especially those of small and medium enterprises, been seriously consulted throughout the process? Because they have relayed that this will increase their costs and lead to weakened competitiveness. In this connection, my supplementary question is: Have relevant users been consulted in a focused manner throughout the process?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): In deciding to terminate the rail freight service, the MTRCL has liaised with the customers through freight forwarders. The situation of each customer varies — to some customers, it is easier to find alternatives; but to those whose location for cargo pick-up or factory location may be more accessible, making changes will lead to higher costs. Therefore, during the liaison process, the MTRCL has sought to provide every means of facilitation. But in general, as the whole business has lost its competitiveness, the decision to wind it down will be maintained.

As to the arrangements throughout the process and the issue of timing, the MTRCL has requested freight forwarders to provide assistance as far as practicable.

PRESIDENT (in Cantonese): Fifth question.

Functional Constituency Elections

5. **MS AUDREY EU** (in Cantonese): *President, on 7 May 2010, the Secretary for Justice said that universal suffrage had to comply with the principles of "universality" and "equality". The Hong Kong Bar Association stated on 18 November 2009 that the existing functional constituency (FC) elections fail to comply with the legal principles of universality and equality. On the same day, The Law Society of Hong Kong stated that retention of functional constituencies is inconsistent with the ultimate goal of universal and equal suffrage. In this connection, will the Government inform this Council whether it has assessed:*

- (a) *how FC elections can comply with the criterion of being equal in terms of voting right, the right to stand for election and the weighting for the vote;*
- (b) *how FC elections can comply with the criterion of being universal and equal in terms of the right to stand for election even if all voters may vote in FC elections; and*

- (c) *how FC elections can comply with the criterion of being equal in terms of the weighting for each vote even if all voters may vote in FC and geographical constituency (GC) elections?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, my consolidated reply to the three parts of the question is as follows.

The consistent position of the HKSAR Government is that the existing electoral method for the FCs of the Legislative Council does not comply with the principles of universality and equality. The existing electoral arrangements cannot be maintained when universal suffrage for the Legislative Council is implemented.

Regarding how the FCs should be dealt with when universal suffrage for the Legislative Council is implemented in 2020, different sectors of the community and various political parties/groups of the Legislative Council still have extremely diverse views on this issue:

- (i) there are views that all FC seats should be abolished and replaced by district-based seats returned by universal suffrage, that is, the "one-person-one-vote" model;
- (ii) there are views that the FC seats should be retained, but the electorate base of the FCs should be broadened, for example, by allowing the FCs to nominate candidates for election by all voters of Hong Kong, that is, the "one-person-two-votes" model whereby each voter can cast one vote in the GC election, and the other in the FC election. However, there are views that under this model, the right to stand for election and the weight of each vote among different sectors may not be equal.

The general principle of equality of voting power does not necessarily require precise arithmetic equality with regard to each vote. For example, in GC elections, there can be reasonable variations amongst the constituencies in respect of the ratio between the number of seats and the size of population. Currently,

there can be a variation of 15% in the ratio of the number of seats to population for the direct GC elections in Hong Kong.

We also note that during the public consultation on the two electoral methods for 2012, the opinion poll conducted by Hong Kong Institute of Asia-Pacific Studies of The Chinese University of Hong Kong indicates that about half of the respondents consider that the FCs should be abolished when universal suffrage for the Legislative Council is implemented, while about 37% consider that the FCs should be retained. However, the opinion poll conducted by the Public Opinion Programme at the University of Hong Kong indicates that about 40% consider that the FCs of the Legislative Council should not be abolished, while about 36% consider that the FCs should be abolished.

It is, therefore, evident that there are still diverse views within the community on how the FCs should be dealt with when universal suffrage is implemented, and that no consensus has emerged yet. This is indeed an issue on which the Hong Kong community would need to build consensus. At the current stage, we have yet to form any views on whether the FCs should be abolished or retained when universal suffrage for the Legislative Council is implemented. However, we have already made it clear that the future universal suffrage model must comply with the Basic Law and the principles of universality and equality.

MS AUDREY EU (in Cantonese): *President, this is not the first time I complain to you about this. The Government has not answered my question, particularly as my main question has three parts. Look, President, the Secretary's main reply is not divided into parts (a), (b) and (c). He has repeated my question only. President, my question is: Even if the "one-person-two-votes" model is adopted, which means that one of the two votes can be cast in the FC elections, how can the issue of inequality in the right to stand for election and weight of each vote be dealt with? President, you see, his main reply is just a repetition of my question, but then there is no reply. Instead, only the opinion polls are mentioned. President, I did not ask him how many people had expressed support and objection in the opinion polls. My question is: According to the Government, universal suffrage must be universal and equal, but the problem of the FCs is inherently insurmountable because there are different constituencies,*

people and numbers. So, how can a near equal value be achieved in terms of the right to stand for election and each vote?

President, the Secretary would say: Just take a look at direct elections. There is a variation of 15%. President, we are not discussing the 15% variation. What we are talking about is that some FCs have only 100 or so voters, but some others have 90 000 voters. There is a gap of up to 900 times, not to mention direct elections where the gap can be a thousand times. President, my question is, even if the people can there is apparently a saying in the community or newspapers that even if the six new seats can be returned through election by District Council members under the "one-person-one-vote" model, the problem would still remain because the suffrage is not universal and equal. Insofar as the six seats are concerned, how can the weight of each vote or the right to stand for election be compared with other models? This was the question I asked him, and yet he failed to answer my question. President, can you give him

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

MS AUDREY EU (in Cantonese): *A chance to give me a reply again?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, in fact, I have done my utmost to fully relay the stance of the SAR Government to the Legislative Council, but I will try to explain further again.

First of all, Ms Audrey EU is very concerned about the equality in vote value. I can tell Honourable Members that if some people have any opinion for instance, it was once suggested that a "one person, 31 votes" model be adopted. By the so-called "one person, 31 votes" model, it means that one vote be cast in the GC elections, and then 30 votes be cast in the FC elections. In effect, the 3 million-odd registered voters can each cast 31 votes. Under such circumstances, the value of each vote cast by the voters will be equal. However, there is still one outstanding issue Members must discuss and examine. Moreover, I would tell Honourable Members in unequivocal terms whenever I answer questions. It is considered by some political parties/groupings that "one person, two votes" or "one person, multiple votes" or, for instance, 31 votes, is a

practicable option. However, the pan-democratic camp will say that the right of nomination will then be unequal. In their opinion, the retention of such right in the FCs is consistent with the principles of universality and equality, or universal suffrage. Therefore, this issue will be discussed, examined and debated in the coming decade here. It will also be put to the vote in this Council before it can eventually achieve consensus among three parties, namely the Chief Executive, the Legislative Council and Beijing, under the "five-step mechanism", with a view to putting the proposal of returning the Legislative Council by universal suffrage into implementation.

MR WONG YUK-MAN (in Cantonese): *President, I wish to follow up, namely, the Secretary has double standards. When the Secretary said that there are diverse views on the retention or otherwise of the FCs, he was talking about 2020. However, this Government has never considered fine-tuning, revitalizing or improving the FCs before 2020. In April 2004, the Basic Law was distorted by the interpretation by the National People's Congress (NPC) whereby the unchanged ratio, so to speak, is imposed on this constitutional development like a "straitjacket". But actually, even the legislation enacted locally can be amended. Buddy, he has done nothing to turn those corporate votes in FC elections into "one person, one vote". Furthermore, the FCs simply should not have existed. Yet, he has not considered all this. Obviously, the Basic Law does not tell him which FCs must exist and prohibit him from turning corporate votes into "one person, one vote". He has failed to do even this*

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

MR WONG YUK-MAN (in Cantonese): *..... not to mention others. And he was talking about 2020 in his reply. And then the Government said that this is a transitional arrangement and the issue of universality and equality will have to be resolved eventually. However, during the period before that, the Secretary will do nothing, and all of us will simply have to "wait for luck" until 2020. And then the Secretary said that we still have to wait for 10 more years. There is no political system in the world which was introduced in 1985 and takes 35 years to go through the transition to 2020*

PRESIDENT (in Cantonese): Mr WONG Yuk-man, please raise your supplementary question.

MR WONG YUK-MAN (in Cantonese): *Buddy, this Government is really thick-skinned. Even the Communist Party has not told him to do so, right? He said that there is no consensus among us. Nevertheless, there is no consensus on this constitutional reform package, too.*

PRESIDENT (in Cantonese): Mr WONG Yuk-man, please stop expressing your views.

MR WONG YUK-MAN (in Cantonese): *He said that the package would be put to the vote on 23 June, and yet there is still no consensus on the constitutional reform package, right? Is there consensus in the opinion polls cited by him? Then, on 23 June, he*

PRESIDENT (in Cantonese): Mr WONG Yuk-man, I have to stop you should you continue to express your views.

MR WONG YUK-MAN (in Cantonese): *..... to submit the proposal forcibly. Honestly, it is a waste of time to talk to him*

PRESIDENT (in Cantonese): Mr WONG Yuk-man

MR WONG YUK-MAN (in Cantonese): *He has continued to act like a "human recorder". So do I, right? This is meaningless. He can simply not solve the problem.*

PRESIDENT (in Cantonese): Mr WONG Yuk-man, please stop speaking.

MR WONG YUK-MAN (in Cantonese): *I am done.*

MR LEUNG KWOK-HUNG (in Cantonese): *President, Secretary Stephen LAM's answer is irrelevant, and he was just giving a tautological answer. He was absolutely not fit for his job, because he has not given me a reply. My supplementary question is: Does he think that universal suffrage is compatible with FC elections? He must answer this question. Are universal and equal elections compatible with FC elections? I want him to answer this question.*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, I would give the two Members a joint reply. I think I should also respond to Mr WONG Yuk-man, even though he was merely expressing his opinions.

First of all, the electoral system of the Legislative Council in Hong Kong has not remained in a complete standstill over the past 35 years. We still recall that when indirect elections were first introduced to the Legislative Council in 1985, only 24 seats were returned by indirect elections. When the First Legislative Council Election after the reunification was held in 1998, one third of the seats were returned by direct elections. Starting from the Third Legislative Council, half of the seats are returned by GCs through direct elections. Today, we hope direct elections can be promoted and expanded. Although the ratio between the numbers of seats returned by GCs through direct elections and FCs remains at 50:50, the seats returned through election among elected District Council members can increase the ratio of seats returned by GCs through direct and indirect elections to approximately 60% and keep the ratio of seats of the traditional FCs at approximately 40%. Therefore, we have to move forward in a gradual and orderly manner and strive to achieve our goals.

Just now, Mr LEUNG Kwok-hung raised the question that the existing electoral method for the FCs of the Legislative Council does not comply with the principles of universality and equality, and the electoral method must comply with these two principles when universal suffrage for the Legislative Council is implemented. Regarding this question of how the electoral method can comply with the principles, we will have to go through a constitutional procedure whereby the SAR Government will submit proposals for voting by the Legislative

Council to secure the endorsement of a two-thirds majority of all the Members of the Legislative Council and the consent of the Chief Executive, and they shall be reported to the Standing Committee of the National People's Congress for the record before they can be implemented. As regards how this constitutional procedure is to be drawn up eventually, this is a matter to be dealt with in the future. However, it is clear that compliance with the Basic Law and the principles of universality and equality is a must.

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, which part of your supplementary question has not yet been answered?

MR LEUNG KWOK-HUNG (in Cantonese): *He has not answered whether the FCs are compatible with the concepts of universality and equality. He said that the existing system is conceptually incompatible. So, does he mean that the FCs will definitely not be featured in the so-called universal and equal elections to be held in 2020? He should give me a reply on this.*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, since 2004, different political parties, bodies and individuals have submitted different proposals to the SAR Government. While some people have proposed "one person, one vote" with complete abolition of FCs for universal suffrage to be implemented for the Legislative Council, some opine that the FCs can be retained with the introduction of such methods as "one person, two votes" or "one person, multiple votes". My reply is that the method of implementation should be left for discussion and examination by the Hong Kong community in the future and put to the vote by the Legislative Council in accordance with the constitutional arrangement prior to 2020. We will naturally have the answer by then.

MR LEUNG KWOK-HUNG (in Cantonese): *I am talking about what ought to be, not what is. Having studied logic, the Secretary should understand that what should be done and the actual circumstances are entirely different. For instance, you are actually sleeping, though you should not do so, right? It does not make any sense*

PRESIDENT (in Cantonese): Mr LEUNG, you have made yourself very clear. Please sit down.

MR LEUNG KWOK-HUNG (in Cantonese): *It makes no sense that in this Chamber, he*

PRESIDENT (in Cantonese): Please sit down, Mr LEUNG. The Secretary has already given his reply. If you are not satisfied with his reply, and you have already expressed your dissenting views, I think you should debate with the Government on other occasions.

DR MARGARET NG (in Cantonese): *President, the Government is too lazy. It seems that everyone is doing their homework and studying how the issue of the FCs can be resolved, yet the Government has not made any effort to promote and foster consensus.*

President, just now, the Secretary did not answer the question raised by Ms Audrey EU and talked about opinion polls instead. In an opinion poll conducted by the South China Morning Post on 24 May targeting the business and commercial sectors and opinion leaders, the vast majority or 55% of the interviewees considered that the FC seats were inconsistent with the principle of universal suffrage, and 56% of the interviewees considered that all FC seats must be abolished when universal suffrage is implemented in 2020. Furthermore, when asked what changes have to be made by the Government before they will support the Government's constitutional reform package, 65% of them replied that the Central Authorities should promise to abolish the FCs.

President, I wish to ask these questions: Has the Government noted the outcome of this survey? How does the Government intend to respond and what will it do? The Government should not talk about the lack of unanimous views anymore. The questions I want to ask the Government are: What does it intend to do? In the face of so many views raised, what does the Government intend to do to make it easier for us to reach consensus?

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, of course, we have noted these opinion polls, including the one mentioned by Dr Margaret NG just now. As regards the efforts we have made, President, we have, for quite some time, listened to the public's views through public consultation. I have also observed that there are still a lot of controversies and discussions on the retention or otherwise of the FCs, both inside and outside this Council. As a consensus has yet to be reached inside and outside this Council today, that can in the long run on the question of, for instance, whether the FCs should be retained or abolished in 2020. Given that an adequate consensus has yet to be reached, we should adopt a practicable method to deal with the issue of FCs. Therefore, in the Legislative Council Election to be held in 2012, we propose freezing 29 traditional FC seats and then widening the District Council FC, which has the broadest electorate base, by increasing the number of seats from one to six, and having these six seats returned through election among elected District Council members under the proportional representation system. This is the most and positive method.

I would also like to say a few words on the opinion poll mentioned by Dr Margaret NG. For instance, in an opinion poll conducted by the University of Hong Kong and Now News between 18 May and 20 May, 46% of the respondents thought that the Legislative Council should endorse the constitutional reform package, while 32% considered that the Legislative Council should not do so. Therefore, the situation remains that different opinion polls indicate different outcomes.

PRESIDENT (in Cantonese): Which part of your supplementary question has not yet been answered?

DR MARGARET NG (in Cantonese): *Right. What has the Government done or what will it intend to do to foster consensus? He has merely kept repeating that views are diverse. I wish to say that the Government is obliged to promote the fostering of consensus.*

PRESIDENT (in Cantonese): I think the Secretary stated just now what he had done. Secretary, what else do you intend to do for the forging of consensus?

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, we have already made efforts on various fronts. For instance, a Subcommittee on the 2012 constitutional reform package has been formed in the Legislative Council as a channel through which we can explain to Members and political parties/groupings. Furthermore, hearings have been organized and arrangements made to allow different parties/groupings and groups wishing to directly meet with the SAR Government to express their views. Arrangements have also been made for certain groups and political parties wishing to communicate with representatives of the Central Government and directly state their views. On the other hand, we will publicize the 2012 constitutional reform package through the mass media. I believe this will help the public understand why the package carries democratic elements.

MR ALAN LEONG (in Cantonese): *President, I believe even the President has noticed the message conveyed by the Government's Announcements of Public Interest (APIs), with dancing and dress-making as their themes, that the constitutional system must forge ahead to achieve the ultimate goal of universal suffrage. According to what Secretary Stephen LAM said just now, the existing electoral method for the FCs does not comply with the principles of universality and equality and so, when universal suffrage for the Legislative Council is implemented, the existing electoral arrangement cannot be maintained. To prevent the APIs from misleading the public, I would like to ask the Secretary to clarify, in the hearts of the Secretary and the Government, whether there is an electoral method that can retain the FCs and comply with the electoral principles of universality and equality and the Basic Law? I hope the Secretary can clarify this.*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, the SAR Government has not come up with an established mode in respect of the package to be adopted when universal suffrage for the Legislative Council is implemented in 2020. Neither have we made a policy decision because the current term Government has only been authorized to deal

with the 2012 constitutional proposal. Nevertheless, having received a lot of views, we will collate and sum up all the views on the constitutional proposal for 2012 and beyond, the election of the Chief Executive by universal suffrage in 2017 and the forming of the Legislative Council by universal suffrage in 2020, and put all these views on record for the future governments to make reference and take follow-up actions.

PRESIDENT (in Cantonese): Which part of your supplementary question has not yet been answered?

MR ALAN LEONG (in Cantonese): *President, one part of the supplementary question raised by me just now is about whether the public will be misled. If the Secretary has not formulated any view, will the APIs not be misleading? Part of my supplementary question is: Is it possible for the APIs to mislead the public?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, the APIs will absolutely not be misleading because they are supposed to encourage everyone to build mutual trust and take the first step to pave the way for the implementation of universal suffrage in future. We hope everyone can support the 2012 constitutional reform package, period.

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

Travel Industry Council of Hong Kong

6. **MR PAUL TSE** (in Cantonese): *President, in recent years, whenever incidents which affected personal safety, such as natural disasters or political coups, and so on, happened in popular tourist destinations for Hong Kong people, quite a number of travellers called the Travel Industry Council of Hong Kong (TIC), Security Bureau and me in a panic enquiring matters relating to withdrawal from package tours or postponing the departure of package tours. Members of the public often mistakenly regarded the TIC as a government*

organization, but after they had learnt that the TIC was only a trade association of travel agencies not subject to any regulation, they all expressed frustration and queried why there is no regulation by the Government. Moreover, travellers often complain that the TIC is controlled by large travel agencies and only looks after the interests of large travel agencies, often acting contrary to Security Bureau's decisions which are made in the interests of the public. The TIC also neglects the Outbound Travel Alerts (OTAs) of Security Bureau, and even though accidents caused by natural disasters, and so on, are not covered by travel insurance, the TIC still insists on the departure of package tours, ignoring the personal safety of members of the public travelling outside Hong Kong. In this connection, will the Government inform this Council:

- (a) whether it had, in the past three years, explained to the public that the TIC was only a trade association in nature, and that its decision on the departure of package tours was not the Government's decision and position;
- (b) when the TIC's decision on departure of package tours is not in line with the OTAs issued by Security Bureau, and travel insurance may not provide the relevant coverage, how the travellers should act; in case the travellers have departed under such circumstances and encounter accidents, whether the travel agency concerned, the TIC and Security Bureau are liable to compensation; and
- (c) whether it has assessed if the aforesaid situation of causing confusion and uncertainties to the public is directly related to the TIC's management being controlled and monopolized by large travel agencies, as well as the TIC's neglect of or lack of government regulation; of the Government's policies and measures to ensure that when the TIC makes its decision in relation to departure of package tours, it is required to take into account the interest of the public and take the OTAs issued by the Security Bureau seriously?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, the travel industry in Hong Kong has grown in sophistication and professionalism in tandem with the social and economic developments as well as advancement in the market. With the continuous

progress made in the past 22 years, travel agent business in Hong Kong has gone from an unregulated sector before 1985 to one which is now regulated by both the Travel Agents Registry and the TIC. Since the TIC became a self-regulatory professional body, it has carried out reforms regularly in response to the changing circumstances. Its operation has also become more structured and transparent to meet public aspirations for quality service and consumer protection. There is no question of the TIC being "not subject to any regulation".

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

- (a) Although the TIC is only a professional body representing travel agents, it performs a variety of functions. Far from being an ordinary trade association, the TIC is under the two-tier regulatory regime for the travel industry, responsible for self-regulation of the trade according to its Memorandum of Association. It also carries out various important functions related to the trade. The Government and TIC have publicized the Council's organization, governance structure and services to the public through different channels.

On the question of whether group tours concerned should set off as scheduled, the TIC makes the decision after discussion with the travel agents concerned having due regard to the OTAs issued by the Government. If the decision is to suspend the departure of group tours, the TIC has a uniform arrangement for agents to handle refunds to and change of travel plans by travellers affected.

- (b) The TIC has always handled contingencies that affect group tours in accordance with the established mechanism. Under the mechanism, the TIC will convene a meeting inviting all travel agents, regardless of their sizes, that have registered with the TIC for operating tours to the concerned destination to discuss the arrangements to be made. Therefore, there is no question of the "TIC looking after the interests of large travel agents only".

In fact, the TIC and travel agents concerned have carried out serious and careful discussions before making a decision on the arrangements. They consider first and foremost the personal safety

of travellers and take into account the OTAs issued by the Government, the latest updates and assessments from the tourism authorities, business partners and related organizations at the destination. If the travel agents decide that the group tours should set off as scheduled after considering all the relevant factors, they will adjust the itineraries in the light of the circumstances to avoid the affected areas or attractions. If the travel agents decide that tour groups should not set off, they will follow the TIC guidelines to arrange refund or postponement of the trip according to the wishes of their customers. Individual travellers should consider their personal circumstances and other relevant factors, such as the protection afforded by travel insurance, when deciding whether to participate in group tours. If they decide to withdraw from the tours, their travel agents will discuss with them refund arrangements.

- (c) As explained in point (b) above, the decision of the TIC is made after discussions with all the travel agents concerned, irrespective of their sizes. There is no question of the TIC being monopolized by large travel agents. The Outbound Travel Alert System set up by the Security Bureau aims to help Hong Kong residents better understand the potential risks to their personal safety when travelling overseas so that they may make their travel plans and arrangements accordingly. When the TIC co-ordinates the discussions of travel agents to work out the arrangements for affected outbound tours, the Commissioner for Tourism will send a representative to the meetings to ensure that due consideration is given to the OTAs issued by the Security Bureau and other relevant information, for the purpose of protecting the personal safety of our residents.

MR PAUL TSE (in Cantonese): *President, before I ask my supplementary question, I have to declare that I am in charge of a travel agency, and I am also a member of the TIC.*

President, I do not know whether the Secretary is aware that in the meeting of the Economic Development Committee held on 26 April, this issue was also discussed and it seemed that the consensus at that time was the decision of letting group tours set off under the OTAs was in fact not based on any formal resolution

made by the TIC; it was purely a means to help some of the travel agencies and groups responsible for the departure of package tours to discuss and reach a consensus, which was not formal at all, and the decision was not binding at all. In this regard, is the Secretary aware of this problem? She seemed to say in her reply that the TIC would have its own decision, but it is a totally different story.

However, President, more importantly, I wish the Secretary can explain clearly, to the Secretary's understanding, what does it mean by the so-called "subject to regulation"? Of course, I am not saying there are no laws to follow, because even a company has to follow the company law. But if the Government is not satisfied with the operation of the TIC and has to take action, what law does it actually invoke? Which person does it rely on to take such action? At present, the representative of the Government in the TIC seems to be attending meetings in the capacity as an observer, who simply provides views in the form of advice at most. In such circumstances, how can such a practice meet the demands of the public, that is, when some incidents occur, to whom can the public complain about the operation of the TIC? Will the Secretary explain what laws, regulations, and so on, are used as the basis?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, the TIC certainly has to perform its functions according to the laws of Hong Kong, but it is not necessary to invoke any specific provision in law. Hong Kong has always been a law-abiding city. However, with regard to the supervision of the work of the TIC, I have actually pointed out in the main reply that the Commissioner for Tourism has a monitoring role. In terms of operation, the TIC should make constant reforms in response to the needs of the market, society and the public.

President, I would like to provide information in several aspects. First, as far as the composition of the TIC is concerned, after 20 years of changes, while the TIC had only two independent directors in the beginning, the number of independent directors has now been increased to 12, and among the 27 directors, (Appendix 2) this number already accounts for quite a large proportion. Moreover, I believe the work of the TIC will not only need or solely rely on supervision by the Government; the media, the Legislative Council and the public will also play a part in monitoring its work.

MR JEFFREY LAM (in Cantonese): *President, let me first declare that I am a shareholder and director of a travel agency. Just now the Member pointed out that the TIC was controlled by large travel agencies or agents. My company is also a small and medium enterprise (SME), but we do not see the existence of such a situation. Travel agencies or people from the industry whom we have contacted generally recognize the work of the TIC. However, may I ask the Government what the authorities have done to make the views of these small travel agents or travel agencies given consideration and respect?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): *President, I have already outlined the composition of the board of the TIC. I would like to stress that among the 27 directors of the board, (Appendix 2) except those eight directors who are eight Association Member representatives bearing the office of directors on behalf of their Association Members, the other eight are in fact elected by travel agents in its general meetings. These eight representatives in fact come from the entire industry. Therefore, from the figures on hand, Members should learn that over 96% of the more than 1 500 travel agents are SMEs, and the eight member-elected directors are representatives selected by them. In fact, in the present system of the TIC, most directors come from SMEs, that is, these small and medium travel agencies. In addition, the TIC also provides opportunities for travel agents to recommend their own representatives to join the board of the TIC. (Appendix 2) Therefore, overall speaking, I consider that the proportion of representatives, SMEs, that is, relatively smaller travel agents still have a great chance to participate in the work of the board of the TIC, so that the overall interests of the industry can be taken care of in a more comprehensive manner.*

MR FRED LI (in Cantonese): *President, apart from the papers provided to the Legislative Council by the Government, the Secretary also said today that the TIC is a professional body — this is the first time I note that it is a professional body. May I ask the Government, if a consumer lodge complaints with the TIC against the misconduct of a certain travel agency, and he thinks that the TIC has not handled the case properly, then, is there any formal or regular mechanism for the consumer to lodge complaints with the Government? Because the Government says that it can monitor the TIC from beginning to end, but actually*

is there a mechanism which allows consumers to lodge complaints against the TIC for improper handling of complaints?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, although there is no express provision, but if members of the public as consumers have complaints to make, there are actually many channels for them to lodge their complaints, including the Consumer Council, or they can lodge their complaints to the relevant government departments direct, that is, the Commissioner for Tourism, with reasons for not accepting the findings of investigation by the TIC.

In fact, we attach great importance to the interests of consumers, and in this regard, I agree that the TIC should continue to improve its procedures for handling consumer complaints. In this regard, we will follow up the matter with the TIC to see whether the mechanism handling for consumer complaints can be designed to be more transparent, so as to let the public know what procedures are applied in the handling of complaints. As to the results of this, please allow us to report to Members in meetings of the Legislative Council Panel on Economic Services.

MR FRED LI (in Cantonese): *Will the Government entertain complaints from the public? I was asking this question just now.*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, just now I said that it would, of course it would, and the public may lodge complaints with the Commissioner for Tourism.

MR CHIM PUI-CHUNG (in Cantonese): *President, the Secretary pointed out in part (a) of the main reply that the TIC performed a variety of functions. We understand that the TIC will levy a fee on its members. In the past, as far as politics are concerned, especially during the election period, the TIC tended to support a certain political party. Is this one of the "functions" as mentioned by the Secretary? May I ask the Government, in respect of this unfairness — because the TIC is allowed to use the funds contributed by members in making*

publicity for a certain political party, whether the Government will make any amendments and modifications in some aspects?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): As to the electoral method and system, of course, they are formulated in accordance with the experience built up by the TIC over the years, but I also agree that a clearer regulation should be put in place, and precisely for this reason, the TIC has taken the initiative to contact the Independent Commission Against Corruption (ICAC) to seek the ICAC's help in reviewing its current electoral system, so that the system can be implemented in a fair and honest manner.

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

MR CHIM PUI-CHUNG (in Cantonese): *President, my question referred to the situation during the Legislative Council Election period, not the electoral method for representatives within the TIC itself. The TIC has a very strong political position during the Legislative Council Election period, and uses the funds contributed by its members for the publicity of a political party. Is this practice justified?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, during the Legislative Council Election, the entire electoral arrangement and the use of funds are monitored by the Government's Registration and Electoral Office and the Electoral Affairs Commission, and there are safeguards in the laws. If any person is not satisfied with the use of election expenses or the electoral process, there is a clear channel for complaints and defences.

MS STARRY LEE (in Cantonese): *President, the red or black OTAs covering specific regions issued by the Government in fact mean that these regions — that is, when travellers are visiting these regions, they may be exposed to threats of different levels. Under the current mechanism, even if the TIC's members have*

held a meeting and reached a consensus to suspend the setting off of group tours, the consensus in fact is still not binding on its members. Once a group tour is bound to set off in a dangerous situation, customers may decide to join the tour for fear that they may not be able to get a refund for the trip; therefore it is rather unfair to tourists.

In addition to this unfairness, I am more concerned about the most important part, that is, customers or even the tour guide, that is, the tour leader being requested to depart together with the package tour, are not covered by any insurance. I understand that in the past some group tours did set off from Hong Kong to Thailand under the red or black OTA. Will the Secretary inform this Council whether he has ever tried to understand that if travel agencies have clearly explained to customers or tour leaders the level of coverage of their labour insurance when the red or black OTA is in force, and if so, what is the situation? If not, will the Secretary try to understand that?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): In fact, when the travel agency concerned makes the decision — of course, we already have a more transparent and open system, so that travel agencies can refer to the OTAs issued by the Security Bureau — but no matter the travel agency concerned decides whether or not to set off a group tour, a traveller should have right to make the ultimate decision; he should not be affected by the decision made by the relevant travel agency. As the same time of protecting the travellers, it is also very important to protect the employees. Therefore, travel agencies must take out employee insurance for their employees in accordance with the Employees' Compensation Ordinance. We understand that travel agencies will not force their employees to depart with the group tours, as employees are extremely valuable resources of travel agencies which will certainly not put employees at unnecessary risks. Therefore, as travel agencies are fully aware of the risks, they will of course hold discussions before making a decision on whether tour groups should set off to a specific region as a uniform measure. Moreover, as the employer, the travel agency should perform its duty as an employer, thus it cannot force employees to do what they do not want to do. Of course, travel agencies will make a decision in the light of the changing situation in the region concerned, therefore, it is difficult to make the decision of whether a group tour should set off in a hastily manner or at an early stage.

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

MS STARRY LEE (in Cantonese): *President, my supplementary question asked the Secretary whether she has grasped the situation clearly. That is, for some time in the past, when Hong Kong Government issued red and black OTAs in the wake of the situation in Thailand, did the Secretary try to understand whether the travel agencies had explained to their tour leaders and customers the changes in the coverage of labour insurance under the circumstances? Will the Secretary please state clearly whether she actually has a full grasp and knowledge of that?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): Certainly, I did not have a grasp of the situation by my own self, but I know that both the Commissioner for Tourism and the TIC have followed up the matter and I understand that they have. All responsible travel agencies will make appropriate arrangements to minimize the risk no matter how eager they wish the group tours set off. Nevertheless, I have to say that customers and employees should actually consider their own situation before deciding whether they should set off together with the group tour; they should make their own assessment of the risks involved.

MS MIRIAM LAU (in Cantonese): *The presumption of this question is that under the condition of OTAs are issued, group tours are still set off by travel agencies, therefore some people criticize the TIC for not performing its duties properly. My question is again about the OTAs. The purpose of the red OTA issued by the Security Bureau is to warn outbound tourists of the obvious threat in the destination city, so the public should adjust their travel plan and avoid non-essential travel. However, the reality is the responsibility has been shifted to the public, leaving them to decide whether or not to go out or to travel to their destinations. The Government issued a red OTA for Bangkok earlier, have the authorities tried to understand whether group tours were set off by travel agencies in response to customers' request? Whether the authorities will learn from this lesson and strengthen public education by explaining the meaning of avoiding non-essential travel? Or should the Secretary ask your colleague, the Secretary for Security, to consider changing the wording of the OTA to make it*

clearer by modifying "adjust their travel plan" to "should not travel to", that is to say, to specify it in a clearer way? In so doing, will some unnecessary or groundless criticisms be pre-empted?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): In fact, with regard to the OTA issued by the Security Bureau, we have made very extensive publicity. As far as I know, when the OTA issued by the Security Bureau was in force sometime ago, people still chose to set off their trips. I believe travel agencies will make a decision after considering many situations and the customer's needs. However, I agree with what Ms LAU said. We must publicize more clearly the OTA system among the public, so that the public will clearly understand the alert system. In the final analysis, this system is premised on protecting personal safety; it is not a mandatory and obligatory system one has to follow. But I think the system has served the Government's purpose of protecting outbound tourists, that is, the purpose of issuing a warning concerning information on the risk to their personal safety.

PRESIDENT (in Cantonese): We have spent more than 23 minutes on this question. Oral questions end here.

WRITTEN ANSWERS TO QUESTIONS

Application for Naturalization as a Chinese National

7. **MR ALBERT HO** (in Chinese): *President, I have received a case of request for assistance. The person involved in the case was born outside Hong Kong, entered Hong Kong illegally and has since resided here for over 20 years. During this period, he never left Hong Kong and was issued a Hong Kong Permanent Identity Card. Besides, all his younger siblings are Hong Kong permanent residents who were born in Hong Kong. Last year, he applied to the Immigration Department (ImmD) for naturalization as a Chinese national, but his application was rejected by the ImmD. In accordance with Article 7 of the Nationality Law of the People's Republic of China, foreign nationals or stateless persons who are willing to abide by China's Constitution and laws and who are*

near relatives of Chinese nationals, have settled in China or have other legitimate reasons may be naturalized upon approval of their applications. In this connection, will the Government inform this Council:

- (a) of the respective number of applications for naturalization as a Chinese national received by the ImmD in each of the past five years and, among them, the respective numbers of those which were approved and rejected;*
- (b) of the reasons based on which the ImmD may reject naturalization applications; and*
- (c) whether the ImmD knows the respective number of stateless persons in Hong Kong in each of the past five years?*

SECRETARY FOR SECURITY (in Chinese): President, our response to the question raised by Mr Albert HO is as follows:

- (a) The ImmD received a total of 7 962 applications for naturalization as Chinese nationals between 2005 and 2009. The application figures of respective years and the statistics on application results for the corresponding period are set out below:

	<i>Received</i>	<i>Approved</i>	<i>Refused</i>	<i>Withdrawn</i> ^{Note}
2005	1 719	1 354	47	8
2006	1 840	1 787	6	26
2007	1 567	1 538	38	23
2008	1 541	1 237	239	9
2009	1 295	955	222	13
Total	7 962	6 871	552	79

Note:

Applications withdrawn or applicants did not provide sufficient information for further processing of their cases.

- (b) The ImmD handles naturalization applications submitted in the Hong Kong Special Administrative Region (HKSAR) in accordance with

the Nationality Law of the People's Republic of China and the "Explanations of some questions by the Standing Committee of the National People's Congress concerning the implementation of the Nationality Law of the People's Republic of China in the HKSAR". Each application will normally be considered by the ImmD having regard to whether the applicant has a near relative who is a Chinese national having the right of abode in Hong Kong; whether the applicant has the right of abode in Hong Kong; whether the applicant's habitual residence is Hong Kong; whether the principal members of the applicant's family (spouse and minor children) are in Hong Kong; whether the applicant has a reasonable income to support himself and his family; whether the applicant has paid taxes in accordance with the law; whether the applicant is of good character and sound mind; whether the applicant has sufficient knowledge of the Chinese language; whether the applicant intends to continue to live in Hong Kong in case his application is approved, and so on. The ImmD takes into account all relevant factors in deciding whether to approve an application.

- (c) The ImmD does not have statistics on stateless persons in Hong Kong.

Security of Wi-Fi Facilities in Government Venues

8. **DR SAMSON TAM** (in Chinese): *President, regarding information security when using Wi-Fi facilities at government premises in Hong Kong, will the Government inform this Council:*

- (a) *whether the Government has examined the encryption security of the wireless network access points at all government premises in Hong Kong each year since 2008; if it has, of the details; if not, the reasons for that;*
- (b) *whether it had received in the past three years complaints from members of public who used Wi-Fi facilities at the aforesaid premises that their data were stolen for the purposes of conducting illegal activities; if it had, of the number of complaints and follow-up actions; and*

- (c) *what new publicity and educational activities the authorities have organized to further enhance public awareness of the security when using Wi-Fi facilities at the aforesaid premises?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Chinese): President, regarding the questions raised by Dr Samson TAM, my reply is as follows:

- (a) We engage independent security consultants to perform security risk assessment and audit of the Government Wi-Fi facilities annually. Two such exercises were conducted in 2008 and 2009, and no non-compliance was found.
- (b) We have not received in the past three years any complaint from users relating to their data being stolen or used for illegal purposes during their use of the Gov*WiFi* service.
- (c) Under the Gov*WiFi* Programme, the Office of the Government Chief Information Officer (OGCIO) has been publicizing and promoting Wi-Fi security to the public through various media and channels such as Announcements for Public Interest on television and radio, roving shows, posters, leaflets, Gov*WiFi*'s web portal <www.gov.hk/wifi> as well as Government's information security portal <www.infosec.gov.hk>. The OGCIO has scheduled two public seminars on information security in end May and November 2010.

In addition, the Office of the Telecommunications Authority (OFTA) has been sponsoring the industry in organizing the "SafeWiFi.hk" campaign since 2008. The campaign aims to educate the public about the importance of Wi-Fi security and remind users on setting up appropriate security detection and protection measures. In view of the increasing popularity of mobile Internet services, the OFTA has also launched a new publicity campaign named "New Era of Mobile Internet, Be Smart for Smooth Net Surfing" starting from mid-March this year to promote smart use of mobile Internet services. Some useful advice on Wi-Fi safety was also delivered through public talks and thematic website of this campaign.

2011 Population Census

9. **MR JEFFREY LAM** (in Chinese): *President, the Census and Statistics Department (C&SD) conducted a small-scale test survey from 21 December last year to 14 January this year to test the questionnaire design and operational arrangements for the 2011 Population Census (11C) and consult households' views on related arrangements. In this connection, will the Government inform this Council:*

- (a) of the outcome of the aforesaid test survey and the modifications to be made to the questionnaire design and operational arrangements of 11C;*
- (b) how the current questionnaire design and statistical content of 11C differ from those of the last Population Census, and whether it will further add new statistical items;*
- (c) how it will protect the privacy of the data collected from the households by self-enumeration via the Internet and ensure the accuracy of the data they enumerate; and*
- (d) how it will publicize 11C to remind the households to check carefully the identity of enumerators and protect the personal safety of enumerators when conducting face-to-face interviews?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Chinese): President,

- (a) The C&SD completed a small-scale test survey for the 11C in January this year. Participating households generally found the questionnaire design appropriate and that the operational arrangements were smooth.

In light of the findings of the survey, the C&SD is now considering making certain modifications to the design and operations of the questionnaire so as to improve the relevant arrangements. Such modifications include making slight revisions to some wordings of

the questionnaire, providing examples to facilitate households in understanding and completing the questionnaire; and arranging the attachment of short form questionnaire with the notification letter to the relevant households for their early completion of self-enumeration.

- (b) The questionnaire design and statistical contents of the 11C are similar to those of the 2006 Population By-census. As in the past censuses, the questionnaire will cover 41 data topics to ensure continuity of the data collection and analysis. With reference to past experience and the need of data users, the C&SD will make appropriate modifications to certain details of the questions.
- (c) To protect privacy, the C&SD will request all households who opt for self-enumeration through the Internet to register with the C&SD and open separate accounts for the completion and submission of questionnaires. Information provided by these households will also be encrypted during online transmission from the relevant registered accounts. Furthermore, the C&SD will not disclose any information collected from the census concerning individuals or households to any unauthorized parties and government departments.

The C&SD will establish a computer-assisted validation system to assure data quality. When households complete questionnaires on the Internet, the computer programs will instantaneously carry out a preliminary checking on the relevant information and alert the households on suspected errors. On receipt of the completed questionnaires, the C&SD will carry out a more comprehensive validation with the assistance of computer system to identify dubious entries for follow-up with the households concerned. Besides, the C&SD will take samples of completed questionnaires (including those completed by self-enumeration and face-to-face interviews) for verification of key information therein with the households concerned.

- (d) During the 11C, the C&SD will work with the Information Services Department to introduce to the general public the uniform, equipment and identity card of enumerators, through various

publicity means such as posters, announcements of public interest, newspaper advertisements and press conference, so as to assist households in recognizing enumerators and verifying their identities. Furthermore, households may call the enquiry line to be set up by the 2011 Population Census Office to verify the identity of the enumerators concerned.

In drawing up the fieldwork operational procedures, the C&SD has adopted a series of measures to ensure the personal safety of the enumerators. These measures include:

- (i) arranging enumerators to carry out fieldwork in partnership;
- (ii) requiring enumerators to notify the building caretakers when commencing and completing their visits as far as practicable;
- (iii) requiring enumerators to report their locations and progress of work to their supervisors regularly;
- (iv) providing enumerators with training to enhance their awareness of personal safety; and
- (v) providing enumerators with safety equipment such as torches and alarms.

In addition, the C&SD will notify the police, building management offices and village representatives in the rural areas, and so on, of the fieldwork arrangement of Population Census and request them to pay special attention to the personal safety of the enumerators during the census period.

Penalty for Passengers Travelling First Class on East Rail Line Without Valid Tickets

10. **MR LAU KONG-WAH** (in Chinese): *President, recently, some members of the public have relayed to me that quite a number of East Rail Line (ERL) passengers, in particular mainland tourists, were required to pay a surcharge of*

\$500 when they travelled First Class because they had not paid a premium in advance as they were not aware of the stipulation. Those passengers who refused to pay the surcharge would be led out of the compartment immediately. As such, these members of the public worry that such a system may arouse suspicion of reaping money, thus affecting the reputation of Hong Kong. In this connection, will the Government inform this Council whether it knows:

- (a) the total amount of surcharge which passengers travelling First Class on ERL were required to pay in the past three years because they had not paid the premium and the information on those passengers, including their age distribution as well as the ratio of tourists to local residents among them, and so on;*
- (b) apart from the notices on the platforms and in the compartments, whether the MTR Corporation Limited (MTRCL) has other ways at present to inform passengers that a premium has to be paid in advance for travelling First Class on ERL; whether it has assessed if the relevant publicity is adequate, and whether it will step up publicity in this regard;*
- (c) the existing procedures for requiring the aforesaid passengers to pay the surcharge; whether ticket inspectors will give a warning or reminder beforehand; whether there is any discretionary mechanism in place for handling cases involving offenders who are elderly passengers or tourists;*
- (d) the average number of staff members deployed by the MTRCL daily to perform ticket inspection duties and the percentage of such number in the average daily manpower for maintaining services on the platforms and in the compartments; as well as the frequency of ticket inspections conducted;*
- (e) the criteria based on which the MTRCL determined the surcharge level of \$500 initially; for how long such an amount has been in force; why the MTRCL does not follow the practice of certain overseas railway corporations and allow passengers who have forgotten to buy tickets or pay the premium to pay the fare difference on the spot; and*

- (f) *given that some members of the public worry that the aforesaid surcharge system may affect the reputation of Hong Kong, whether the MTRCL will assess and review the system?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, at present, ERL is the only railway line of the MTRCL that provides First Class Service. Passengers who travel in First Class compartments must pay the First Class Premium, which is equivalent to the normal Standard Class Fare for the same ERL journey. Passengers using Single Journey Tickets may purchase First Class Single Journey Tickets from Ticket Issuing Machines in ERL stations or from the Customer Service Centre in any MTR station. Passengers using Octopus cards must validate their Octopus cards at the First Class Processors after entering a station and before boarding the First Class compartments. These processors are located on the platforms of the ERL or beside the gangway doors of the First Class compartments. Notices are also posted advising passengers on how to use the processors to pay the First Class Premium. Passengers can do so simply by swiping their cards over the First Class Processors. There will be a green light and "beep" sound once a card has been validated.

Replies to the questions raised are as follows:

- (a) From 2008 to the first quarter of 2010, a total of 22 202 passengers paid a surcharge of HK\$500 in accordance with the "MTR By-laws" and "Conditions of Issue of Tickets" for failing to produce a valid ticket while travelling in First Class compartments.

The MTRCL would issue a "Notification for Surcharge" to offending passengers and request them to provide personal information for follow-up action. If passengers pay the surcharge immediately, the MTRCL would issue a receipt on the spot. If passengers refuse to provide their personal information after paying the surcharge, the MTRCL would exercise discretion and would not insist on obtaining their personal information. Therefore, the MTRCL is unable to provide the age distribution and personal information of offending passengers in the past three years.

- (b) As the MTRCL provides First Class Service on the ERL, detailed information on the First Class Premium and normal Standard Class

fares is available at Customer Service Centres and Ticket Issuing Machines in stations on the ERL.

The MTRCL has displayed notices inside First Class compartments and at prominent locations on platforms to remind passengers who travel in First Class must possess a valid First Class Single Journey Ticket or an Octopus card which has been validated on the First Class Processors, or they will be liable to a surcharge of HK\$500.

To further enhance the dissemination of information of First Class Service to passengers, the MTRCL is conducting a trial in the waiting area of the First Class compartment on the platform at Fo Tan Station. A new large information stand has been erected with enhanced signage advising passengers the location of the First Class Processors. Notices in traditional and simplified Chinese as well as English are displayed to remind passengers to validate their Octopus card on the First Class Processors before travelling in First Class compartments. If the trial is proved to be effective, it will be rolled out to other ERL stations later this year.

- (c) When passengers travelling on the ERL swipe their Octopus cards on the ticket gate, only normal Standard Class Fare will be deducted. To facilitate Octopus card users to travel in First Class compartments of ERL, the MTRCL has installed First Class Processors on platforms and beside the gangway doors of the First Class compartments. Passengers using Octopus cards can travel in First Class compartments by swiping their cards over the First Class Processors for validation before they enter the First Class compartments. Next to the First Class Processors on platforms and on trains, there are notices to inform Octopus users clearly the arrangements for travelling in First Class on the ERL. Passengers are reminded that they must validate their Octopus cards on First Class Processors before they travel in First Class compartments, or else they are liable to a surcharge of HK\$500. MTRCL staff will ask passengers to produce their Octopus cards or First Class Single Journey Tickets for inspection when performing duty in the First Class compartments.

According to the "MTR By-laws" and "Conditions of Issue of Tickets", all passengers travelling on the MTR must pay the

appropriate fares. Passengers travelling First Class without a valid First Class Single Journey Ticket or First Class validation on their Octopus cards will be regarded as failing to pay the First Class Premium and are liable to a surcharge of HK\$500.

- (d) The MTR By-law Enforcement Team and By-laws Inspection Unit would enforce the MTR By-laws. Relevant officers and station staff will also carry out ticket inspections at stations and on First Class compartments on the ERL.

(e) and (f)

The HK\$500 surcharge has been in force for more than 10 years. During the Rail Merger, the MTRCL had reviewed the amount of the surcharge and considered it appropriate as it should carry sufficient deterrent effect.

Problem of Sexual Harassment in Schools

11. **MR CHEUNG MAN-KWONG** (in Chinese): *President, under the Sex Discrimination Ordinance (SDO) (Cap. 480), educational institutions have the responsibility to prevent sexual harassment and to avoid creating a sexually hostile environment in schools. Some members of the education sector have pointed out that the implementation of gender mainstreaming in education policies directly affects the promotion of gender equality and combat of sexual harassment in schools. In this connection, will the Government inform this Council:*

- (a) *whether the authorities have put in place any measure to monitor the elimination of sex discrimination (including sexual harassment) by educational institutions; if they have, of the contents of the measures; if not, the reasons for that;*
- (b) *of the latest situation regarding the usage of the Brief Outline on the Policy on Preventing Sexual Harassment provided by the Education Bureau for reference by schools; whether the Education Bureau has monitored its utilization rate; how the Education Bureau promotes*

the understanding of sexual harassment and the related policies among teachers and students in schools;

- (c) of the respective numbers of universities, secondary schools, primary schools, kindergartens and special schools which have formulated policies on preventing sexual harassment at present; whether the Education Bureau will provide assistance to educational institutions which have not formulated policy on preventing sexual harassment; if it will, of the ways to provide assistance;*
- (d) whether schools have relayed to the Education Bureau the complaints received on sex discrimination and sexual harassment; if they have, of the number of complaints received in each of the past five years; whether the authorities had followed up such complaints; if they had, of the number and the contents of substantiated complaints, and among them, the number of persons who had been punished and the forms of punishment; if follow-up actions had not been taken, the reasons for that; and*
- (e) whether the authorities have applied the Gender Mainstreaming Checklist to education policies; if they have, of the names and contents of areas of concern of such policies; if they have not, the reasons for that and whether they have assessed if the non-application of the checklist violates the policy on gender equality; if such policy has been violated, how the Education Bureau handles the matter?*

SECRETARY FOR EDUCATION (in Chinese): President,

(a) and (b)

In response to the SDO which came into effect in 1996, the Education Bureau issued a circular to schools urging them to comply with the SDO. We also issued a circular to schools in 2003 to remind them that when formulating and reviewing their school policies, they should comply with the various anti-discrimination

ordinances and observe the principles of equal opportunities to avoid any form of discrimination.

Following the amendment of the definition of "sexual harassment" under the SDO in 2008, we issued a circular to remind schools of the amended contents of the Ordinance, and to urge them to take reasonable and practical steps, including developing a school policy (in written form) to eliminate sexual harassment, raising the understanding of and awareness about sexual harassment among the staff and the students, and setting up mechanisms to handle complaints about sexual harassment. Should there be any doubts/difficulties when handling related complaints, schools may consult the Equal Opportunities Commission (EOC) or other relevant organizations (for example, the police). If it involves a suspected criminal offence, the case should be referred to the police for further action. In addition, we worked with the EOC to provide guidelines and briefing sessions for schools to help them formulate measures to eliminate and prevent sexual harassment and set up procedures to handle sexual harassment complaints. The guidelines, frequently asked questions and sample cases have been uploaded to the Education Bureau website and will be updated when necessary.

In their day-to-day contact with the school management, the Education Bureau staff will draw the schools' attention to the need of eliminating sex discrimination and implementing relevant measures in school. We understand that schools attach importance to the prevention of sexual harassment. Some of them have formulated written policy documents on the prevention of sexual harassment in schools while some have alerted their staff through various means (for example, staff meetings) to the requirements of the SDO and the procedures for handling sexual harassment complaints.

As far as students are concerned, nurturing their whole person development is one of the major goals of school education. Through a holistic curriculum comprising knowledge, values/attitudes and skills, we help students at different learning

stages develop healthy interpersonal relationships, gain a deep understanding of the importance of gender equality, and promote mutual respect and harmony between the two genders. In general, schools also teach students what sexual harassment is and how to resist it in sex education or moral education lessons.

- (c) The eight University Grants Committee-funded institutions and the Vocational Training Council have all developed policies and/or procedures to prevent and handle sex discrimination and sexual harassment. They have also organized activities such as training programmes and seminars to promote the related measures. As for secondary schools, primary schools, kindergartens and special schools, the Education Bureau does not have records of the number of schools that have formulated policies on preventing sexual harassment. Other than issuing circular and guidelines for schools to formulate relevant school-based policies having regard to their own circumstances and needs, the Education Bureau also assists schools in formulating related policies through school visits, day-to-day contact with schools, briefing sessions and seminars, and so on.
- (d) In each of the past five years, the number of complaints about sex discrimination and sexual harassment in schools received by the Education Bureau is as follows:

<i>Year</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010 (Up to May)</i>	<i>Total</i>
Sex Discrimination Cases	0	1	1	3	1	6
Sexual Harassment Cases	2	4	1	3	1	11

Among the above complaints, 14 of them were found not substantiated after investigation, one had to be referred to the police for follow up and the remaining two recent cases are still under investigation.

- (e) The Education Bureau has applied the Gender Mainstreaming Checklist to two policy/programme areas, namely, Secondary School Places Allocation and Qualifications Framework. In the process of formulating other policies and programmes, we also take into full account the perspectives and needs of the two genders and comply with the SDO to ensure that both genders have equitable and reasonable access to the society's resources and opportunities. This is in alignment with the spirit of the application of the Checklist.

Additional Resources for Resite of Choi Yuen Tsuen

12. **MR ABRAHAM SHEK** (in Chinese): *President, some villagers of Choi Yuen Tsuen (CYT) in Shek Kong have relayed to me that because of the works of the Hong Kong Section of Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL), they have to move out of the village but they hope to resite the whole village. They have pointed out that apart from identifying sites for resiting, another major problem connected with the resiting of CYT is the huge expenses involved, such as the expenses on construction materials, engineering, surveying and construction, and so on, as well as professional technical support. In this connection, will the Government inform this Council:*

- (a) *apart from the special ex gratia rehousing package (the Package) approved by the Finance Committee of this Council and the allowance granted by the Agriculture, Fisheries and Conservation Department (AFCD) under the agricultural resite policy, whether other resources are available to assist CYT villagers in resiting the village; if so, of the details; if not, the reasons for that;*
- (b) *regarding the support offered to CYT villagers for resiting the whole village, whether the authorities will provide them with professional technical support, including support in such areas such as engineering, surveying and construction, and so on; if so, of the details; if not, the reasons for that; and*

- (c) *of the commitments of the authorities in providing the infrastructural facilities involved in resiting CYT, such as water and electricity supply, public lighting systems, public roads and other public facilities?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, most of the CYT households affected by land resumption for the Hong Kong Section of the XRL live in squatters or structures converted from squatters erected on private agricultural land. They are temporary in nature under the existing policy. The Administration has offered the Package to CYT villagers and other parties affected by the land resumption and clearance related to the Hong Kong Section of the XRL. The Package together with the compensation and rehousing arrangements available under the existing policy will provide suitable and flexible assistance to villagers affected. Depending on whether the relevant eligibility criteria are met, villagers who live by farming may choose to continue farming and erect structure for domestic purpose on agricultural land. Other villagers may choose to purchase Home Ownership Scheme (HOS) flats without being subject to Comprehensive Means Test, or to rent or purchase low-density private accommodations in the rural area using the *ex gratia* cash allowance offered. Eligible villagers will be offered Public Rental Housing (PRH) units with priority.

The agricultural resite policy does not provide any arrangement for resiting a village. Rather it assists genuine farmers affected by land clearance so that they may continue to earn their living by farming elsewhere. A genuine farmer verified by the AFCD may apply for a short term waiver so that he or she can erect on private agricultural land a temporary domestic structure with a maximum area of 400 sq ft and a maximum height of 17 ft. The purpose is to facilitate farmers to take care of their farmland. Applicants should provide sufficient information to enable the AFCD to verify their farmer status. Applicants who have non-agricultural occupation or participate in holiday/leisure farming are not considered as genuine farmers.

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

- (a) We believe that the Package and the compensation and rehousing arrangements available under the existing policy have provided villagers affected with sufficient assistance to meet their rehousing needs:
 - (i) the population of the CYT is about 450. Villagers have submitted about 190 applications for the Special Assistance under the Package. All the applications have been processed. The *ex gratia* cash allowance granted in all the approved cases adds up to about \$72 million. More than half of the applicants were offered an *ex gratia* cash allowance of \$500,000 or above. About 40 applications for purchasing HOS units were approved;
 - (ii) *ex gratia* compensation for resuming private land owned by villagers residing in CYT amounts to about \$160 million;
 - (iii) the Administration will assess and release *ex gratia* cash allowance in respect of agricultural vegetation (including fruit trees and crops, and so on) or permanent improvements to farms (such as water tanks or catch pits, and so on) in accordance with prevailing *ex gratia* compensation policy; and
 - (iv) we will assist villagers ineligible for the Special Assistance with housing need by rehousing them to PRH or Interim Housing if they meet the relevant criteria.
- (b) We are aware that some villagers wish to continue to reside in clusters and to earn their living by farming after leaving CYT. While the existing agricultural resite policy allows villagers to live in clusters, individual applicants must meet the relevant eligibility criteria, including the genuine farmer status, committing to farming in the future and submitting feasible farming plans. If several applicants individually satisfy the eligibility criteria of agricultural resite policy, they are allowed to farm and live in vicinity. However, this is not a village resite arrangement. We are pleased

to learn that Heung Yee Kuk is assisting villagers to find alternative farmland and providing professional advice to them.

- (c) Villagers in the rural area may make their requests in respect of infrastructural facilities in accordance with the existing policies or mechanisms. The relevant departments or institutions will process their applications in line with established procedures. The Administration has been urging villagers for early submission of agricultural resite applications, so that the Administration would understand their needs for infrastructural facilities. We will process their applications speedily to tie in with the timetable that CYT villagers should vacate the site in mid-October.

Statistics on Driving Offences

13. **MR ANDREW CHENG** (in Chinese): *President, regarding the driving offences of drink driving, drug driving, dangerous driving and dangerous driving causing death, will the Government inform this Council of the following since 2007:*

- (a) *the respective numbers of traffic accidents involving the aforesaid offences each year and, among such accidents, the respective numbers of cases in which the drivers involved were convicted (set out in the table below); and*

Year	Number of traffic accidents			
	Drink driving	Drug driving	Dangerous driving	Dangerous driving causing death
2007				
2008				
2009				
2010 (January to present)				
Total				

<i>Year</i>	<i>Number of cases in which the drivers involved were convicted</i>			
	<i>Drink driving</i>	<i>Drug driving</i>	<i>Dangerous driving</i>	<i>Dangerous driving causing death</i>
<i>2007</i>				
<i>2008</i>				
<i>2009</i>				
<i>2010 (January to present)</i>				
<i>Total</i>				

(b) *among the cases in part (a) in which the drivers involved were convicted, broken down by year and offence, of:*

- (i) *the highest and lowest penalties imposed;*
- (ii) *the number of drivers who attended and completed the driving improvement course after being convicted; and*
- (iii) *the number of drivers who, after being convicted, were involved again in traffic accidents related to any of the aforesaid driving offences, and the number of such accidents; among such accidents, the number of cases in which the drivers were convicted again and the highest and lowest penalties imposed on them?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, my reply to the two parts of the question is as follows:

- (a) According to the police, the annual average numbers of traffic accidents involving drink driving⁽¹⁾, drug driving, dangerous driving or dangerous driving causing death are 582, 2, 285 and 28 respectively. A breakdown of the accidents by year and offence from January 2007 to April 2010 is at Annex 1 (Table A).

(1) Drink driving offences include driving a motor vehicle with an alcohol concentration exceeding the prescribed limit and related offences such as refusing to take a breath test or refusing to provide a specimen of breath, and so on.

The annual average numbers of drivers convicted of drink driving, drug driving, dangerous driving or dangerous driving causing death offences are 1 037, 3, 283 and 21 respectively. A breakdown by year and offence from January 2007 to April 2010 is at Annex 1 (Table B). These drivers were not necessarily involved in traffic accidents (for example, some of the drivers were prosecuted for exceeding the prescribed limit of alcohol concentration in their breath in random breath tests). The police do not have a breakdown of convicted drivers involved in traffic accidents.

- (b) The highest and lowest penalties imposed on drivers convicted of drink driving, drug driving, dangerous driving or dangerous driving causing death, categorized by year and offence, are at Annex 2. The numbers of drivers on second or subsequent conviction of any of the above driving offences, and the highest and lowest penalties imposed on them are listed at Annex 3. Generally speaking, the Court takes into account all the circumstances of individual cases when handing down sentences.

According to the records of the Transport Department (TD), the numbers of drivers who attended and completed the driving improvement course in 2007, 2008, 2009 and 2010 (as at 30 April) are 4 048, 3 911, 5 845 and 3 442 respectively. These include drivers who attended the course voluntarily; who had accumulated 10 or more points under the Driving-offence Points System and were required to attend the course on a mandatory basis; and who were ordered by the Court⁽²⁾ to attend the course. The TD does not have a breakdown of drivers who attended and completed the course following conviction of drink driving, drug driving, dangerous driving or dangerous driving causing death offences.

(2) Under the Road Traffic Ordinance (Cap. 374), with effect from 9 February, 2009, if a court convicts a person of drink driving, dangerous driving, dangerous driving causing death, driving in excess of speed limit by more than 45 km an hour, motor racing or speed trials, the Court shall, unless for special reasons not to do so, order the person to attend and complete a driving improvement course. The numbers of drivers ordered by the Court to attend and complete the course are 623 in 2009 and 576 in 2010 (as at 30 April).

Annex 1

Table A — Number of Traffic Accidents

<i>Year</i>	<i>Drink driving</i>	<i>Drug driving</i>	<i>Dangerous driving</i>	<i>Dangerous driving causing death</i>
2007	758	1	261	28
2008	701	2	324	26
2009	287	3	269	30
2010 (January-April)	72	8	84	15
Total	1 818	14	938	99
Annual average (2007-2009)	582	2	285	28

Table B — Number of Convicted Drivers

<i>Year of committing the offence</i>	<i>Drink driving</i>	<i>Drug driving</i>	<i>Dangerous driving</i>	<i>Dangerous driving causing death</i>
2007	1 071	3	336	25
2008	1 185	3	293	27
2009	856	5	219	11
2010 (January-April)	142	2	13	0
Total	3 254	13	861	63
Annual average (2007-2009)	1 037	3	283	21

Annex 2

Highest and lowest penalties imposed on drivers convicted of driving offence

<i>Year of committing the offence</i>	<i>Sentence</i>	<i>Drink driving</i>		<i>Drug Driving⁽³⁾</i>		<i>Dangerous driving</i>		<i>Dangerous driving causing death</i>	
		<i>Highest</i>	<i>Lowest</i>	<i>Highest</i>	<i>Lowest</i>	<i>Highest</i>	<i>Lowest</i>	<i>Highest</i>	<i>Lowest</i>
2007	Imprisonment (month)	8	14 days	4	-	20	14 days	20	3
	Suspended Imprisonment (month)	6	14 days	-	-	6	14 days	6	3
	Fine (\$)	20,000	1,000	-	-	10,000	1,000	20,000	-
	Community service order (hour)	240	80	-	-	240	80	240	200
	Driving Disqualification (month)	36	1	18	-	36	3	60	18
2008	Imprisonment (month)	4	14 days	-	-	24	14 days	42	6 weeks
	Suspended Imprisonment (month)	4	14 days	-	-	4	1	-	-
	Fine (\$)	12,500	100	3,000	500	12,000	1,000	-	-
	Community service order (hour)	240	40	-	-	240	60	-	-
	Driving Disqualification (month)	36	1	12	6	84	1	72	24
2009	Imprisonment (month)	8	14 days	2	-	36	14 days	20	5
	Suspended Imprisonment (month)	4	14 days	2	-	4	4 weeks	-	-
	Fine (\$)	15,000	500	4,000	2,000	8,000	500	-	-
	Community service order (hour)	240	60	-	-	200	30	-	-
	Driving Disqualification (month)	36	2	24	3	120	2	72	24

<i>Year of committing the offence</i>	<i>Sentence</i>	<i>Drink driving</i>		<i>Drug Driving⁽³⁾</i>		<i>Dangerous driving</i>		<i>Dangerous driving causing death</i>	
		<i>Highest</i>	<i>Lowest</i>	<i>Highest</i>	<i>Lowest</i>	<i>Highest</i>	<i>Lowest</i>	<i>Highest</i>	<i>Lowest</i>
2010 (January-April)	Imprisonment (month)	3	14 days	10	4	4	3	-	-
	Suspended Imprisonment (month)	3	1	-	-	4 weeks	-	-	-
	Fine (\$)	10,000	1,500	-	-	8,000	1,000	-	-
	Community service order (hour)	240	80	-	-	100	-	-	-
	Driving Disqualification (month)	24	3	24	12	24	6	-	-

- (3) Among the three drivers convicted of drug driving in 2007, one was sentenced to 4-month imprisonment and 18-month driving disqualification; one to Drug Addiction Treatment Centre, and one was ordered for probation for 12 months.

Annex 3

Number of drivers on second or subsequent conviction of drink driving, drug driving, dangerous driving or dangerous driving causing death and the highest and lowest penalties imposed on them

<i>Year of committing the offence</i>	<i>Sentence</i>	<i>Drink driving</i>		<i>Drug Driving</i>		<i>Dangerous driving</i>		<i>Dangerous driving causing death</i>	
		<i>Highest</i>	<i>Lowest</i>	<i>Highest</i>	<i>Lowest</i>	<i>Highest</i>	<i>Lowest</i>	<i>Highest</i>	<i>Lowest</i>
2007	Number of drivers convicted	119		0		17		2	
	Imprisonment (month)	6	4 weeks	-	-	20	2	20	16
	Suspended Imprisonment (month)	6	3	-	-	4	2	-	-
	Fine (\$)	15,000	2,000	-	-	5,000	2,000	-	-
	Community service order (hour)	200	80	-	-	240	200	-	-
	Driving Disqualification (month)	36	2	-	-	24	6	60	-

<i>Year of committing the offence</i>	<i>Sentence</i>	<i>Drink driving</i>		<i>Drug Driving</i>		<i>Dangerous driving</i>		<i>Dangerous driving causing death</i>	
		<i>Highest</i>	<i>Lowest</i>	<i>Highest</i>	<i>Lowest</i>	<i>Highest</i>	<i>Lowest</i>	<i>Highest</i>	<i>Lowest</i>
2008	Number of drivers convicted	119		0		19		1	
	Imprisonment (month)	14	2	-	-	4	1	24	-
	Suspended Imprisonment (month)	4	1	-	-	8	2	-	-
	Fine (\$)	15,000	2,000	-	-	9,000	2,000	-	-
	Community service order (hour)	210	80	-	-	200	100	-	-
	Driving Disqualification (month)	54	12	-	-	48	6	60	-
2009	Number of drivers convicted	93		0		9		1	
	Imprisonment (month)	18	6 weeks	-	-	18	6	16	-
	Suspended Imprisonment (month)	4	2 weeks	-	-	4	3	-	-
	Fine (\$)	15,000	1,000	-	-	8,000	2,000	-	-
	Community service order (hour)	240	100	-	-	-	-	-	-
	Driving Disqualification (month)	40	3	-	-	48	6	36	-
2010 (January-April)	Number of drivers convicted	18		1		0		0	
	Imprisonment (month)	-	-	10	-	-	-	-	-
	Suspended Imprisonment (month)	3	1	-	-	-	-	-	-
	Fine (\$)	10,000	3,000	-	-	-	-	-	-
	Community service order (hour)	240	120	-	-	-	-	-	-
	Driving Disqualification (month)	24	6	24	-	-	-	-	-

Development of Chinese Medicine Clinics

14. **MR CHAN HAK-KAN** (in Chinese): *President, a member of the trade has criticized that although the health care system in Hong Kong comprises both Chinese and Western medicines, the Government has not attached importance to the development of Chinese medicine and does not have holistic planning and comprehensive policies on promoting its development. As a result, it was not able to raise the general level of Chinese medicine, and it is difficult to attract new blood. In this connection, will the Government inform this Council:*

- (a) *whether, after establishing public Chinese medicine clinics (CMCs) in each of the 18 districts in Hong Kong, the authorities will further increase the number of CMCs, so as to meet public demand and provide Chinese medicine practitioners (CMPs) with more job and training opportunities;*
- (b) *given that public CMCs mainly provide outpatient service at present, whether the authorities will consider setting up public specialist CMCs; if they will, of the details, including the number of clinics, their locations and the specialist services to be provided, and so on; if not, the reasons for that;*
- (c) *when it will conduct a new round of assessment of the future demand on the manpower of CMPs;*
- (d) *given that the salaries of those CMPs working in public CMCs are currently determined by the non-governmental organizations (NGOs) which operate the CMCs concerned, whether the authorities will follow the system for determining the salaries of other health care personnel and set a pay scale for CMPs for reference of or to be followed by the NGO operators concerned;*
- (e) *apart from practising in local public CMCs, of the measures in place to assist local university graduates in attaching to the Chinese medicine hospitals or CMCs on the Mainland; and*
- (f) *whether it will reconsider setting up a Chinese medicine hospital as a base for training talents in Chinese medicine and research and development of Chinese medicine; if it will, of the details; if not, the reasons for that?*

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

- (a) The Government has planned to establish 18 public CMCs in Hong Kong with an aim to developing "evidence-based" Chinese medicine and providing training opportunities for local Chinese medicine degree programmes graduates. Currently, 14 public CMCs have already come into operation. We are actively identifying suitable sites to set up the four remaining CMCs as early as possible. At this stage, the Government has no plan to further increase the number of public CMCs.

To increase the job and training opportunities for CMPs, each public CMC is required to employ at least five graduates of Chinese medicine degree programmes as junior CMPs and to provide them with one-year training. The training programme has been further extended since 2009 by providing junior CMPs with the second and third year of training in public CMCs, thereby enhancing their job and training opportunities significantly.

- (b) At present, there is no specialist registration in our CMP registration system. Patients of public CMCs can opt for different internal medicine services such as treatments for cancer, diabetes, skin, osteopathy, pain, and so on, according to their needs. In addition, public CMCs also provide other expert services such as acupuncture and tui-na.
- (c) It is the practice of the Government to conduct assessment on the manpower requirements for health care professionals (including CMPs) in tandem with the triennial planning cycle of the University Grants Committee (UGC). The Government also gives advice to the UGC on the future public-funded places for reference by the tertiary institutions in making their academic planning. Such assessment is ongoing.

In projecting the manpower requirements for health care professionals, the Government will take into account the manpower needs of major health care providers including the Hospital Authority (HA), Department of Health, Social Welfare Department and private health care institutions, and so on. As for the projection of the long term manpower requirements for health care personnel, the Government will take note of the trend of retirement and wastage of health care personnel and make an assessment on the future service demand having regard to such factors as ageing population, demographic changes and the special needs of the community for particular areas of services, and so on. The Government will also take into account an array of factors such as the health care service delivery model and other related policies including health care reform and their implications on manpower requirements for projection of the overall manpower requirements for health care personnel.

- (d) The day-to-day operation of public CMCs is undertaken by the NGOs commissioned to run the clinics. CMPs at the clinics are appointed by the NGOs concerned as their employees and the terms of appointment and salaries are determined by the NGOs concerned. The Government has not set a pay scale for CMPs. To assist NGOs in appointing CMPs, the HA has issued a guide to appointment in which the entry requirements and salary range of various ranks of CMPs are set out for reference by the NGOs.
- (e) In July 2009, the HA provided a "Junior Scholarship in Chinese medicine" for CMPs with clinical experience of two years or more to further their study in renowned hospitals in the Mainland. They may decide which subject they will study according to the development trend and needs of Chinese medicine in Hong Kong. After completing the training, the CMPs have to return to Hong Kong to assist in the promotion of Chinese medicine services. In addition, the HA has provided a "Senior Scholarship in Chinese medicine" since April 2010. Local CMPs with aspiration to promote the development of teaching and research in Chinese medicine and in possession of substantial qualification and experience will be selected to further their study in the Mainland's

hospitals. They have to provide training for CMPs after returning to Hong Kong.

- (f) Chinese medicine has its role in the provision of primary care in Hong Kong. As mentioned above, the Government has been actively taking forward the plan to establish public CMCs in an effort to promote the further development of Chinese medicine. For patients who need to be hospitalized or are suffering from severe illnesses, they usually seek treatment from Western medical practitioners and occasionally consult CMPs for supplementary purpose. Setting up a purely traditional Chinese medicine hospital may not provide the most comprehensive treatment to patients. At present, the HA has set up integrated Chinese and western medicine wards and service units in a few hospitals.

The long-term goal of the Government in promoting the development of Chinese medicine is to develop, through an evidence-based approach, a model of collaboration between Chinese and Western medical practitioners that can meet the actual circumstances and needs of Hong Kong. The HA has been trying out different models of Chinese and Western medicines shared care services in 20 hospitals in light of the actual needs of patients. In addition, a larger scale of Chinese and Western medicines shared care services will be considered to be incorporated in the proposed Chinese medicine building under the Kwong Wah Hospital Redevelopment Project.

On the other hand, to develop our medical services, the Government has reserved four sites at Wong Chuk Hang, Tseung Kwan O, Tai Po and Lantau, and earlier invited expressions of interest from the market to develop private hospitals, which may provide traditional Chinese medicine services. The Government is open-minded about the service that may be provided in the new hospital to be developed at each site, subject to the relevant special requirements which the Government will determine for development of the sites.

Measures to Strengthen Regulation of Sales of Residential Properties

15. **MR LEE WING-TAT** (in Chinese): *President, regarding the nine new proposals to regulate the sales of first-hand private residential properties announced by the Financial Secretary earlier, will the Government inform this Council:*

- (a) *given that the new proposals include requiring developers to comply with the guidelines of The Real Estate Developers Association of Hong Kong (REDA) in selling uncompleted and completed first-hand private residential properties, yet among the 13 sets of published sales guidelines, only two sets have Chinese versions while the remaining ones are in English only, whether it knows the reasons for that, and whether the authorities will require all sales guidelines issued by REDA to have Chinese versions;*
- (b) *whether it knows if all developers (including non-REDA members) are required to comply with REDA's sales guidelines; if not, the respective developers who are required and not required to comply, and what penalties REDA will impose on those developers who are required to comply with the sales guidelines but are found to have violated the guidelines; whether the Compliance Committee under REDA is responsible for monitoring the sales of completed first-hand private residential properties; the number of complaints received by the Committee in the past three years, the contents and results of such complaints as well as the penalties imposed;*
- (c) *given that the new proposals include requiring that more units should be included in the first price list, and for small-scale development, the minimum number of units to be included is 30 units or 30% of the total number of units available for sale, whichever is the higher, whereas for large-scale development, the minimum number of units to be included is 50 units or 50% of the total number of units available for sale, whichever is the higher, of the respective definitions of small-scale development, large-scale development and units available for sale; whether the authorities will consider adopting the number of units available for pre-sale set down in the approved Consent Scheme on the pre-sale of uncompleted first-hand*

residential properties (the Consent Scheme) as the definition of units available for sale; if they will not, of the reasons for that; whether they will consider requiring that the small-scale development cannot be sold in batches and, if the large-scale development is sold in batches, a third requirement is to be added on the number of units to be included in the first price list, apart from the aforesaid two requirements concerning the first price list, that is, the provision of a price list of at least a certain percentage (for example, 30%) of the units of the entire development, whichever of the three is the higher, so as to prevent the situation of, for example, if only 100 units of a large-scale development with 2 000 units in total are to be sold in the first batch, the first price list is required to include 50 units only;

- (d) given that the new proposals require that developers should concurrently upload the sales brochures onto their websites, yet it has been learnt that important terms in land leases and deeds of mutual covenant contained in most of the existing sales brochures do not have Chinese versions, whether the authorities will consider requiring that important terms in the land leases and deeds of mutual covenant contained in all sales brochures should have Chinese versions;*
- (e) given that saleable areas of units sold are not specified in existing Preliminary Agreements for Sale and Purchase (ASPs), whether the authorities will consider exercising regulation by requiring the specification of saleable areas and other areas of units sold in Preliminary ASPs;*
- (f) whether the authorities will consider adding the requirement that developers are to make public, within 24 hours after the signing of Preliminary ASPs, records of ASPs, including regular updates of transaction information such as the ASPs signed, transactions completed or cancelled, as well as the areas and prices of the units concerned, and so on;*
- (g) whether the authorities will consider including in the requirements under the Consent Scheme the eight enhanced measures launched by the Urban Renewal Authority (URA) recently to increase the*

transparency of the sales procedures of redeveloped buildings, or requesting REDA to include such measures into their sales guidelines; and

- (h) *given that the newly revised proposals allow developers not to make public the price list at least three days in advance of the commencement of sale when selling a whole block of building or a whole phase of several buildings, how the authorities ensure that after the developer has resold a whole block of building or a whole phase of several buildings, the new buyer will, when selling individual units to any persons, comply with the newly proposed requirement of making public the price list at least three days in advance of the commencement of sale, the requirements under the Consent Scheme or REDA's sales guidelines?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, to further enhance the transparency of information and the fairness of transactions related to the purchase of private housing units, the Transport and Housing Bureau will put in place nine new enhancement measures. These include strengthening the regulation on show flats, and enhancing the transparency of sales brochures and price lists, and clarifying transactions involving Board members of the developers and their immediate family members.

The Lands Department (LandsD) has included the nine measures in the Consent Scheme with effect from 14 May 2010. REDA will issue guidelines on the nine measures to take effect from 1 June 2010.

We will closely monitor the effectiveness of the nine measures upon implementation. Should these new measures prove to be ineffective, we do not rule out the possibility of introducing further legislative measures.

My reply to the eight questions is as follows:

- (a) REDA's guidelines are uploaded onto the websites of the Consumer Council and the Estate Agents Authority for public reference. We have requested REDA to provide Chinese versions of its guidelines as soon as possible to enhance public awareness. REDA is in the

process of doing so. The new guidelines on the nine measures will be available in both Chinese and English.

- (b) The nine measures will apply to the sale of all first-hand private residential properties, including uncompleted and completed first hand flats.

Given that the intention of the nine measures is to better protect individual prospective flat buyers, we see no objection in principle for the sale of uncompleted or completed first-hand private residential properties to a single purchaser on an "en bloc" basis under a single transaction be exempted from the new requirements on sales brochures, price lists and show flats. However, we require that for transparency sake, developers should still observe the "5-day disclosure rule" for "en-bloc sale" and provide on their websites and in sales offices the transaction information within five working days after the signing of the Preliminary Agreement for Sale and Purchase (PASP) (or the Agreement for Sale and Purchase (ASP) if there is no Preliminary ASP in en-bloc sales). Further, we require that if the en-bloc sale involves members of the Board of the developers and their immediate family members, the developers should include such information when making public the transaction information. We also require that, when the properties sold on an en-bloc basis are later put on sale to individual flat buyers in the market, the owner must still observe all the nine measures.

We will implement the new measures through the Consent Scheme where appropriate and through REDA's guidelines. According to past experience, developers will normally follow REDA's guidelines regardless of whether they are REDA members or not.

REDA has set up a Compliance Committee which comprises outside members. REDA will refer non-compliance cases to the Compliance Committee for deliberations as necessary. The Compliance Committee may determine sanctions against developers found to have breached the requirements under REDA's guidelines, including issuing warning letters or reprimanding privately or in public. According to REDA, it received about 30 complaints in relation to the sales of uncompleted private first-hand residential

properties from 2007 to 2009. The nature of and the findings on those complaints did not require the cases to be heard by the Compliance Committee.

We will closely monitor the effectiveness of the nine measures upon implementation. Should these new measures prove to be ineffective, we do not rule out the possibility of introducing further legislative measures.

- (c) Under the nine measures, developers are required to provide more units in the first price list of every batch of units put up for sale. For a large-scale development which contains 100 units or more in total, the first price list must include not less than 50 units or 50% of the total number of units put up for sale in each batch, whichever is the higher. For a small-scale development which contains fewer than 100 units in total, the first price list must include not less than 30 units or 30% of the total number of units put up for sale in each batch, whichever is the higher. For a small-scale development or a specific phase of development which comprise 30 or less units in total, developers must include all the units in the first price list.

For developments of individual "houses", given that this type of projects is normally limited in number and has a specific group of customers, we have no objection in principle to exempt them from the requirement on the minimum number of units in the first price list, but developers of these developments are still required to comply with all the other new measures, including the requirement to make public the price list at least three calendar days in advance of the commencement of sale and to concurrently upload the price list onto their websites.

We are satisfied that our proposal has struck a balance between enhancing price information transparency and providing a degree of flexibility for developers to take into account market conditions when devising their sale strategies.

- (d) Deeds of Mutual Covenant (DMCs) are bilingual documents. Since October 2009, developers are required under REDA's guidelines to provide both the Chinese and English versions of the salient points of the DMCs in the sales brochures. As for the Government Lease,

developers will normally provide only the English version of the salient points of the Government Lease in the sales brochure given that the Government Lease provided by the LandsD is in English only.

We will request REDA and the LandsD to consider providing Chinese translation, in addition to the English version, of the salient points of the Government Lease for inclusion in the sales brochures and uploading onto developers' websites.

- (e) Information on the saleable area of a residential property is a standard item in the standardized price list proforma which developers have adopted since October 2008. Also, information on saleable area has to be provided in sales brochures. Under the nine measures, developers are required to make public and upload onto their websites sales brochures seven calendar days prior to the commencement of flat sale and price lists three calendar days prior to the commencement of flat sale. These measures will ensure that flat buyers are provided with the necessary property information, including information on the saleable area of the units, before making their purchase decisions.
- (f) Since December 2009, developers are required under REDA's guidelines to make available transaction information in the sales office and their websites, including the transacted unit, transacted price and date of execution of the ASPs within five working days after signing the PASPs. At present, developers and flat buyers will normally sign the ASPs within five working days after signing the PASPs. If we require developers to make public the transaction information within 24 hours after signing the PASPs, the information to be made public will be premised on PASPs. Transactions will be more likely to proceed to completion after entering into the ASP because by then the buyers will have made a higher amount of payment. Therefore, for clarity of information, we consider it more appropriate to make reference to transaction information which is based on ASPs instead of PASPs.
- (g) The measures which the URA announced on 3 May 2010 which its partner developers are required to comply with are in line with the principles of the nine measures, namely to enhance the transparency of information, in particular on transactions and prices, and fairness of transactions. As a developer itself, the URA may set its own

requirements on its partner developers taking into account the nature of its projects when entering into a contractual relationship with them.

- (h) For "en-bloc sale" as mentioned in part (b) above, we have required REDA to include in its guidelines that when the properties sold on an en-bloc basis to a single purchaser are later put on sale to individual flat buyers in the market, the purchaser concerned should observe all the nine measures. We will closely monitor the effectiveness of the nine measures.

Statistics on Civil Servants

16. **DR DAVID LI:** *President, will the Government inform this Council of the number of serving civil servants by salary group in each of the past five years, and the respective numbers of those who had resigned and retired in that year (set out in the table below)?*

<i>Number of civil servants by salary group</i>	<i>(year)</i>		
	<i>Serving</i>	<i>Retired</i>	<i>Resigned</i>
<i>Officers at Directorate Pay Scale</i>			
<i>Officers at Master Pay Scale (Points 45-49)</i>			
<i>Officers at Master Pay Scale (Points 34-44)</i>			
<i>Officers at Master Pay Scale (Points 26-33)</i>			
<i>Officers at Master Pay Scale (Points 10-25)</i>			
<i>Officers at Master Pay Scale (Points 1-9)</i>			
<i>Total</i>			

SECRETARY FOR THE CIVIL SERVICE: President, the number of serving civil servants by salary groups and the respective numbers of those who had resigned and retired in the past five years from 2005-2006 to 2009-2010 are shown in the Annex.

Civil service statistics from 2005-2006 to 2009-2010

Number of civil servants by Salary Groups ^{(1) and (2)}	2005-2006			2006-2007			2007-2008			2008-2009			2009-2010		
	Strength as at 31.3.2006	Retired	Resigned	Strength as at 31.3.2007	Retired	Resigned	Strength as at 31.3.2008	Retired	Resigned	Strength as at 31.3.2009	Retired	Resigned	Strength as at 31.3.2010	Retired	Resigned
Directorate Pay Scale or equivalent	1 194	77	5	1 188	81	8	1 205	74	7	1 230	78	5	1 262	79	6
Max. salary between MPS 45-49 or equivalent	3 158	103	14	3 231	107	19	3 270	101	24	3 326	132	18	3 450	129	10
Max. salary between MPS 34-44 or equivalent	13 519	325	51	13 332	349	49	13 393	355	62	14 073	318	83	14 624	340	64
Max. salary between MPS 26-33 or equivalent	20 445	447	79	20 219	357	69	20 998	382	104	21 805	369	134	22 318	393	104
Max. salary between MPS 0-25 or equivalent ⁽³⁾	116 703	2 013	190	115 835	2 443	279	114 611	2 929	404	114 694	2 797	408	114 919	3 052	334
Total	155 019	2 965	339	153 805	3 337	424	153 477	3 841	601	155 128	3 694	648	156 573	3 993	518

Notes:

- (1) Judges and judicial officers, Independent Commission Against Corruption officers and locally engaged staff working in Hong Kong Economic and Trade Offices are not included.
- (2) The coverage of Salary Groups is as follows as at 2009-2010:
 - Directorate Pay Scale or equivalent — it covers ranks with maximum salary points in the range of Point 55-59 of the Police Pay Scale (PPS) and ranks on the Directorate Pay Scale, Directorate (Legal) Pay Scale, General Disciplined Services (Commander) Pay Scale.
 - Max. salary between MPS 45-49 or equivalent — it covers ranks with maximum salary points in the ranges of Point 45-49 of the Master Pay Scale (MPS), Point 33-39 of the General Disciplined Services (Officer) Pay Scale (GDS(O)PS) and PPS 49-54a.
 - Max. salary between MPS 34-44 or equivalent — it covers ranks with maximum salary points in the ranges of MPS 34-44, GDS(O)PS 22-32 and PPS 32-48.
 - Max. salary between MPS 26-33 or equivalent — it covers ranks with maximum salary points in the ranges of MPS 26-33 and GDS(O)PS 13-21.
 - Max. salary between MPS 0-25 or equivalent — it covers ranks with maximum salary points in the ranges of MPS 0-25, GDS(O)PS 1d-12, PPS 1a-31, and ranks on the General Disciplined Services (Rank and File) Pay Scale, Model Scale I Pay Scale and the Training Pay Scale.
- (3) Because of the adjustments made to the PPS and GDS(O)PS, their coverage under the above groupings was slightly different before 2009-2010.
- (3) Due to the existing salary groupings in our database, we cannot provide further breakdown for this grouping.

Qualifications for Training Bodies to Organize Retraining Courses

17. **MR CHEUNG KWOK-CHE** (in Chinese): *President, the Employees Retraining Board (ERB) has relaxed the eligibility criteria of employees retraining courses to cover persons aged 15 or above since 2007, and has planned to gradually increase the number of training places to 200 000. Yet, I have recently received complaints from some organizations that although the number of training places has been increased, the ERB, when vetting and approving applications for becoming training bodies, favours one more than another and often rejects the applications submitted by some small-scale organizations. In this connection, will the Government inform this Council if it knows:*

- (a) whether the qualifications for becoming a training body include the scale of the applicant organization; and*
- (b) the number of organizations which applied for becoming training bodies in each of the past three years and, among them, the number of those whose applications were rejected, the reasons for rejection, and the list of the rejected organizations?*

SECRETARY FOR LABOUR AND WELFARE (in Chinese): President,

- (a) The ERB is an independent statutory body. Applications for becoming appointed training bodies of the ERB have to be vetted and approved by the ERB. The ERB will then announce the appointments by notice in the Gazette in accordance with the Employees Retraining Ordinance (Cap. 423). The relevant organization will become an appointed training body of the ERB after completion of the related statutory procedures, and may thereafter take part in the tendering exercises for organizing ERB courses.

The ERB considers the applications from the organizations on the basis of the following key factors:

- (i) background and governance of the organization;
- (ii) experience in adult/youth education and vocational training;

- (iii) availability of employers' network and capability in providing placement services;
- (iv) quality of instructors and training facilities;
- (v) location of training venues;
- (vi) contribution to the ERB's courses and services; and
- (vii) merits of the new course proposal(s) submitted by the organization.

The scale of the organization is not among the factors for consideration.

- (b) During the period from 1 April 2007 to 31 March 2010, ERB received applications from a total of 64 organizations (including 15 organizations in 2007-2008, 12 in 2008-2009 and 37 in 2009-2010), of which 20 have already become appointed training bodies. Fourteen organizations have been approved and the related gazetting procedure will be undertaken shortly. Applications from another 22 organizations are being processed. The remaining eight organizations have been rejected. The main reasons for rejection are:

- (i) the contents of the courses proposed by the organizations duplicate with those of the ERB's existing courses. Such courses are not regarded as new from the ERB's perspective and are not able to inject new elements into the services of ERB; and
- (ii) the organizations lack relevant experience in education and vocational training or the provision of placement services, have failed to provide information on job openings and employers' network, or do not have sufficient training facilities, and so on.

Organizations which have their applications rejected may apply to the ERB again when they are ready. The ERB does not set any limit on the number of times an organization may apply.

As agreed between the ERB and the organizations submitting applications, the information submitted by these organizations will only be used for the purpose of vetting and approval of applications (including the gazetting procedure) and organizing courses in future. Information submitted by the rejected organizations will be destroyed six months from the date on which the ERB issued written notification on the outcome of application. In the light of the above arrangement which aims to protect the information submitted by these organizations, the ERB cannot provide the list of rejected organizations.

Three-coloured Waste Separation Bins

18. **MR KAM NAI-WAI** (in Chinese): *President, regarding the number and locations of three-coloured waste separation bins, will the Government inform this Council:*

- (a) of the respective current total numbers of three-coloured waste separation bins (and other waste separation bins) placed in various places throughout Hong Kong and dustbins placed on streets by the Government and their respective ratios, broken down by 18 District Council districts;*
- (b) of the respective current total numbers of three-coloured waste separation bins (or other waste separation bins) currently placed in shopping centres, housing estates, commercial buildings and government buildings throughout Hong Kong, broken down by 18 District Council districts;*
- (c) of the respective quantities of wastes collected from those waste separation bins and dustbins in part (a) in each of the past three years;*
- (d) whether it will encourage the placing of more three-coloured waste separation bins (and other waste separation bins) in shopping centres, railway stations and commercial buildings; if so, of the details; if not, the reasons for that; and*

- (e) *given that dustbins and waste separation bins are placed together in many places around the world (including Taiwan and Europe) to tie in with the waste disposal behaviour and habit of their citizens, whether the authorities will consider following such a practice when reforming the design of waste separation bins?*

SECRETARY FOR THE ENVIRONMENT (in Chinese): President,

(a), (b) and (c)

The overall waste recovery strategy currently implemented in Hong Kong focuses on waste separation and recovery at source. We have introduced various policy initiatives to encourage the public to set up systems of waste separation and recovery at source on domestic premises, workplace and public areas, and participate in waste separation and recovery. The Government launched the territory-wide Programme on Source Separation of Domestic Waste in 2005. As at end of April 2010, 1 480 housing estates have joined the programme, representing about 74% of our population. Coupled with related policy initiatives, the waste recovery rate in Hong Kong is rising steadily. The recovery rate of domestic waste rose significantly from 14% in 2004 to 35% in 2009. The quantities of recyclables collected through various channels and the total quantities of municipal solid waste (MSW) disposed of in the past three years are as follows:

<i>Year</i>	<i>Total Quantities of MSW Disposed of (million tonnes)</i>	<i>Total Quantities of Recyclables (million tonnes)</i>	<i>Recovery Rate of MSW</i>
2007	335	281	46%
2008	330	314	49%
2009	327	318	49%

For public convenience, the Government has placed about 38 600 waste separation bins in public areas (including roadside, refuse collection points, parks, sports venues, leisure and cultural facilities, and country parks) as well as schools, housing estates and government buildings, and so on. These waste separation bins

placed at conspicuous positions have all along played an important role in promoting waste reduction and environmental education. For these three-coloured waste separation bins in public areas, schools, housing estates and government buildings, and so on, we do not have any account of the total quantities of recyclables recovered from different management units.

- (d) The recovery rate of commercial and industrial waste is consistently high, that is, around 65%. To further encourage businesses to recover waste, the Government has extended the Programme on Source Separation of Waste to commercial and industrial (C&I) buildings. Starting from 2008, C&I buildings can apply to the Environmental Campaign Committee for waste separation bins to be placed on floors accessible to the public. Moreover, C&I buildings managed by owners' corporations can apply to the Environment and Conservation Fund for a subsidy for additional waste separation facilities.

Starting from this month, the Government has launched the waste reduction programme "Minimizing Waste, Maximizing the Future" to raise public awareness of source separation and waste reduction. An initiative is to liaise with property management companies to encourage them to install additional recovery facilities in their shopping malls and commercial buildings. This will help members of the public get into the habit of separating waste before disposal. Other initiatives include encouraging the public to use less disposable cutlery in cafes and restaurants. Training for domestic helpers will also be enhanced to help promote waste reduction.

- (e) We are moving towards the practice of pairing up waste separation bins with litter bins if appropriate and circumstances permit, for example, causing no obstruction or posing no danger to road users.

Consultation on Subsidizing Home Ownership

19. **MR FREDERICK FUNG** (in Chinese): *President, the Chief Executive announced earlier at the Question and Answer Session of this Council that a*

five-month consultation would be conducted on subsidizing home ownership and an account would be given in the policy address to be delivered in October this year. In its press release issued subsequently, the Government further indicated that extensive consultation on a series of important subjects (including the target for assistance and the fairness of providing publicly-funded subsidies, and so on) would be conducted through various channels in the coming months. In this connection, will the Government inform this Council:

- (a) of the detailed and specific format and channels for conducting the aforesaid consultation; whether they are different from the modes of consultation on other various issues conducted previously by the Government; if so, of the reasons for that;*
- (b) of the criteria based on which the authorities determined the consultation topics; how they ensure the consultation's objectivity and independence, as well as maintaining comprehensiveness and objectivity when analysing the pros and cons of the issues to avoid drawing up leading questions and analyses of the consultation becoming biased; whether they will consider inviting independent academic institutions to undertake the consultation work; if not, of the reasons for that; and*
- (c) whether the authorities will, at the same time, consider conducting an in-depth and extensive consultation on the established land and housing policies comprehensively, focusing on the deficiencies and inadequacies of the existing policies and formulating stable, fair and sustainable long-term plans for the related social policies; if they will, of the details; if not, the reasons for that?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, my overall reply to the three-part question is as follows:

The Chief Executive has stated that the Government's policy regarding the residential property market is to respond to market demand through the supply of land with the Application List System as the main axle supplemented by flexible improvement measures and land auctions from time to time so as to increase the land supply. In this year's budget, the Financial Secretary has also proposed

four measures, including providing more land to increase the supply of small- to medium-sized domestic flats, enhancing market transparency, curbing speculative activities via tax measures, and preventing excessive borrowing. The Government's role is to ensure a regular supply of land so that the residential property market develops in a steady and healthy manner. We will be continuing efforts on these fronts.

The Government's housing policy remains that as set out in the "Statement on Housing Policy" announced by the then Secretary for Housing, Planning and Lands in November 2002. That is, the Government is fully committed to providing subsidized rental housing for families in need and this will continue to sit at the very heart of the Government's housing strategy.

In this connection, the Hong Kong Housing Authority (HA) has put in place a five-year rolling Public Housing Construction Programme (PHCP) to cater for the demand for PRH. This is a continuous process which is reviewed on an annual basis. The HA keeps in view various factors, including the projection of population growth, rates of increase in the number of households and the number of applicants on the PRH Waiting List. According to the latest PHCP, the anticipated new PRH production during the five-year period starting from 2010-2011 is about 75 000 flats, averaging about 15 000 flats per year. Together with the PRH to be recovered, it is expected that this production level would meet the Government's policy target of maintaining the average waiting time for PRH at around three years.

To summarize, we have all along adopted a targeted approach, with a commitment to help those in genuine need, while recognizing that the private market also plays a significant role in housing provision. This is the foundation on which our housing policy rests. Nevertheless, the Government recognizes that the subject of using public resources to subsidize home ownership is being debated in the community. Fundamental issues have been raised which require in-depth consideration, such as the difference between home ownership and housing needs; whether the Government should subsidize the public to invest in/purchase residential properties; whether subsidized home ownership is sustainable in the long run or can merely address short-term situations; and whether the use of public resources to subsidize home ownership is acceptable having regard to the issue of fairness among different groups in the community.

On these important issues, the Government will listen to the views of different interested parties and members of the public to see if it is possible to identify a consensus view on a way forward. An extensive consultation programme lasting up to mid-September 2010 will shortly commence to engage stakeholders and members of the public through various channels to look at issues relevant to this subject. On 17 May 2010, to begin the consultation exercise, the HA was consulted on proposals to revitalize the Home Ownership Scheme (HOS) Secondary Market. These proposals include extension of the mortgage default guarantee period by the HA; provision of premium loan guarantee by the Hong Kong Mortgage Corporation to allow payment of premium loans by instalment; and streamlining administrative arrangements and enhancing publicity of the HOS Secondary Market. The Housing Department will continue its discussions with the HA on these proposals.

Furthermore, to ensure extensive participation, the Transport and Housing Bureau will, in the coming months, engage the public and different stakeholders through a variety of channels, including consultation sessions, focus group meetings, and through an E-engagement platform.

For consultation sessions, in addition to setting up special sessions with Members of the Legislative Council, we will engage the general public and concerned groups, District Council members, statutory/professional bodies and relevant organizations, and academics. In addition, a series of focus group meetings will be conducted targeting different groups, including home owners who purchased first-hand flats from the HA or the Hong Kong Housing Society; those who have chosen to buy from the private sector; home owners who purchased HOS flats through the Secondary Market Scheme; home owners who purchased second-hand flats from the private sector; first-time home purchasers; those who rent their homes; PRH tenants and others. Consultants/moderators may be engaged as necessary to assist us in these consultation sessions. As for the E-engagement platform, we plan to make use of the Internet to engage participation from as wide a cross-section of the population as possible.

A consultation framework will be put up shortly to facilitate a focused discussion. Views and suggestions arising from this consultation exercise will be forwarded to the Chief Executive for his consideration.

Measures Taken by Government to Implement Convention on the Rights of Persons with Disabilities

20. **MS EMILY LAU** (in Chinese): *President, Article 9 of the Convention on the Rights of Persons with Disabilities (the Convention) stipulates that "States Parties shall take appropriate measures to ensure to persons with disabilities (PWDs) access, on an equal basis with others, to the physical environment, to transportation, to information and communications, including information and communications technologies and systems, and to other facilities and services open or provided to the public, both in urban and in rural areas". The authorities have installed barrier-free facilities throughout Hong Kong, yet some organizations have pointed out that certain facilities are not user-friendly to PWDs. For example, wheelchair-bound people have to get pass stairs of a dozen or so steps before reaching public toilets for PWDs, and tactile guide paths at a bus station lead blind people to bump into railings. In this connection, will the executive authorities inform this Council:*

- (a) *which government departments are responsible for providing public toilets for PWDs, tactile guide paths for the visually impaired as well as other barrier-free facilities, and what procedures have to be gone through; whether they have assessed the reasons behind the aforesaid mistakes; if they have, of the outcome; whether they will review the relevant procedures and avoid inconvenience being caused to PWDs due to incompatibility between the work of different government departments; and*
- (b) *given that the Rehabilitation Advisory Committee (RAC) and the Commissioner for Rehabilitation (C for R) are responsible for promoting the Convention and monitoring its implementation, whether there is any mechanism at present to enable C for R to effectively monitor if various government departments have complied with the provisions of the Convention; of the powers and duties of C for R in respect of the installation of barrier-free facilities to ensure that the installation of such facilities is appropriate and meets the needs of PWDs?*

SECRETARY FOR LABOUR AND WELFARE (in Chinese): President, it has all along been the policy objective of the Government to provide a barrier-free

living environment for PWDs with a view to enabling them to access, on an equal basis with others, to premises, transportation and communications, thereby facilitating them to live independently, participate in full in various social activities and integrate into the community. To implement the requirements on barrier-free access and facilities under the Convention, the Government will continue to build and make improvements towards a barrier-free environment according to the strategic development directions set out in the Hong Kong Rehabilitation Programme Plan. My reply to Ms Emily LAU's question is as follows:

- (a) The Government has implemented the amended section 72 of the Building (Planning) Regulations and promulgated the new "Design Manual: Barrier Free Access 2008" (Design Manual 2008) since 1 December 2008. Design Manual 2008 sets out the enhanced design standards for the provision of barrier-free facilities, including accessible toilet, tactile guide path for the visually impaired and other barrier-free facilities for PWDs.

The Architectural Services Department (ASD) and the Housing Department (HD), which are responsible for the design and construction of government buildings and public housing respectively, have put in place internal administrative monitoring mechanism and vetting committee to ensure that all newly constructed buildings or existing buildings under renovation meet the requirements under the Design Manual 2008, and wherever practicable, achieve standards beyond the statutory requirements. Other government departments, including the Transport Department (TD), the Highways Department (HyD), HD and departments responsible for venue management, and so on, will install tactile guide paths for the visually impaired and other barrier-free facilities in the transport facilities, road facilities, public housing estates, venues and facilities under their purview, and will ensure strict compliance with the requirements under the Design Manual 2008 in carrying out addition and alteration works to the facilities concerned.

At present, public toilets (including toilets for PWDs) are built by the ASD and managed by the Food and Environmental Hygiene Department (FEHD). In carrying out the construction works, the ASD is required to comply with the requirements under the Design

Manual 2008. In the renovation of public toilets, the ASD will provide toilet facilities for PWDs wherever practicable. In circumstances where direct barrier-free access to the toilets for PWDs is not readily available owing to topographical constraints, relevant government departments will work together to explore improvement measures. For example, the FEHD, HyD, TD and ASD recently collaborated to work out improvement measures for the two toilets for PWDs located in Sheung Wan which have topographical constraints.

On public transport facilities, the TD will provide barrier-free access for new public transport facilities according to the "Transport Planning and Design Manual". It will also improve existing public transport facilities where conditions permit, such as installing dropped kerbs and tactile guide paths, and so on. The TD will consult relevant departments and local residents and considered the views collected before entrusting HyD to carry out the improvement works. Furthermore, the TD conducts regular meetings of its "Working Group on Access to Public Transport by People with Disabilities" and invites PWD groups, relevant government departments and public transport operators to attend so as to have a better understanding of the needs and opinions of PWDs on their use of public transport services, and take follow-up actions where necessary.

On government buildings, the ASD works closely with other government departments and regularly identifies suitable existing government buildings for improving and upgrading their barrier-free facilities having regard to the advice of the Subcommittee on Access under the RAC.

On public housing facilities, the HD will consult local residents, rehabilitation groups and departments at the design stage to secure the provision of suitable barrier-free facilities, including tactile guide paths for the visually impaired, in housing estates. If the barrier-free facilities are connected to areas managed by The Link Management Limited, HyD or MTR Corporation Limited, the HD will liaise with relevant parties to ensure that the facilities are accessible by PWDs.

The relevant government departments will continue to work closely to improve the existing barrier-free facilities and ensure that they will take into full account of the needs of PWDs in the design stage of the construction of premises and facilities.

- (b) At present, C for R is responsible to the Secretary for Labour and Welfare for the formulation of the overall policy in rehabilitation and welfare matters for PWDs, and for co-ordinating and facilitating all government departments, public organizations and non-governmental organizations in the development and provision of rehabilitation services. Following the application of the Convention to Hong Kong, while C for R serves as the focal point within the Government for matters relating to the implementation of the Convention, relevant bureaux and departments have the responsibilities to ensure that the policies and measures under their purview provide equal opportunities and rights for PWDs in compliance with the spirit and provisions as enshrined in the Convention.

The RAC serves as the principal advisory body to the Government on matters pertaining to the well-being of PWDs and the development and implementation of rehabilitation policies and services. With the application of the Convention to Hong Kong, the RAC has taken on the new role of advising the Government on the promotion and monitoring of the implementation of the Convention in Hong Kong. Representatives of relevant government departments are required to attend the meetings of the RAC and its Subcommittee on Access on a regular basis. The RAC and its Subcommittee on Access will convey the needs of PWDs on barrier-free facilities to the relevant government departments.

In addition, the Equal Opportunities Commission, being the statutory enforcement agency of the Disability Discrimination Ordinance, handles complaints regarding barrier-free facilities to ensure that PWDs can enjoy equal opportunities in access to buildings and services.

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Members' motions. Proposed resolution under the Fugitive Offenders Ordinance to extend the period for repealing the Fugitive Offenders (South Africa) Order.

PRESIDENT (in Cantonese): I now call upon Mr James TO to speak and move his motion.

PROPOSED RESOLUTION UNDER THE FUGITIVE OFFENDERS ORDINANCE

MR JAMES TO (in Cantonese): President, at the House Committee meeting on 7 May this year, Members resolved to establish a subcommittee to study the Fugitive Offenders (South Africa) Order as set out in the motion and also the Mutual Legal Assistance in Criminal Matters (South Africa) Order.

In my capacity as Chairman of the Subcommittee, I move that the period for scrutinizing the Fugitive Offenders (South Africa) Order be extended to 23 June this year, so that the Subcommittee can have more time for scrutiny. We have convened one meeting, and formed the view that more time is required for scrutiny. I hope Members can support the motion.

Mr James TO moved the following motion:

"RESOLVED that in relation to the Fugitive Offenders (South Africa) Order, published in the Gazette as Legal Notice No. 43 of 2010 and laid on the table of the Legislative Council on 5 May 2010, the period for repealing an order referred to in section 3(3) of the Fugitive Offenders Ordinance (Cap. 503) be extended under section 3(5) of that Ordinance to the meeting of 23 June 2010."

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

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Two motions with no legislative effect. I have accepted the recommendations of the House Committee: that is, the movers of the motions each may speak, including reply, for up to 15 minutes, and have another five minutes to speak on the amendments; the movers of amendments each may speak for up to 10 minutes; and the mover of amendment to an amendment and other Members each may speak for up to seven minutes. I am obliged to direct any Member speaking in excess of the specified time to discontinue.

PRESIDENT (in Cantonese): First motion: Proactively implementing the Framework Agreement on Hong Kong/Guangdong Co-operation.

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

PRESIDENT (in Cantonese): I now call upon Mr Jeffrey LAM to speak and move his motion.

**PROACTIVELY IMPLEMENTING THE FRAMEWORK AGREEMENT
ON HONG KONG/GUANGDONG CO-OPERATION**

MR JEFFREY LAM (in Cantonese): President, I move that the motion, as printed on the Agenda, be passed.

President, when it comes to Hong Kong/Guangdong co-operation, I am not sure whether I should declare interest because I was among the first batch of Hong Kong businessmen to set up factories in the Mainland at the initial stage of the reform and opening up of China in 1979. During those days, many people would consider running a business in the Mainland a tough task because train services between the two places were infrequent, and roads leading to remote areas were dusty and bumpy. Setting off at daybreak, one would not arrive at the destination until nightfall, and as one would not have much experience with the Mainland, one could only take one step at a time in his business operation. However, Hong Kong/Guangdong co-operation has developed from "front shop and back plant" back then to "partnership for profits" nowadays. This is beneficial not only to Hong Kong businessmen but also to the people of the two places.

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

After negotiation and extensive consultation for one year, Hong Kong and Guangdong have officially signed the Framework Agreement on Hong Kong/Guangdong Co-operation (Framework Agreement) in April this year to translate the macro policies of the "Outline of the Plan for the Reform and Development of the Pearl River Delta" formulated by the National Development and Reform Commission into concrete measures conducive to the development of the two places and lay a foundation for seeking to incorporate the initiatives related to Hong Kong and Guangdong into the National 12th Five-Year Plan. Besides, the Framework Agreement has also clearly defined the objectives and

positioning of the development of the two places and set out the specific policies and measures for co-operation in various areas.

Precisely because the Framework Agreement will facilitate the further development of the economy of Hong Kong and Guangdong, the focus of today's motion lies in the expression "proactive implementation". I hope that with this Framework Agreement in place, Hong Kong will proactively implement the corresponding policies and measures outlined in it. "One should make the best out of the opportunities", so the saying goes. We must take concrete effort to put the relevant initiatives into practice. Only in this way will bring about economic growth and benefits in long-term development.

The Framework Agreement covers a wide range of aspects, such as financial services, the manufacturing industry, environmental protection, planning, infrastructure, logistics and education. To date, the Legislative Council House Committee and four Panels have discussed these aspects, and a few Panels will conduct relevant discussions at their meetings next week. However, responses made by officials were only very superficial, without providing any specific details and plans for implementing the policies. As for the eight-page major initiatives for 2010 contained in the Framework Agreement, many of the initiatives have shown to be more of a gesture than a real move so far. I really do not hope this Framework Agreement will turn into a case of "words speak louder than actions".

Right at the beginning, the Framework Agreement states the positioning of the future development of Hong Kong and Guangdong. Deputy President, it 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 Pearl River Delta (PRD) cities as Guangzhou and Shenzhen.

The Framework Agreement seeks to strengthen Hong Kong's position as a financial centre and expressly positions Hong Kong to take the lead with the financial systems. However, given the rapid development of our neighbouring places, Hong Kong is like the hare in the story of "The Tortoise And The Hare", being complacent over its high running speed and outstanding capabilities, it

stops to take a nap under a tree without noticing that it has already been overtaken by a little tortoise, which has been taking small steps forward one after another. I hope Hong Kong will know its own strength as well as that of our competitors, formulate specific policies as soon as possible to enhance its position as a financial centre and draw up plans to consolidate its leading position.

With regard to banking and bond business, I think the Government should expeditiously study with relevant Mainland authorities ways to further refine Renminbi (RMB) trade settlement services, deepen the use of RMB outside the Mainland, further explore the provision of other RMB-denominated investment products, promote the development of Hong Kong as an offshore RMB centre and expand the RMB bond market in Hong Kong, so that Hong Kong can serve as a bridge for the export of RMB from the Mainland to other parts of the world.

RMB has appreciated by over 20% from 2005 to 2008, and the rate of appreciation was subsequently slowed down as a result of the financial tsunami. However, there is recently a widespread speculation that RMB will continue to appreciate. The appreciation of RMB will, to a certain extent, have an impact on Hong Kong's export competitiveness and drive up inflation. A rapid appreciation will result in substantial increase in costs for small and medium enterprises (SMEs), and SMEs which cannot keep their accounts balanced will have to close down. Thus, this issue must be dealt with carefully. Regarding export, it has already been over three decades since the reform and opening up of China, and the competitive edge of the manufacturing industries in Hong Kong and Guangdong, with a comprehensive production chain, is evident to all. The Framework Agreement seeks to build Hong Kong and Guangdong into an advanced global manufacturing and modern services base. The measures include assisting the Hong Kong-owned processing enterprises to upgrade and restructure, opening up the Mainland domestic market, implementing CEPA and the policy of "early and pilot implementation".

In the wake of the financial tsunami, Hong Kong businessmen are still at the recovery and consolidation stage. Many enterprises are looking for new room for development. For example, a traditional metal and plastic factory may restructure to manufacture automotive parts and accessory systems. In response to the further request of the industrial and commercial sectors and myself, the Financial Secretary has announced earlier that the application period for the

Special Loan Guarantee Scheme will be extended to December this year. However, in order to provide long-term support to enterprises, I think the authorities should proactively improve the Special Loan Guarantee Scheme for Small and Medium Enterprises and start with taxation measures. Section 39E of the Inland Revenue Ordinance is already outdated and should be reviewed as soon as possible. Hong Kong-owned factories in the Mainland have to shift from "contract processing" to "import processing" to dovetail with the Mainland's policy of industry upgrading and transformation, yet the actual *modus operandi* is essentially the same. However, the Inland Revenue Department has not provided any depreciation allowances to these factories.

Actually, over the years, the Hong Kong General Chamber of Commerce has repeatedly raised this issue at the Joint Liaison Committee on Taxation (JLCT) and urged the authorities to remove the barriers which are detrimental to cross-border trading and the development of the services industry. However, the deliberation of the JLCT has not made much progress so far. Recently, some Hong Kong businessmen are beginning to back down by planning to shift from "import processing" back to "contract processing" to avoid double taxation, which will result in a substantial increase in cost and undermine their competitiveness. However, reverting to "contract processing" is no easy task because it is a national policy to implement "import processing". The authorities of Guangdong Province have recently ceased to issue contract processing certificates, and factory owners engaged in "import processing" are not allowed to sell their goods on the Mainland for local consumption. To put it simply, Hong Kong businessmen are caught in a dilemma. The transformation or otherwise of their operation mode will lead to an impasse, making operation difficult. I hope the authorities will update the Inland Revenue Ordinance to avoid creating barriers for Hong Kong businessmen in tallying with the Mainland's policy of industry upgrading and transformation.

The authorities should also take concrete actions to assist Hong Kong businessmen develop the Mainland market to dovetail with the general market trend. These actions include providing information on the Mainland market, domestic sales strategies and practical information in relation to taxation and intellectual property rights protection, providing complementary measures on financing, establishing marketing and logistics systems within the country step by

step, and opening up various doors to the Mainland to enable access to the market of the Greater PRD Region with a population of 50 million. At the same time, the authorities should press for the opening up of more services industries other than the 42 services industries of the Mainland opened up to Hong Kong under the existing framework of CEPA. Later, Mr Andrew LEUNG will speak further on the situation of SMEs.

Regarding building a world-class modern economic circulation sphere, I think an important aspect of work is to enhance cross-boundary transport infrastructure, in order to allow the free movement of people and goods. Construction works for the Hong Kong-Zhuhai-Macao Main Bridge have commenced at the end of last year, and the Guangzhou-Shenzhen-Hong Kong Express Rail Link is expected to commission in 2015. However, the Hong Kong-Shenzhen Western Express Line linking the airports in Hong Kong and Shenzhen has not been implemented so far. I hope the two places can promptly examine this issue to allow the airports of both places to co-operate and complement with each other, so as to expand and improve the air transport network. Besides, the Hong Kong Government should proactively examine the feasibility of expanding the airport in Hong Kong by building the third runway to cope with additional flights in the future, thereby consolidating the status of our international airport.

When it comes to infrastructure development, one must bear in mind the saying that "development should go hand in hand with environmental protection". The Framework Agreement states that Hong Kong and Guangdong should seek to create a high quality living area, continue to strive to achieve the objectives of the PRD Regional Air Quality Management Plans (2002 to 2010) and jointly explore the reduction targets and options for the total emission of air pollutants in 2011-2020. I think in order to enjoy a clear and blue sky all the time, Hong Kong and Guangdong have to put in additional efforts to reduce emission from major sources of pollutants and promote the use of clean energy and renewable energy. The Cleaner Production Partnership Programme launched in 2008 is greatly supported by Hong Kong businessmen, and many enterprises have proactively shifted to new environmental protection machinery.

Regarding alleviating roadside pollution, "MyCar", a locally developed electric car, has reached a consolidation and co-operation agreement with GTA, an American automotive company. This proves that Hong Kong enterprises,

which have been striving hard to promote environmental protection, are very creative and constructive. The Government should have procured "MyCar" earlier. I think the two places should enhance the research, production and application of electric cars, so that vehicles of different sizes will be able to use cleaner energy.

Besides, development should be pursued having regard to environmental protection. The two places may carry out joint planning of major cross-boundary nature conservation areas and develop a regional cross-boundary green corridor for the Bay Area at the Pearl River Estuary, in order to develop an ecological reserve.

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

Mr Jeffrey LAM moved the following motion: (Translation)

"That, witnessed by state leaders, the Governments of Hong Kong and Guangdong have signed the Framework Agreement on Hong Kong/Guangdong Co-operation which defines the direction of joint socio-economic development in both places and the major initiatives for 2010; in this connection, this Council urges the SAR Government to formulate and implement the specific policies and measures outlined in the Framework Agreement as early as possible, so as to build an international financial centre with Hong Kong taking the lead with its financial systems, build a modern services base, build a world-class modern economic circulation sphere, develop a high quality green living area which incorporates a regional environment protection regime, and support Hong Kong-invested enterprises in opening up the Mainland domestic market."

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

DEPUTY PRESIDENT (in Cantonese): Dr Samson TAM, Ms Cyd HO, Mr WONG Kwok-kin, Ms Miriam LAU and Ms Emily LAU intend to move amendments to this motion; and Mr Andrew LEUNG will move an amendment to

Ms Cyd HO's amendment. This Council will now proceed to a joint debate on the motion and the amendments.

I will call upon the Members who intend to move amendments to speak one by one; but no amendments are to be moved at this stage.

DR SAMSON TAM (in Cantonese): Deputy President, my amendment today seeks to urge the Government to make effective efforts, in implementing the Framework Agreement on Hong Kong/Guangdong Co-operation (Framework Agreement), in the following three aspects: (a) complement the training of talents; (b) proactively promote technology and innovation; and (c) complement the development of high-end industries in Hong Kong. I strongly believe that success in these aspects will definitely provide more impetus for Hong Kong's future economic growth.

First, regarding the training of talents, what are the strengths and edges of Hong Kong in Hong Kong/Guangdong co-operation? I believe Members will agree that knowledge-based talents are definitely the most important asset for urban and regional development in the future. Do we have any mechanism for training such talents? Undoubtedly, compared with other cities in the Pearl River Delta (PRD) Region, Hong Kong has a longer and stronger history of investing in education, especially universities education, over the past few decades. Thus, universities in Hong Kong have recruited distinguished teaching staff and have secured a world-leading position in technological research and academic publications.

How can Hong Kong enhance and capitalize on its edge in the training of talents under Hong Kong/Guangdong co-operation? In fact, much effort has been made by various universities in the training of talents in Hong Kong and Guangdong. For example, some universities have established branches or joint research and development (R&D) institutes in the Mainland. Among these universities, many of their laboratories have become state key laboratories, and many research students in Hong Kong are from the Mainland. All these have proved that we have made quite a lot of efforts in the training of talents in Hong Kong and Guangdong. However, despite our efforts made in this respect, has the Government conducted any study to support our work in the interest of Hong Kong? What should we do to bring more benefits to Hong Kong? I hope we

can expand our existing education programmes to make Hong Kong become a regional education centre, and I also hope the Government of the Hong Kong Special Administrative Region (SAR) will conduct a study to find out how to enhance our edge in this area.

Recently, we can see that education programmes carrying the Hong Kong brand have been exported to the PRD Region. Actually, this will bring many benefits to the technology and industrial sectors, particularly in attracting more students who are interested in R&D. Over the past ten to twenty years, there were few career prospects for R&D engineering graduates in Hong Kong. Nevertheless, the situation is different now, and we can see that many local universities have set up R&D institutes in the Mainland. Will this arouse more students' interest in studying engineering? What arrangements should we make to allow students enrolled in engineering programmes of local universities have more placement opportunities in the Mainland, so that they can develop their career in the region in future? I think the Government should put in resources and conduct studies in this respect.

Second, I hope the Government will make more efforts to promote the development of technology and innovation, which is definitely not Hong Kong's strength, and most of our government officials also think so. In the past, technology and innovation were basically initiated by the industry and the market. However, this is not how Guangdong Province promotes the development of technology and innovation. To better understand the practice adopted by Guangdong Province, I visited Guangdong last Friday to meet with the relevant officials, in particular, officials of the Economic & Information Technology Commission of Guangdong Province. They said they have drawn up a blueprint of the areas for development in the entire Guangdong Province for the coming five years. Let me tell you these five key areas : first, consolidating the communications services sector, that is, the networking business, such as QQ and Alibaba, which they consider extremely vital; second, they attach great importance to integrated circuit design; third, enhancing the value-added networking services and information technology services, such as services for the comics and animation sector and the online game industry; fourth, they will continue to develop their software industry; and fifth, they are now discussing some future initiatives, including the nurturing of emerging industries, such as the cloud computing or the digital media industries. Guangdong Province has stated

the five areas they will pursue. Will these areas complement or be in conflict with Hong Kong's six industries with competitive edge?

After examination, I found that those six industries of Hong Kong are closely related to the key industries to be developed in Guangdong Province. For example, Hong Kong intends to develop innovation and technology, cultural and creative industries, testing and certification and the environmental industry, all of which involve many innovative elements. I hope officials of the SAR Government will enhance their communication with officials in Guangdong Province and position Hong Kong accordingly in order to facilitate the development of these new industries. In particular, instead of only deciding the industries to be developed in the entire Guangdong Province, the relevant authorities of Guangdong Province have mapped out their planning in great detail. For example, they have worked out the positioning of each municipality in the light of their respective strengths, so that they can give better play to their potentials. For instance, the relevant authorities of Guangdong Province consider that Foshan should be developed into the incubator for innovative networking, Dongguan should be developed into the reception site for the communications industry, and Huizhou, Zhongshan, Jiangmen and Zhaoqing also have their respective strengths. What are the strengths of Hong Kong? How should Hong Kong complement the strengths of different municipalities? I hope the SAR Government will develop a database network. In particular, it should develop such a database effectively through the Economic and Trade Offices in Guangdong, to enhance the development of our technology and innovation.

Deputy President, here I would like to add the third aspect, and that is developing high-end industries. Actually, industrialization is our weakest point. As I said just now, although there are many good universities in Hong Kong, a sound industrialization process is lacking. Therefore, I think we should definitely draw reference from Mainland's knack of industrialization. In response to my consultation a few days ago, the relevant departmental chairman on the Mainland advised that they have adopted various measures to achieve effective industrialization. I think two of these measures are appropriate for Hong Kong, and I also hope the SAR Government will consider how industrialization can be enhanced.

The first measure. The Guangdong authorities have established a trade alliance for each of their industries. Actually, trade alliances have been set up in

Hong Kong, but given the small market in Hong Kong, which has made it difficult for these trade alliances to gain benefits, and coupled with the fact that Hong Kong's trade alliances are unable to obtain business registration in the Mainland, cross-border trade alliance co-operation has been apparently marginalized. For example, enterprises in Shenzhen can become members of their trade alliances, while Hong Kong's trade alliances cannot obtain business registration in the Mainland. Therefore, will the SAR Government enable Hong Kong's trade alliances or trade associations to engage in more concrete co-operation with the business sector in the Mainland at the policy level? I hope the SAR Government will resolve this problem.

The second measure. Guangdong Province has conducted many demonstration projects and has set up demonstration bases in different places, for example, demonstration bases for the digital home or smart home. Can Hong Kong strive to become the demonstration base for a particular system? There are various excellent systems in Hong Kong, such as the Octopus Card and the RFID of the airport, which I think can surely give Hong Kong an edge. However, how can we capitalize on this edge and turn Hong Kong into a demonstration base, so that we can enhance these systems in Hong Kong and expedite the expansion of their application to Guangdong Province at the same time? I think it will be very beneficial to the industrialization of Hong Kong if this problem can be resolved.

Apart from these three aspects, I would also like to put forth two key proposals, which I hope will be implemented by the SAR Government. The first proposal is the injection of funds. To my knowledge, under the National 12th Five-Year Plan, the Guangdong Provincial Government will put in a total of \$10 billion in the coming five years, that is, \$2 billion per year, as funding injection for the above new industries. How much additional financial commitment will the Government make for the six industries of Hong Kong? I still have no idea about it, but I hope the SAR Government will inform us of its financial commitment soon. Otherwise, Hong Kong will lag behind Guangdong Province — Hong Kong will not stand still, but it would be a shame if co-operation between the two places will become impossible as a result of our slow progress.

Finally, I hope the Government will make clear the division of duties concerning negotiations on Hong Kong/Guangdong co-operation. During my

discussion with the relevant officials of Guangdong Province, I found that each provision has been put under the purview of a particular departmental chairman or director. Which official of Hong Kong will be responsible for these provisions? I am still unable to find any information about this on the Internet. Will all the duties be undertaken by Secretary Stephen LAM? Or has division of duties already been drawn up, just that we are not aware of it? I hope there will be clear division of duties so that members of the industries will know which Directors of Bureaux or officials are responsible for which areas and be able to reflect their views accordingly. We believe a high degree of transparency will bring more benefits and enable members of the public to give their input in formulating policies and measures on Hong Kong/Guangdong co-operation. I hope the Government will give a response to this later.

Deputy President, I so submit.

MS CYD HO (in Cantonese): Deputy President, the integration of Hong Kong and the Mainland has been carried out at the community level and in the business sector long ago. At the community level, there are many Hong Kong-Mainland cross-border families — their rights and interests have not been properly attended to. In the business sector, as early as late 1970s, probably before the fall of the "Gang of Four", people started going to the Mainland to do business. However, the rights and interests of individuals, as well as those of the business sector, have not been adequately protected under the law. In the Framework Agreement on Hong Kong/Guangdong Co-operation (Framework Agreement) currently signed by the Governments of Hong Kong and Guangdong Province, many policy directions have been advocated. However, as in the past, very little has been mentioned about the legal framework. Though a number of policies have been outlined in the Framework Agreement, the public do not know much about the policy directions and the content of the agreement. By the time the two governments have agreed on the implementation of such policies, it may be too late for the public to raise opposition if they find that their rights and interests have been jeopardized.

Deputy President, a "three-nots" approach has been adopted in many co-operation programmes between Hong Kong and the Mainland. The public is not being informed, not being consulted and not having the opportunity to raise

opposition when the incident takes place. Since the integration of Hong Kong and the Mainland are closely related to the livelihood, rights and freedom of the public, if the SAR Government insists on adopting the "three-nots" approach in integrating with the Mainland, it has failed to be accountable to the public. This is indeed a serious dereliction of duties.

Let me cite a latest example for illustration. On 24 May, it was reported in the *Hong Kong Economic Times* that the Secretary for the Environment, Edward YAU, discussed with the Mainland on the possibilities of increasing the supply of nuclear energy to change the existing mode of coal-fired power generation, thereby minimizing the suspended particulates generated from the combustion of coal and alleviating air pollution. However, in the Framework Agreement published for the public, the relevant content is only included under the heading "Fundamental networks for water, electricity and energy supply" in Section 3 of Chapter 2, where some twenty words are used to the effect that the authorities "will support increasing the supply of clean electrical energy like nuclear energy to Hong Kong for the gradual replacement of the coal-fired power plant in Hong Kong." But what does it mean by supporting an increase of supply of nuclear energy. Is this referring to the construction of a new nuclear power plant or provision of additional electricity to Hong Kong from Daiya Bay Nuclear Power Station? The people of Hong Kong know nothing about this. We did ask Secretary Edward YAU about this issue at the meeting of the Panel on Environmental Affairs on 24 May, but he only repeated his view that nuclear energy was a clean energy. This is of course not true. Looking back, when the radiation leak at Chernobly Nuclear Power Plant occurred in 1986, one million Hong Kong people signed to oppose the construction of a nuclear power plant in Daiya Bay. We all know that the generation of electricity by nuclear power is dangerous, and this is a rather controversial issue. In many other countries, before the construction of nuclear power facilities, extensive public discussions will definitely be carried out, and some countries may even conduct a referendum — a referendum participated by all citizens — to decide whether one or two more nuclear power plants should be constructed. Taiwan is a case in point. The construction of the fourth nuclear power plant had provoked large scale demonstrations and oppositions in the community. A referendum will be held later this year in Taiwan to decide whether a nuclear waste storage site should be located in Taitung. A democratic approach that allows direct participation and the voting of all citizens is adopted to solve the problem.

On the contrary, in Hong Kong, the issue is handled discreetly, explained in only twenty-odd words and the officials did not respond to our enquiry. Actually, it is acknowledged by many international environmental organizations that nuclear energy is very dangerous. First, the improper disposal of nuclear waste will cause long-term damage to the environment. Second, the radiation is naturally harmful to human body. For pregnant women living near nuclear power plants, their miscarriage rate is particularly high. For others living nearby the power plants, the incidence rate of cancer is particularly high and that of leukemia is also very high. Hence, if manipulative actions are taken in the course of integration of Hong Kong and the Mainland to implement certain measures without conducting consultation in Hong Kong, the integration will only serve as a shortcut or a niche for manipulation by the Government. Such kind of integration will jeopardize the rights and interests of the people of Hong Kong.

Moreover, Deputy President, apart from nuclear energy which the people of Hong Kong know nothing about it, many policy directions mentioned in the Framework Agreement are in fact subject to the regulation of a set of laws currently in force in Hong Kong. In promoting the co-operation between Hong Kong and Guangdong, the issue on jurisdiction has to be handled cautiously. Otherwise, it will seriously undermine the spirit of the rule of law in Hong Kong. Take the co-location of immigration and customs as an example. During the discussion on the funding for the Express Rail Link, it was found that a consensus had not yet been reached on this issue. If so, how can the law be enforced? Should Mainland public security officers be allowed to carry out law enforcement actions across the border in Hong Kong? Are there other alternatives? These questions remained unanswered up to this very moment. Take digital television broadcast as an example, co-operation between Hong Kong and the Mainland is feasible, but will the criteria laid down by the Broadcasting Authority on holders of electronic media licence exist in name only when co-operation is underway? Should amendments be made in the light of the co-operation between the two places, and in what direction should amendments be made?

Moreover, there are also issues relating to the widely discussed Octopus cards, and the extension of the mobile telephone networks to cover both Hong Kong and the Mainland to reduce the roaming charges. Questions such as the

protection of a large amount of personal data and privacy, as well as the legal system on eavesdropping and surveillance are involved. If Hong Kong people are not involved in the consultation and discussion process, and the drafting of regulations are only discussed between the two governments and then arbitrarily impose on the people of Hong Kong, it is a serious dereliction of duties on the part of the Hong Kong Government.

Let us take the finance sector as an example, which is of great concern to Members. Chancellor Lawrence LAU advocates the merging of the stock exchanges of Hong Kong and the Mainland. However, he has not said a word on how the Securities and Futures Commission (SFC) will monitor acts of market manipulation and insider trading. Can such acts be conducted on the Mainland, what roles will the SFC and the Hong Kong Monetary Authority play. All these legal issues have not been explained clearly. Which part of the Framework Agreement mentions about the legal system? The legal system is mentioned in a paragraph under the heading "Business Environment" in section 7 of Chapter 5, which contains only eight lines. I have counted the number of Chinese words in that paragraph, only 151 in total. Besides, the paragraph is put in a subsidiary place, which indicates that laws are in fact stipulated for the business environment. In that case, what is the position of the Government regarding the rights and freedom of the general public, which have all along been protected under the legal system?

Moreover, Deputy President, at the meeting of the House Committee on 14 May, I put this question to the Chief Secretary for Administration Henry TANG and Secretary Stephen LAM. It is frightening to find that the Chief Secretary for Administration did not quite understand my question, and he said that the legal system of Hong Kong and that of the Mainland should be preserved under the principle of "one country, two systems". He knew nothing about the second paragraph of section 7 of Chapter 5, which states that "legislative proposals will be put forth to enhance the co-operation of both sides on various areas where necessary", which means legislative proposals may be proposed by both Hong Kong and the Mainland in future. Surely, Secretary Stephen LAM acted well and immediately took the ball and assured that the rights and freedom of the people of Hong Kong would be protected, and that the spirit of the rule of law in Hong Kong would be protected. However, the assurance is after all a remark made at the meeting, and we have to wait for the SAR Government to

prove it with actions. I hope we will soon see the Secretary for Justice playing a more active and distinct role in respect of the Framework Agreement between Hong Kong and the Mainland.

Deputy President, finally, I would like to discuss the amendment proposed by Mr Andrew LEUNG to my amendment. In my amendment, the most important sentence is that "Hong Kong people must be consulted". However, in Mr Andrew LEUNG's amendment, he proposes to "consult the relevant industries as well as give an account to the public", which is a clear suggestion that the public does not have to be consulted. If I have misunderstood, will Mr Andrew LEUNG please clarify later. We can see clearly from this amendment the different stances we held in respect of the interests of trades and that of the public. I am a Member returned by direct election, so I will definitely put the interests of the public first. Since many policies and regulations involve the protection of the public in general, it is absolutely essential to consult Hong Kong people. I do not want to "demonize" Members of functional constituencies here, but I hope these Members can understand that the general public can only rely on the Legislative Council to protect their interests, and at present the Council cannot represent the aspirations of all the people. I hope Members of functional constituencies will put the interest of the public before that of their trades. The right to access to information of the public and that of the trades should be accorded the same importance, or even a higher priority. I urge Members to oppose Mr Andrew LEUNG's amendment to my amendment. Thank you, Deputy President.

MR WONG KWOK-KIN (in Cantonese): Deputy President, the co-operation between the governments of Hong Kong and Guangdong has a long history, which may be dated back to the end of the 19th century. At that time, though the two places were under the governance of two different political systems, with Guangdong under the rule of the Manchu Government while Hong Kong under the rule of the United Kingdom, the frequent exchanges at the community level and in trading had facilitated the co-operation between the two places. In 1898, an agreement was reached on the construction of a cross-border railway, the Kowloon-Canton Railway, which is still in operation today. This is the first large-scale infrastructure project under the co-operation between Guangdong and Hong Kong. Time changes, today Hong Kong has reunited with the Motherland. As many of the political barriers between Guangdong and Hong

Kong have been removed, the two places have closer co-operation. In 1998, the SAR Government and the Guangdong Government set up the Hong Kong Guangdong Co-operation Joint Conference (Joint Conference) to promote the co-operation at senior level on issues of mutual concern, such as trading and investment between the two places. Over the past ten years or so, the Joint Conference has made achievements on various fronts, including trading, economic, infrastructure, transport, tourism, public health and environmental protection, and a closer relationship between Guangdong and Hong Kong has been established.

(THE PRESIDENT resumed the Chair)

President, if the construction of the railway a hundred years or so ago was the first Hong Kong/Guangdong co-operation, then the co-operation of the Joint Conference and the CEPA has prompted the two places to enter into a close partnership of mutual dependence. Today, the Framework Agreement on Hong Kong/Guangdong Co-operation (Framework Agreement) and the Outline of the Plan for the Reform and Development of the Pearl River Delta under discussion are further steps forward to facilitate the integration of the partnership of Hong Kong and Guangdong into a two-in-one Hong Kong-Guangdong economy and a living community. After that, we can strive for development under the State planning with better efficiency, greater scale and higher cost-effectiveness.

President, in the past ten years or so, during the discussion of the Hong Kong/Guangdong co-operation, we would often describe the situation as "front shop and back plant", which means Hong Kong will be responsible for export, while the Mainland will be the manufacturing plant. However, with the rapid development of the economy of the Mainland, the Mainland market has become a major market for Hong Kong products. According to the data of the Census and Statistics Department, the Mainland has become the largest destination of the external merchandise trade of Hong Kong. In 2009, the Mainland market accounted for 25.4% of the overall value of air cargoes in Hong Kong, and the value of exports to the Mainland through land transport amounted to \$879.4 billion, at an average increase rate of 11.4% per annum. Apart from

visible trades, service industries like financial services, insurance, tourism and communications have been expanding to the Mainland. According to Government statistics, of the services exported by Hong Kong in 2008, one-fourth of the target customers were in the Mainland market, and the income generated by these services amounted to \$175.5 billion. It is evident that Hong Kong and even the world will have to focus on the Mainland economy in view of its rapid development and its enormous market for consumer goods and services. Hence, the promotion of the Framework Agreement is definitely conducive to Hong Kong in opening up the Mainland market. The Framework Agreement will further exploit the synergy from the complementary strengths of Hong Kong and the Pearl River Delta (PRD) city-region, reduce the vicious competition among cities, and enable Hong Kong to expand its market and service bases to these city-clusters with easier access and greater freedom. Honestly, Hong Kong, being restricted by factors like population and area, does not have much room for developing the market. On the contrary, the market of the PRD is colossal, with a target market population of more than 60 million. Through the Framework Agreement, the service and retail industries of Hong Kong are provided with easier access to the various cities in the PRD. At the same time, there is now a larger market for the retail and service industries of Hong Kong. Apart from economic development, we also hope that more jobs can be provided for the labour force.

Under this Framework Agreement, different measures are introduced on various fronts, which include finance services, trading and infrastructures, as well as innovation and technology, education, medical services and environmental protection. These measures will facilitate Hong Kong to have exchanges on and gain experience from new industries, accelerate the development of industries which Hong Kong enjoys advantages and diversify our industries. For instance, in respect of the innovation and technology industry, and the creativity and cultural industry, the scale and technology adopted in certain places in Guangdong, such as Shenzhen, are good experience to draw on. On the other hand, the development of education and medical services in Hong Kong is more advanced in comparison with the Mainland. Hence, with closer co-operation between Hong Kong and Guangdong, it will bring synergy effect and promote the diversification of economy, which will in turn provide more quality employment opportunities to the people of Hong Kong. Regarding the Mainland internship

programme for university graduates introduced by the Government earlier, some students indicated that they participated in the programme for they saw this as an opportunity to pursue their career path in this direction. I believe that in future, more employment opportunities will be created for Hong Kong people under the Framework Agreement to bring their strengths to full play.

President, according to the statistics of the Government, in 2008, the number of Hong Kong people residing on the Mainland exceeded 500 000. More than 200 000 people travel across the border frequently for duty visits and work, according to the statistics of 2007. In view of the further integration of Hong Kong and Guangdong in future, where a common living sphere may be established, the Government should proactively consider increasing the support and assistance provided to Hong Kong people residing in or travelling to and from the Mainland. The Hong Kong Federation of Trade Unions has set up three consultation service centres on the Mainland to provide support services to the people of Hong Kong. Through the services provided, we understand the difficulties and problems faced by many Hong Kong people on the Mainland. These problems include legal disputes, problems at work or in their daily lives, being stranded in the Mainland due to unexpected incidents, as well as the welfare for the elderly who choose to age on the Mainland. These problems are common. In 2007, our service centres on the Mainland received 17 508 requests for assistance. Last year, we introduced the legal advisory services. In just one year, we received 5 164 requests for assistance. It is evident that there is huge demand for these services. But regrettably, the Hong Kong Government has yet to put in place a standing mechanism to provide adequate assistance and protection to those Hong Kong people who have to live in the Mainland or travel frequently between the two places over a long period of time. Hence, in my amendment, I specifically request the Government, in addition to fostering Hong Kong/Guangdong co-operation and fully promote the development of the economy and the market, it should also adopt a people-based approach to provide assistance, legal services, medical services, as well as welfare protection to Hong Kong people on the Mainland, so that under the framework of co-operation, they will feel at ease heading north to the Mainland to work hard for their living and future.

President, I so submit.

MS MIRIAM LAU (in Cantonese): President, regional economic development has become a trend of economic development in various countries in recent years. Any city struggling for survival and development in a fiercely competitive environment can hardly fight the war all on itself. The Framework Agreement on Hong Kong/Guangdong Co-operation (Framework Agreement) signed by the governments of Hong Kong and Guangdong earlier, covers every major economic area and provides a clear positioning and division of work for the development of future of Hong Kong/Guangdong co-operation. The Framework Agreement expands the width and depth of co-operation in the integration of the economies of the two places, which greatly facilitates the development of the Pearl River Delta (PRD) Region into a world-class new economic region in the Asia-Pacific with the greatest competitive edge on the international front. This is of great significance. The Framework Agreement provides the service industry and the business and professional sectors in Hong Kong an easier path to develop on the Mainland, where the flow of people, goods and capital will be facilitated, and the development of the two places complemented, thereby achieving a win-win situation. The Framework Agreement has provided more opportunities for Hong Kong enterprises to further develop the industries that Hong Kong enjoys clear advantages. If we can capitalize on these opportunities, the Framework Agreement will surely create numerous business opportunities to Hong Kong enterprises, particularly the some 200 000 small and medium enterprises.

However, is Hong Kong ready to take up the opportunities brought by the Framework Agreement? Have adequate supporting measures been put in place? I believe we are not fully confident about this. Take the training of talents as an example. Many industries in Hong Kong are now facing the problem of manpower shortage, for instance, the testing and certification service industry is facing a shortage of 15 000 talents. It is also surprising to learn that Hong Kong, which claims to be an international finance centre, is facing an acute manpower shortage in the financial service sector. According to the findings of a manpower survey announced by the Hong Kong Securities Institute in June 2008, the trade has problems in manpower shortage and, I quote, "a shortage of talent especially in compliance, product development and marketing," end of quote.

It can be foreseen that with increasing Hong Kong/Guangdong co-operation, the demand for talents will only grow instead of decline. Hence, the Government must take into account the latest situation of co-operation and conduct comprehensive assessment and planning on the future demand for talents in various major industries. It should then step up its co-operation with various tertiary institutions and training organizations concerned, striving to provide adequate talents for the relevant industries. Moreover, it should enhance the cross-recognition of professional qualifications between Hong Kong and the Mainland. Otherwise, even with ample business opportunities, enterprises will only gain limited benefits, if any, because they cannot recruit the talents required.

In addition to manpower support, the adequacy of the software and hardware infrastructure is also of great significance. Take the control of the airspace of the PRD region as an example. The Liberal Party has all along been making proposals for improvement to the Central Authorities and the Hong Kong Government. In the Framework Agreement, a clear division of work among the five airports has finally been laid down, which can be regarded as a breakthrough.

But one inadequacy is that the two governments have not included the co-ordination of airspace transport as the major initiative to be carried out in 2010. It is hoped that the Governments of Hong Kong and Guangdong Province will have further discussions and continue conducting in-depth studies on this, and then introduce specific initiatives. For instance, they should strive by all means to lift the height restriction of the "invisible wall" in PRD. Otherwise, in the long run, the restriction will hinder the development of a logistic network in PRD and the building of the modern economic circulation sphere.

If Hong Kong businessmen want to vigorously develop the market in Guangdong Province, the Economic and Trade Office in Guangdong will have a very important role to play. In view of this, the Government said earlier that the Economic and Trade Office in Guangdong would establish a new Shenzhen Liaison Unit in Shenzhen. Though this is definitely a right measure, there is still an inadequacy, for the Government has completely overlooked the need of Hong Kong businessmen in Dongguan.

Dongguan has always been dubbed "Little Hong Kong". All along, a large number of Hong Kong businessmen have been attracted to establish their factories there. According to a rough estimate, around 9 000 Hong Kong businessmen have set up factories in Dongguan, which makes Dongguan the city in Guangdong Province with the greatest number of Hong Kong businessmen. According to a survey conducted by the Census and Statistics Department between July and September 2008, among the Hong Kong people working in the cities in Guangdong, a majority of them, 34.7%, worked in Shenzhen, and 28.2% of them worked in Dongguan, exceeding the 12.7% worked in Guangzhou.

The Economic and Trade Office in Guangdong is now located in Guangzhou, and a Liaison Unit will soon be set up in Shenzhen, yet the authorities seem to have no plan for Dongguan, which I consider rather unreasonable. Hence, I put forth an amendment today, proposing the establishment of a Liaison Unit in Dongguan, similar to that in Shenzhen, to strengthen support for Hong Kong people doing business, working and living in Dongguan. At present, these people can only rely on themselves in case of emergencies, and they feel so helpless for they are left to fend for themselves.

Moreover, the supporting funds offered by the Government have to be adjusted in the light of the actual situation. Take the SME Export Marketing Fund as an example. Though this fund may offer subsidies to enterprises to meet the promotion fees on exports, the accumulated subsidy for each enterprise is now capped at \$150,000. If enterprises really want to break into the Mainland market, this amount is definitely insufficient. The Government should raise the proportion of the subsidy cap, say double the amount as we propose, to strengthen support for Hong Kong businessmen in opening up the Mainland market.

Apart from insufficient support, Hong Kong businessmen on the Mainland are most unhappy with the SAR Government for creating troubles itself. One of the issues is the depreciation allowances for machinery or plant under the "import processing" arrangement. Mr Jeffrey LAM mentioned earlier that "import processing" was actually "contract processing" in the past, there was no difference between the two except a change in name. However, the Inland Revenue Department (IRD) recovered the tax from enterprises, not for the current year, but for the past few years. This has caused much hardship to the trade. The Liberal Party and many friends in the business sector have reflected this issue

to the Government, but the Government keeps saying that further studies have to be conducted, I wonder when we will have an answer.

If the Hong Kong Government really intends to "support enterprises" and "assist small and medium enterprises", the IRD should grant depreciation allowances for all machinery that generate taxable revenue, as it did in the past. It should not change the rules of game suddenly, and recover outstanding tax. This may cause great hardship to Hong Kong businessmen running their business strenuously in the Mainland. Some of them may even go bankrupt. I hope the Government can make a decision earlier to alleviate the worries of Hong Kong businessmen.

Moreover, The Framework Agreement has laid down the major initiatives for 2010 on various important areas, as well as clear target dates for completion. Since the first half year of 2010 will soon lapse, whether both parties can complete the work as scheduled is a matter of concern.

Hence, in my amendment, I propose that the authorities of Hong Kong and Guangdong should submit the first progress report by the end of this autumn or September to facilitate public monitoring and enhance public participation. In future, progress reports should be submitted on a regular basis.

Regarding the amendments proposed by Dr Samson TAM, Ms Cyd HO and Mr WONG Kwok-kin, many of their proposals have all along been advocated and supported by the Liberal Party, so the Liberal Party and I will support these amendments today. Regarding the amendment of Ms Emily LAU, we agree that the Mainland should by all means safeguard the rights of Hong Kong journalists in covering news freely on the Mainland, and we will be happy to see every colleague in this Council has the chance to go to the Mainland for study, sightseeing and visit their relatives. However, at the same time, we have to pay attention to one point, that is, we should respect the right of the Mainland in deciding its immigration policies.

Thank you, President.

MS EMILY LAU (in Cantonese): President, I speak on my amendment to Mr Jeffrey LAM's motion.

President, when we learnt of the signing of the Framework Agreement on Hong Kong/Guangdong Co-operation (Framework Agreement), although it could not be said that many members of the Democratic Party and I was shocked, we found that we had never discussed this agreement before. President, many committees have never discussed this issue as well. In this connection, we have invited the Secretary to hold discussions with us, and we will raise this issue for discussion in different Panels.

President, how can such an important agreement be reached without full consultation of the Legislative Council and the public? President, I recall that this issue has been raised for debate at a Legislative Council meeting. The authorities like to raise issues for debate at Council meetings. Some of them were endorsed, but some were negated. When being asked, the Government will definitely say that the issue has been discussed in the Legislative Council. Why does the Government sometimes give people the impression that some important matters are pursued in a secretive manner?

In principle, President, members of the public will not raise a lot of objections. However, some matters are extremely complicated. Despite the explanations given by Secretary Stephen LAM and his colleagues the other day, we still found many initiatives are "grand, big and empty" in nature and are devoid of substance. President, some people said to us, the most important concern is that the leading role played by Hong Kong in the financial systems has been confirmed and we should be happy. President, you should also be aware that there used to be a lot of competition and many people might not necessarily approve Hong Kong. But now, Beijing has established Hong Kong's leading position. Nevertheless, there are other matters which have to be discussed!

At a meeting held by the Panel on Commerce and Industry on 18 May, I proposed to discuss the Framework Agreement immediately when I learned of the signing of the agreement. This item was therefore included on the agenda by the Chairman, Mr Vincent FANG. President, colleagues in the business sector have expressed a lot of views upon learning about this. President, we actually have a

lot of concerns. As pointed out by Mr Jeffrey LAM just now, the authorities do not know how to make the best of this opportunity. Actually, they think that nothing can be achieved. In Hong Kong, it takes six or seven years to discuss about building a road, and it may take 10 years for other construction projects. So, should we pursue this matter? If we cannot even get our own job properly done, should we work with other bureaucracies? According to them, it will take a long time. Colleagues yearning to do something will finally realize that things might not be done. However, disregarding the speed and efficiency of the process, we all hope to act according to proper procedures, and ensure that discussions are held on all relevant spheres.

President, I certainly need to clearly state "One country, Two systems" and a "high degree of autonomy" in my proposed amendment. This point was also emphasized by Chief Secretary Henry TANG when he attended a meeting of the House Committee. However, President, the concepts of "One country, Two systems" and a "high degree of autonomy" are not as simple as they appear; they must be manifested. Therefore, collaborations on all fronts must embody these concepts. Hong Kong cannot be belittled, and we must not allow our system to be challenged. I have raised three points. I would also like to thank Ms Miriam LAU, though she indicated in her speech earlier that she would not support my amendment. Therefore, I believe my amendment is not likely to be passed.

Actually, my amendment is merely about human rights and freedom. I do not understand why some Members will not support them. Nevertheless, President, this is not the first time they do not give support. They did not give support in the past and may not give support in future. It is precisely because of the lack of support that many things cannot be done. For instance, why were there incidents in which some journalists got beaten up? I have once proposed a motion here in this Council for debate, but my motion was not supported. After the debate, I asked which party would conduct investigation. Could we expect Beijing to conduct an independent inquiry into the incident involving the beating up of journalists? Should Beijing really do so, I believe the Sun will rise from the West.

Actually, the SAR Government should always bring up these issues. Not only should Hong Kong journalists not be assaulted, any other journalists or people should also not be assaulted. Hong Kong people are very concerned about news reporting. All of us would like to understand what has happened.

Therefore, we have to rely heavily on media coverage. President, even if my amendment is negated later, I still hope Secretary Stephen LAM can understand that the SAR Government has to undertake responsibility. The Secretary visited Shanghai some time ago, yet a reporter from *Apple Daily* was denied entry. Reporters are either assaulted or denied of entry. Anyhow, nothing good has happened. The Secretary should bring up these issues on our behalf.

President, on the issue concerning Hong Kong people being arrested on the Mainland, I have asked the Society for Community Organization for information since they have followed up a number of such cases and have lodged complaints to the Complaints Division many times. Although the information they have in hand may not be the most comprehensive, I do not know how much information the Secretary has get hold of. According to the Society, 40 people, mostly businessmen, have been arrested. Of course, these 40 cases are regarded by the Society as unjust cases, or else complaints will not be lodged time and again. What problems are involved in these cases? President, you might have heard of this many times before, that is, no one knows the victim's situation after his arrest.

Despite the establishment of a notification mechanism in 2001, family members of the victim told us that the authorities hardly have any information should an incident occurred. Instead, the authorities have to learn from the victim's family members what had happened. So, what is the point of establishing such a notification mechanism? It is really outrageous that family members of the victim were not informed of the arrests, the victims were not permitted to see lawyers and they were unlawfully treated during their detention; things are not handled in accordance with the procedure, and family members of some victims have even been blackmailed or kidnapped. Even if a case is to be dealt with by court, there will still be problems. President, why? A victim may originally be charged for a certain offence but later sentence for another offence upon conviction. I really have no idea what sort of a court is that? The sentence imposed may also exceed the maximum penalty specified for that particular offence. I really have no idea how long this situation will last.

Of course, I am not requesting the SAR Government to clear things up for the court. Neither do I know who can offer assistance. I hope those civic right lawyers can step up their efforts. However, what we request is to help these people as far as possible so that they can contact their lawyers and family

members. Moreover, the authorities must explain to the Mainland Government that these are their basic rights. It is impossible for China to converge with the international community if its people are stripped of these civil rights, and its courts and Public Security Bureau should act in this manner. This explains why I have added this point in my amendment, which I think is essential for attaining collaboration under the Framework Agreement, as advocated by LAM Kin-fung. As they are all businessmen, I certainly hope they will support my amendment.

President, there is also a problem with Home Visit Permits. I have to bring up this issue again, even though it has been brought up by me many times before. I hope Mr TAM Yiu-chung or members of the DAB will not stand up and say that people who cannot return to the Mainland should understand what the matter is. This is like saying that they ought to be barred from returning to the Mainland, and they deserve being treated that way. I hope the authorities can step up their efforts on this front to ensure Hong Kong people's free access to and from the Mainland. This is very important. President, this problem has not been solved though it was raised almost 20 years ago, I still find it necessary to bring it up again for actions.

Lastly, I would like to say a few words on Mr Andrew LEUNG's amendment — as pointed out by Ms Cyd HO earlier — Mr LEUNG really has the "guts", for he proposes deleting "consulting the public". I did not know until then that members of the public really have no status. On one occasion, I proposed an amendment to a bill introduced by the authorities. My amendment was passed eventually, thanks to the President's permission for me to include "consulting the public". President, you should also understand that consulting the public is a fundamental requirement. This point has also been incorporated in the ordinance concerning telecommunications. Why can such a requirement be deleted from the Framework Agreement? Who else should also be consulted? Should the trade be consulted, as pointed out by Ms Cyd HO? Is the trade really "the overlord"? Should the public be given an account only afterwards? If the public will merely be given an account without being consulted, President, the account is merely a notification. I think the authorities should not do so.

As I have only one chance to speak, I have to tell you, President, that you will be notified later that, should Mr Andrew LEUNG's amendment be unfortunately passed, I will withdraw my amendment (because my amendment is

pegged with his amendment), and I will not care to propose this amendment. However, consulting the public is a very fundamental requirement. Hong Kong people are entitled to be consulted, and I will not allow anyone to deprive us of such right.

MR ANDREW LEUNG (in Cantonese): President, as the entire world is now moving in the direction of regional economic development, the Framework Agreement on Hong Kong/Guangdong Co-operation (Framework Agreement) is precisely a key milestone in regional economic development between Hong Kong and Guangdong Province. The industrial sector has always held the view that, given that Hong Kong has a population of only seven million and a small market, enterprises must go beyond Hong Kong if they are to expand and prosper. Guangdong is a large province with a population of over a hundred million and a gross domestic product per capita of nearly US\$6,000, it is very close to Hong Kong in terms of geographic location and economic development. Under the "one country, two systems", Hong Kong can capitalize on its service industries, enhance the co-operation between the two places and take full advantage of "early and pilot implementation" in the two places, so that Hong Kong enterprises and services industries can enter the Mainland market at a lower threshold more efficiently.

Below I will express my opinions on three aspects, namely small and medium enterprises (SMEs), services industries and training of talents.

Many Hong Kong businessmen on the Mainland are SMEs engaging in manufacturing industries. Regarding the part on manufacturing industries, technology and innovation under the Framework Agreement, clear support is expressed for Hong Kong-owned processing enterprises to upgrade and restructure, so as to extend towards the two ends of the industrial chain. There is also support for Hong Kong-invested enterprises in tapping into the Mainland market, with a view to gradually establishing a sales and logistics system on the Mainland for the development of brand names for the local market. The Framework Agreement specifically states the major initiatives to be implemented each year to ensure that these initiatives will not become empty talks. The major initiatives for this year include the implementation of policies and measures for promoting the development of manufacturing industries, jointly

promoting technology and innovation and organizing expositions for foreign businessmen investing in enterprise products (for domestic sales) in Guangdong Province.

On the opening up of the Mainland domestic market, it takes a considerable period of time to establish sales networks and channels as well as build up the brand names. Enterprises must be resourceful before they can have a chance to succeed. During the critical transformation period, if proper support can be given to enterprises, such as allow enterprises engaging in domestic sales to "pay tax after sales" on a early and pilot basis, and if the Government and organizations such as the Hong Kong Trade Development Council, are committed to establishing a dedicated platform for enterprises to focus on brand-building and opening up domestic sales networks, Hong Kong products can enter Guangdong, and through Guangdong as the gateway, enter into the Mainland.

As collaboration between the two places involves a closer flow of people and goods, more taxation problems are expected to arise by then. The "one-hour quality living area" programme we have mentioned will lead to more frequent exchanges between the people in the two places. Coupled with the future development of Qianhai and the commissioning of the Express Rail Link, a substantial number of professionals and research personnel will travel between the two places. Sometimes, they may need to travel to the Mainland for a two or three hour-meeting, though they will work and live in Hong Kong most of the time. Hence, the taxation authorities of the two places should step up the efforts in studying the relaxation of the existing 183-day threshold to 270 days for the purpose of bringing the "one-hour quality living area" programme into full play.

Likewise, during the upgrading and transformation process, many taxation problems will have to be resolved expeditiously. I am very pleased that the authorities have acceded to our proposal of re-examining section 39E of the Inland Revenue Ordinance to study whether the same tax assessment methods can be applied to enterprises engaging in "contract processing" and "import processing".

Training of talents for high technology services industries is important for the development of regional co-operation and economy. The Vocational Training Council (VTC), chaired by me, has already taken the first step by jointly developing the education industry with Shenzhen several years ago. By

capitalizing on the quality curriculum of the VTC and its high certification standard, as well as our edge of having internationally-recognized qualifications, we have gained access into Shenzhen and collaborated with the education sector on the Mainland. Our colleagues have personally and directly brought their experience into the Mainland. Progressive integration with the vocational training institutions on the Mainland is underway and qualification certification is being carried out. During the process, our advanced vocational training of international standard integrates with the huge market in Shenzhen to form a regional vocational training system, with the objective of attaining the standard of international vocational certificates, and featuring a transferrable credit unit system among tertiary institutions, mutual recognition of certificates, and pooling of teaching staff and resources. In my opinion, this model can be extended to cover the entire Guangdong Province to give educational and vocational training institutions in Hong Kong greater opportunities to enter into the Mainland, to co-operate with the training institutions there and introduce more diversified systems and training models.

Lastly, President, I would like to spend a little bit of time explaining the amendment proposed by me to Cyd HO's amendment. While the Framework Agreement has to be discussed by the governments of the two places, the related policies and cross-boundary work also involve a lot of complicated and specific issues, such as the Individual Visit Scheme (IVS), mutual recognition of professional qualifications for doctors, lawyers, accountants, and so on, or the threshold for access into the Mainland market by banks and the finance industry. During the previous six rounds of talks between the Mainland and Hong Kong on the Supplements to CEPA, the authorities concerned have maintained close communication with the industries, so that they can, in gaining access to the Mainland, get assistance at the policy level within a short period of time. At the same time, Mainland IVS tourists are allowed to visit Hong Kong, and the logistics industry is also allowed to set up proprietorship enterprises to operate cargo and passenger businesses.

As a member of the industrial sector, I know that the authorities concerned have been consulting various sectors on the policies and initiatives required for co-operation between the two places. The views of the industries and of the Legislative Council have been taken into consideration in formulating a number of co-operative projects. The Supplement VII to CEPA will also be published within this week.

President, I deeply believe that the SAR Government, being a responsible government, will consult the public if there is a need for legislation to be enacted on major policies. However, the industries must be consulted on many matters concerning the implementation of the Framework Agreement. I hope the Secretary can respond to this later in the meeting.

President, I so submit.

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, on 14 May, nine Bureau Directors and Permanent Secretaries of the relevant Policy Bureaux, led by the Chief Secretary, attended a special meeting held by the House Committee of the Legislative Council to introduce the work of the Framework Agreement on Hong Kong/Guangdong Co-operation (Framework Agreement). Apart from this meeting, in-depth discussions have been held by several relevant Panels on different policy areas of the Framework Agreement, and further papers will be submitted by the relevant Policy Bureaux to individual Panels. The SAR Government is very grateful to Honourable Members for their concern about Hong Kong/Guangdong co-operation and the Framework Agreement, as well as their valuable views for our consideration.

The motion debate today enables us to focus on the content and implementation of the Framework Agreement. I believe the debate will be useful and constructive.

As a start, President, I would like to say a few words on the basic stance on three aspects.

First of all, the Framework Agreement is the first document on Hong Kong/Guangdong co-operation ever endorsed by the State Council, and has incorporated the views of different Central ministries. Signed before state leaders, the Framework Agreement highlights the recognition of the fruits of Hong Kong/Guangdong co-operation by the Central Government and its support for the development of Hong Kong/Guangdong co-operation in the future.

The Framework Agreement has translated the macro policies of the "Outline of the Plan for the Reform and Development of the Pearl River Delta

(2008-2020)" (the Outline) into concrete measures conducive to the development of both places. The support rendered by the Central Authorities for the Framework Agreement will also lay a foundation for the incorporation of the related policies into the National 12th Five-Year Plan. Therefore, the Framework Agreement is indeed a key document for building on previous developments to open up new horizons in the future.

Second, the Framework Agreement is a total embodiment of the principle of "one country, two systems" as the foundation. As it is built on the policies laid down for Hong Kong in the Basic Law, namely "a high degree of autonomy" and "Hong Kong people ruling Hong Kong", it is stated in Chapter 1 of the Framework Agreement that the policy of "one country, two systems" is the prerequisite, and it is reiterated in Chapter 10 "Arrangements on Mechanisms" that the policy of "one country, two systems" will be fully complied with.

Over the past decade or so, co-operation between the SAR Government and the Mainland has been built on this foundation, including the emphasis of the rule of law in Hong Kong and the maintenance of the system under which Hong Kong remains a highly liberal and free market. The signing of the Framework Agreement allows Hong Kong to continue to capitalize on its strength and position on this front.

Third, the Framework Agreement has given Guangdong and Hong Kong a clear positioning. Among others, there are six positions for development, including:

- (a) a new world-class economic zone;
- (b) an international financial centre;
- (c) a manufacturing and modern services base;
- (d) a modern economic circulation sphere;
- (e) a high quality living area; and
- (f) a world-class metropolitan cluster.

In the financial area in particular, the Framework Agreement has affirmed the importance of Hong Kong as an international financial centre. It has also affirmed the leading position of Hong Kong in the financial development of the Pearl River Delta (PRD) and requested other PRD cities to provide proper support

for the development on this front. Such a clear positioning is conducive to the future development of Hong Kong/Guangdong co-operation.

As a start, I would like to give a preliminary response to some of the views put forth by Mr Jeffrey LAM and Honourable Members just now. In addition to the three fundamental major initiatives mentioned by me just now, Mr Jeffrey LAM mentioned Renminbi services in particular. I believe it has now decided that Hong Kong shall take the lead in financial services in the PRD region, we will continue to upgrade the position of Hong Kong as an international financial hub. As some of the businesses can be developed in the PRD region, they can complement each other. As regards the infrastructure development mentioned by Mr Jeffrey LAM, we can actually see that, over the past couple of years, the construction of the Hong Kong-Zhuhai-Macao Bridge has begun, the Guangzhou-Shenzhen-Hong Kong Express Rail Link has secured support of the Legislative Council and has received funding, the Shenzhen Western Corridor has now been open to traffic, and planning has already been made for the Liantang crossing. All these projects are very important.

Dr Samson TAM has proposed initiatives in three areas. In the area of education, the SAR Government has clearly expressed its wish to pursue the policy of developing Hong Kong into a regional education hub. In following up and continuing to pursue Hong Kong/Guangdong co-operation in the future, this will remain our concrete overall policy.

Second, Dr Samson TAM has also mentioned technological development and the development of high-end industries. Generally speaking, this is also a policy of the SAR Government. I believe the Economic and Trade Office of the Government of the HKSAR in Guangdong (the Guangdong ETO), the Commerce and Economic Development Bureau, and the Innovation and Technology Commission will continue with their promotional efforts.

Dr Samson TAM has also asked us how responsibilities are delineated in handling Hong Kong/Guangdong co-operation. President, for quite some time in the past, we have gradually set up 20-odd task groups with the Guangdong provincial government, with each task group being led by relevant Policy Bureaux or departments. All this information is open to the public. If Dr Samson TAM is interested, we are more than willing to provide him with the information.

Ms Cyd HO has alleged that the public is neither informed of nor consulted on the Government's work and key developments of Hong Kong/Guangdong co-operation. President, this is not true, because we will definitely give an account to Honourable Members in this Council and the public through this Council whenever there are important policy developments, especially when there is a need for legislation to be amended or funding applications to be made to the Finance Committee in this Council. If individual legislation is required to go through a discussion and public consultation process in this Council, the SAR Government will also take the initiative to do so. However, given the extremely extensive scope of Hong Kong/Guangdong co-operation, we will undertake the relevant work through the relevant Legislative Council panels and bills committees. For instance, with respect to the development of nuclear power, as mentioned by Ms Cyd HO earlier, I believe colleagues in the Environment Bureau will definitely continue to discuss and explain to Honourable Members through the Legislative Council.

Over the past couple of years, Mr WONG Kwok-kin and the Hong Kong Federation of Trade Unions (FTU) have undertaken a lot of work on the Mainland to address the problems encountered by Hong Kong residents living, working and being employed on the Mainland. In the past year or two, subsidy was provided by the Guangdong ETO to promote such services through the offices of the FTU on the Mainland. We will also be very pleased to continue working with Members through the FTU to meet the needs of Hong Kong residents on the Mainland.

Ms Miriam LAU has raised questions on several areas. The first one concerns the aviation services in the PRD. The aviation services in the PRD have already made progress, with the five airports having clear delineation of responsibilities. President, as regards the question of how the airspace should be managed in future, the relevant government departments will continue to liaise with the Civil Aviation Administration of China and the relevant departments in Guangdong for follow-up actions.

Ms Miriam LAU has also asked whether a Dongguan Liaison Unit can be set up, in addition to the Shenzhen Liaison Unit. President, considering the limited resources of the Government, the Guangdong ETO or the future Shenzhen Liaison Unit will definitely do their utmost to cater to the needs of the Hong Kong enterprises, professionals and other service providers in more than 20 cities

within Guangdong Province. I have recently participated in an annual meeting held in Dongguan for Hong Kong manufacturers for exchanges and soliciting views.

Ms Miriam LAU, Mr Jeffrey LAM and Mr Andrew LEUNG have separately raised the issue of import processing. Regarding the provision of depreciation allowances in respect of machinery and equipment, the Financial Services and the Treasury Bureau has invited the Joint Liaison Committee on Taxation to undertake studies. The Administration will consider any pragmatic and practically feasible proposals put forth by the Committee to address the industry's concern.

Finally, I would like to give a brief response to some of the views put forth by Ms Emily LAU. The Government is aware that the promotion of Hong Kong/Guangdong co-operation is a grave concern to different political parties/groupings and independent Members in this Council. Therefore, the relevant Policy Bureaux have been constantly reporting to the relevant panels. Ms Emily LAU has also mentioned that there are different cases requiring followed-up actions by the Government. Actually, under the arrangement for in-distress cases, we will definitely, on receiving these cases, refer them to the Central Authorities and the relevant departments of the provinces/municipalities concerned and take follow-up actions under the principle of "one country, two systems".

Lastly, Ms Emily LAU has also mentioned the issuance of Home Visit Permits to individuals and expressed her hope that the Mainland could respect the rights and interests concerning the issuance of Home Visit Permits. The Government will definitely relay these views to the Mainland authorities. However, we must understand that, under the principle of "one country, two systems", the issuance of Home Visit Permits should be led by law enforcement agencies on the Mainland.

President, this is the response I would like to give in my opening speech. I will respond further after other Members have delivered their speeches.

MS AUDREY EU (in Cantonese): The signing of the Framework Agreement on Hong Kong/Guangdong Co-operation (Framework Agreement) in April this year

has laid a foundation for co-operation between Guangdong Province and Hong Kong in the coming decade up to 31 December 2020. Of course, the Framework Agreement is very important to Hong Kong.

President, the arrangements on mechanisms can be divided into four levels, namely high-level meetings, joint conferences, work organizations and advisory channels. While high-level meetings and joint conferences are irregular contacts between high-level personnel of Hong Kong and Guangdong, work organizations include Hong Kong's Constitutional and Mainland Affairs Bureau and Guangdong's provincial government and Hong Kong and Macao Affairs Office. We can see that the advisory channels rely heavily on the HK/Guangdong Strategic Development Research Group, which is composed of government officials and experts of the two sides.

President, many colleagues mentioned in their speeches earlier that the relevant industries must be consulted. We see that the work in this aspect is rather satisfactory because even non-government collaboration mentioned is inclined to the business sector. However, several aspects are missing in the Framework Agreement.

The first aspect, President, is the contact between the Legislative Council and its counterpart of the relevant framework in Guangdong Province. President, do you still remember that I have mentioned to you that a number of Legislative Council Panels wish to visit the Mainland for official exchanges? Does the President still remember during the previous trip to the Mainland led by you, I raised a question on oil refinery in Nansha? That issue is obviously of grave concern to Hong Kong and Guangdong. In fact, the Legislative Council should exchange views and communicate with the relevant departments on the Mainland regarding issues of this kind.

Obviously, the Legislative Council should have a role to play in issues like developing nuclear energy, as stated by Ms Cyd HO in her speech earlier. But unfortunately, even though the Legislative Council is an institution representing public opinions under the Basic Law, and it is recognized as a institution with statutory status within the establishment, hitherto the contact between some of our colleagues and the Central Government Liaison Office has even been described as "ice-breaking" by some press recently. Everything is tainted with a strong

political flavour. President, under the Framework Agreement, the Legislative Council can hardly play the role in representing public opinions. Nothing has been mentioned in this respect in the Framework Agreement.

President, another issue relates to public participation. There are quite a number of well-developed non-governmental organizations (NGOs) in Hong Kong, which play a very important role in the collaboration among Guangdong, Hong Kong and Macao. As we can see, the Framework Agreement does not only mention the development of industries or business by the business sector, it also covers other areas, such as education and environmental protection, the IT issues mentioned by Dr Samson TAM today, the issues on people's livelihood raised by Mr WONG Kwok-kin, as well as the issues on human rights or information raised by Ms Emily LAU and Ms Cyd HO. All these issues are closely related to the people of the two places. They are also matters of grave concern to the NGOs in Hong Kong.

President, I have also mentioned that, at the meeting of the Panel on Environmental Affairs recently convened by me, Green Peace was invited to attend to express its views on the Framework Agreement. Green Peace considered that the contents of the Framework Agreement are highly inadequate, especially in the formulation of objectives. This is why I have consulted colleagues just now, and they all considered that the Panel on Environmental Affairs should hold a hearing and invite interested NGOs to express more views on the Framework Agreement, especially on issues concerning environmental protection.

President, the Framework Agreement also covers such areas as promoting electric vehicles or improving the quality of Dongjiang water, mangrove conservation, the ecological link in Robin's Nest, and so on. These problems cannot be resolved merely through inter-governmental contacts. Many people, especially some green groups, are willing to contribute and are capable to do so. I believe they can help in the overall collaboration of the Framework Agreement or the development of a quality living area should they be allowed to play a role. Inter-governmental efforts alone cannot get things done in this area. However, the Framework Agreement has not touched on this area.

Furthermore, the Framework Agreement has also failed to cover some major issues, such as climate change and development of renewable energy, and so on. These matters are of particular concern to the two places because air and climate will absolutely not change with the boundary. These issues also need to be addressed by us urgently.

President, I still wish to point out, the Framework Agreement mentions that Hong Kong residents will be given equal medical treatment on the Mainland, and it also explores the feasibility of operating hospitals in Guangdong Province by health care service providers from Hong Kong. I greatly support these measures and hope that the authorities can work out detailed arrangements for implementation, because many elderly people would like to have more choices in Hong Kong and Guangdong, especially in the area of care services. President, up to the present moment, the restriction on period of absence from Hong Kong imposed by the Government is still extremely unreasonable. Despite the numerous proposals raised by us, while the permitted period of absence for Old Age Allowance is 240 days, the permitted period of absence for elderly CSSA recipients is only 180 days. Although this issue has been discussed in this Council repeatedly, the response of the Government to such issues has, for reasons unknown, always been lukewarm.

President, to sum up, if the Framework Agreement is not devoid of content for Hong Kong, it is most important that, as pointed out by Ms Emily LAU in her speech, we do not simply play a leading role in the financial systems. Instead, we hope that integration between the two places can truly be implemented. I believe the Government cannot possibly exclude the role played by the Legislative Council, NGOs, pressure groups or green groups. I hope that the Government can promote integration in this area, because this is also extremely important.

President, the Civic Party greatly supports various amendments, except the one proposed by Mr Andrew LEUNG, because he proposes to delete the part concerning public consultation. President, we cannot support this amendment because it violates the most crucial issue mentioned in my speech just now.

DR LAM TAI-FAI (in Cantonese): President, of all the provinces or municipalities on the Mainland, I believe Guangdong Province has the most

intimate relationship with Hong Kong. Apart from geographical proximity, the two places speak the same dialect. There have also been contacts and exchanges in the economic and social spheres in the two places for a very long time.

In 1978 the Mainland began its reform and opening up, since then Hong Kong businessmen went to Guangdong Province to invest and set up factories. Statistics show that over the past three decades, in the Pearl River Delta (PRD) alone, more than 80% of the manufacturing industries in Hong Kong which relocated northwards had settled there.

Before the reunification, due to political considerations, there was no contact between the governments of Hong Kong/Guangdong. Hence there was no formal collaboration. As for economic activities among the people, owing to the vast difference between the economies, education and living standards of the two places, Hong Kong people who went to the Mainland to work or invest would often be considered superior and they would take up leading positions. Hence, that was not a relationship of partnership.

However, over the past some 30 years, the pace of development in Guangdong has been stunning and there were tremendous changes in the past decade or so. In the early years of reform and opening up, the GDP of Guangdong was only \$18.6 billion yuan, but last year, even with the impact of the financial crisis, the GDP was still as much as \$3,900 billion yuan. As a matter of fact, as early as a few years ago, the GDP of Guangdong surpassed that of Singapore, Hong Kong and Taiwan.

During these 20 years, the annual import and export value of Guangdong has risen from US\$30 billion or so to the present some US\$600 billion, with an average annual growth rate of more than 16%, or more than 25% of that of the whole country. At present, the GDP and revenue of Guangdong take up one eighth of the nation and it is the number one province in China with strong economy.

Presently, the economic power of Guangdong is stronger than before and the living and education standards of the people have also risen tremendously. The disparity between Hong Kong and Guangdong is narrowing. Hence, what is

required is not merely an enhancement of co-operation between the two places, but changes and upgrading in the mode of co-operation.

After the reunification, official contacts between the governments of the two places have increased. As we know, the developments in Hong Kong and Guangdong is not one of rivalry but collaboration. It is because only by doing so can we get the effect of one plus one equals to more than two, achieve complementarity of staggered developments, break free from the *status quo* and face the world. Besides, Hong Kong can expand from a market of seven million people to the huge market of 50 million people in the Greater PRD, thereby being able to cope with increasing regional competition.

President, I fully support the Framework Agreement. The co-operation mentioned in the Agreement does not only restrict to the economic sphere, but also in education, culture, sports and social aspects. It is meant to be people-oriented, like the theme of "Better City, Better Life" in the Shanghai Expo. The concept behind the Framework Agreement is for the betterment of people's life and it is a good one.

However, the Framework Agreement is only a big framework which must be filled in by concrete and specific contents, such as policies, indicators and timetable. Or else, it is just an empty framework, having a direction but no contents; having slogans but no actions. It exists only in name and is not practical at all.

President, if this Framework Agreement is to succeed, apart from good and specific policies, there must also be a determination to put things into practice. Our country was founded 60 years ago and reform and opening up took place for 30 years. Our country has emerged from a country of extreme poverty and being looked down upon to become a country of rapid economic and being looked up to by the international communities. This exemplifies our country's determination to forge ahead. In contrast, there has not been any substantial development in Hong Kong over these eight to 10 years. It gives people an impression that Hong Kong sticks to the beaten track, with no breakthroughs in

thoughts and indecisive in actions. I am indeed worried whether Hong Kong can catch up with the rapid developments of the Mainland.

The Framework Agreement has stipulated clearly that policies will be in place to assist processing enterprises to upgrade and restructure. But the SAR Government does not take any concrete actions in response. In respect of taxation, although the Government is well aware that enterprises restructuring from contract processing to import processing can no longer enjoy the depreciation allowance for machinery under section 39E of the Inland Revenue Ordinance, and the practice of 50/50 split in the assessment of tax will no longer apply, it simply adopts an indifferent attitude and refuses to revise the taxation laws in accordance with the real situation. This approach does nothing to encourage enterprises to upgrade and restructure, it also runs counter to the policy of the Central Authorities. I can say that if this situation remains unchanged and if there is no breakthrough in this kind of mentality, the attempt to upgrade and restructure is doomed to failure. This would be a great blemish to the Framework Agreement.

The Framework Agreement makes it clear to facilitate the flow of people in the region so that people will find it more convenient and faster to travel between the two places. However, the SAR Government does not engage in any discussion with the Mainland authorities to lift the 183-day threshold taxation rule. As a result, people who have to go to the Mainland frequently for work worry that they will have to pay Mainland tax. This affects their work on the Mainland. I find this kind of approach taken by the Government unacceptable.

President, if this Framework Agreement is to succeed, I think all government departments should try their best to implement the initiatives and take every matching action as necessary. Any feign compliance while acting in opposition and any hindrance must not be allowed. I urge the SAR Government to take active steps to review section 39E and amend the taxation laws. Besides, it should study with Guangdong Province to see if an early and pilot approach can be adopted to lift the 183-day threshold taxation rule. On the other hand, the authorities should collaborate with the tourism sector to provide multi-destination itineraries, and discuss with the Mainland on extending the arrangement of "multiple-entry endorsement" and "Application for endorsement in non-resident place" to the nine municipalities in Guangdong.

Besides, I think the SAR Government can draw reference from the subsidy scheme currently implemented by the government of Dongguan Municipality for Hong Kong-capital enterprises in Dongguan for restructuring and upgrading. This scheme provides practical assistance to enterprises for restructuring and upgrading through various training and on-site inspections. This scheme can be extended to other places in Guangdong.

President, Hong Kong/Guangdong co-operation is like a game of three-legged race. The two partners must share the same goal, as well as having the same ideology, pace and determination. If one person walks fast and the other walks slowly, or if one person has firm determination and the other is indecisive, I believe this Framework Agreement can never work. I hope very much that the SAR Government can get hold of this opportunity and make good developments, because at present, with the scope for development diminishing, Hong Kong can easily be overtaken by other countries and places.

President, I so submit.

MRS REGINA IP (in Cantonese): President, I thank Mr Jeffrey LAM for proposing this motion debate. As Mr Jeffrey LAM and Mr Andrew LEUNG have pointed out, the global economy has to go regionalized and this applies especially to a small place like Hong Kong. If our enterprises are to expand and prosper, the Mainland market, especially the market in Guangdong Province in our vicinity, is of vital importance. The Framework Agreement on Hong Kong/Guangdong Co-operation (Framework Agreement) is particularly important to Hong Kong and we warmly welcome it. But at the same time, I am afraid I have to play the part of a devil's advocate and voice some opposite views for us to think about.

Despite the dependence of our enterprises on the Mainland market, we have to note that the rapid developments on the Mainland would be a challenge to us, and further hollow out our industries. According to the saying on the Mainland, this is like "emptying out" the enterprises in Hong Kong. This is a fact that cannot be disputed. Many scholars and economists in Hong Kong have pointed out this problem and this view is shared by people with foresight on the Mainland. As the Mainland constantly develops, our local industries will be

further hollowed out. I have in hand an article written by a famous economist on the Mainland, Mr YANG Lu-jun. When he mentions the mode of economic development in Shanghai, he says that Shanghai is following the steps of Hong Kong. Hong Kong is a financial and shipping centre. And regrettably, Shanghai is unable to free itself from the Hong Kong mode. Following the reform and opening up of China in 1980, the manufacturing industries in Hong Kong were being hollowed out. Once our manufacturing industries have a workforce of 800 000, now less than 20 000 workers are engaged in the trade. This is a failure. In my opinion, this is the reason for the hollowing-out of our industries, the increasing wealth gap and high unemployment rate in Hong Kong.

President, I have some charts with me. It may be difficult for your honour and other colleagues to see clearly and so I shall upload these charts to the website. President, from these charts it can be seen that if a comparison is made between 2006 and 1996, the size of the middle class has shrunk. And the line representing the low-income group has risen. From this it can be seen clearly that the middle class has shrunk during the period from 1996 to 2006, while the low-income group has increased substantially. This accounts for the controversy on minimum wage that we have now facing, as well as the frustrations of the post-80s and post-90s generations. Although our enterprises can get rich by developing the Mainland market, there are still many people in Hong Kong who cannot catch up with this state of affairs and they can hardly join these enterprises to make money on the Mainland.

President, you must have heard that some secondary students living in Tin Shui Wai have never been to Central although they are in their teens. There is a vast gap in income, living standards and knowledge in Hong Kong. I wish to quote some figures so that Honourable colleagues can know more about the situation of Hong Kong. According to the human development index 2009 released by the United Nations Development Programme (the Programme has an authoritative status), what is the state of education in Hong Kong? In 2009, 46% of adults in Hong Kong have attained low education level, that is, at Secondary Three or below. When compared with other advanced countries like the United States, adult population with low education attainment only accounts for 14.8%. It is 26.1% in Japan; 41.2% in our rival Singapore and 36.2% in South Korea. Is social intelligence in our society really high? Is our work in education good enough? 15.2% of adults in Hong Kong have received higher education. It is 19.6% in Singapore; 23.4% in Korea, 30% in Japan and 36.2% in the United

States. This means our intelligence has not been upgraded. Then is it right for us to promote the education industry for making money and is the policy of asking our excellent teachers to teach people outside Hong Kong instead of helping local students appropriate?

I think there is a need for Hong Kong/Guangdong co-operation. However, there are some principles which we should pay attention to under this major premise of co-operation. That is, we should not only consider the enterprises but we should also care for the grassroots, the low-income and low-skilled people. The principles for Hong Kong/Guangdong co-operation are as follows: First, Hong Kong must have a position on its own interests. What is meant by complementing staggered development and how can a win-win situation be achieved? With respect to this, I am grateful to Dr Samson TAM. He is an expert in technology and he points out that Guangdong Province has clearly-defined targets in the area of technology. Industries now being conducted in Guangdong, such as software, digital animation and cloud computing can all be done here in Hong Kong. Then how should we collaborate with Guangdong so that work can be done better, instead of building a so-called Shenzhen financial sphere to help Hong Kong companies make more money on the Mainland? What are the job opportunities in Hong Kong? By job opportunities we do not just emphasize the quantity but also the quality. We must strive to create more high-end and high-income jobs in Hong Kong and offer jobs to the working population that will instill in them a sense of satisfaction and chances of upward mobility.

Therefore I hope that the Secretary for Constitutional and Mainland Affairs — actually he is only a middleman and he is not the person who really facilitates the upgrading and restructuring of our industries — he should relay this message to the Government Headquarters. It is of course a good thing for Hong Kong/Guangdong co-operation and we should do our best to help Mainland industries upgrade, but we should also have to safeguard our interests so that a win-win situation is possible and more job opportunities can be created here. If this is not the case, over time, the problem of the disparity between the rich and the poor will only aggravate and when more young people and adults find that there are no prospects for them, the seeds of instability will be sown in our society.

Thank you, President.

MR WONG KWOK-HING (in Cantonese): With respect to this topic, what I wish to say is that the Government, on one hand promotes Hong Kong/Guangdong co-operation and encourages the people of Hong Kong to work and start their business on the Mainland, yet on the other hand, the policies on health care, social welfare and public housing in Hong Kong are lagging behind. No matching actions have been taken by the Government to solve the problems caused by outdated policies.

President, according to statistics for February 2009, the number of Hong Kong people who went in 2008 to Mainland China to work or start a business numbered 218 200. This is a great surge when compared to 122 300 people 13 years ago, that is, in 1995. Most of these some 210 000 people work or start their business in Guangdong. Among them, 87.8% go to Guangdong, 34% go to Shenzhen, 28.1% go to Dongguan and 13% go to Guangzhou. All these are places close to us. But the policies in Hong Kong in the areas of health care, social welfare and public housing are lagging behind the trend of Hong Kong people going to the Mainland to work or start a business. In this connection, I will speak on three aspects.

First, on health care policy. President, as you know, we value freedom and this applies especially to love and marriage. When people go to the Mainland to work, they will make friends with people of the opposite sex and get marry. After marriage, childbirth. If the Mainland wife goes to Hong Kong to give birth, she has to pay a punitive sum of \$39,000. This is only the fee charged for those with advanced booking in a local hospital. If no bookings are made, they will have to pay \$48,000. Is it right to do so? By doing so, is the Government trying to tell Hong Kong people that they can work or do business on the Mainland, but their wives cannot give birth in Hong Kong? If they want to return to Hong Kong to give birth, they have to pay \$39,000. Is this a right thing to do? I think it is unreasonable. First, if Mainland women married to Hong Kong residents give birth in Hong Kong, the child is a Hong Kong citizen by right of birth. It is unreasonable that the Government has to charge a punitive fee of \$39,000. This is the first point. President, the number of such cases is not small at all. In 2007 there were 21 888 marriages where the wife is a Mainlander. In 2006, 2005 and 2004, there were some 20 000 cases each year. So the relevant numbers are quite large.

The second unreasonable point is, I believe, the President will also be surprised to learn that if the husband is a civil servant, he does not need to pay \$39,000. Does this mean that only those fathers who are civil servants are considered human beings while non-civil servants are not and have to pay \$39,000? People sitting on the public gallery are laughing. This is the second point.

President, the third unreasonable point is even weirder. If the mother is a Hong Kong citizen and the father is a Mainlander, then the mother who gives birth in Hong Kong does not have to pay this sum of money. Can men and women really be equal? I am puzzled as the number of such cases is also not small as well. In 2007, there are 4 315 cases of which mothers are Hong Kong citizens while fathers are Mainlanders. There were some 6 000 such cases in 2006; some 4 000 such cases in 2005 and some 3 000 such cases in 2004. The numbers are indeed not small at all. As we look at these three reasons, is it not true to say that the health care policy of the Government is outdated and lagging behind the times? I hope the Secretary can make an immediate review.

The next thing I wish to talk about is employment protection and unemployment support. President, regarding Hong Kong people working on the Mainland, as many contracts are signed on the Mainland, it is impossible for the Hong Kong Government to offer any help in case of labour disputes on the Mainland. In this regard, I hope that the Secretary can discuss with the Mainland. Since the Framework Agreement on Hong Kong/Guangdong Co-operation urges for co-operation between the two places, should efforts not be made to protect the employment of Hong Kong people working on the Mainland? On the other hand, I would also like to talk about cases in which people fail in their business, people having problems working on the Mainland or those who return to Hong Kong when they are out of work on the Mainland. Since these people have left Hong Kong for more than 56 days or have stayed in Hong Kong for less than 109 days, they are not eligible to apply for Comprehensive Social Security Allowance (CSSA) or public housing even though they are permanent residents of Hong Kong. The number of such cases is also not small at all. In 2008, there were 1 502 such cases and in 2009, 2 016 cases. Consequently, the Social Welfare Department has to exercise discretion and allow these people to

apply for CSSA. I am very surprised to see that the Government still has to exercise discretion in these cases. Why can a policy not be devised so that Hong Kong citizens who go to the Mainland to work or conduct business will be free from such worries? Such incidents have already occurred and the Complaints Division of this Council has handled such cases. I learn of a case in which the person concerned only has \$19 in his bank account because he is not eligible for CSSA. He is now filing a judicial review to query such unreasonable action from the Government. I hope the Secretary can solve these problems as well.

Lastly, the issue that has been discussed time and again, that is, whether the restriction on the period of absence from Hong Kong for recipients of Old Age Allowance be cancelled or relax. President, according to a survey conducted in June 2008 by the consultative service centre of the Hong Kong Federation of Trade Unions in Guangzhou, it was found out that 80% of the Hong Kong elderly persons living on the Mainland did not apply for Old Age Allowance because of this restriction. The reason is that they will be penalized for non-compliance. In such circumstances, even if Hong Kong people want to go back to their hometowns or live their twilight years on the Mainland in order to reduce their financial burden, the numerous restrictions from the Government are posing an obstacle to this. President, I therefore hope that this Framework Agreement will not only focus on economic areas but also the welfare of Hong Kong people. I hope the Secretary, other Directors of Bureaux and also the Central Government should make a review of these issues I have mentioned. Thank you, President.

PROF PATRICK LAU (in Cantonese): President, I agree in principle that the specific policies and measures contained in the Framework Agreement on Hong Kong/Guangdong Co-operation should be formulated and implemented as soon as possible so as to put into practice the common direction for socio-economic development in Hong Kong and Guangdong Province.

The Framework Agreement provides for the implementation of CEPA and the early and pilot implementation of various measures for the service industries in Hong Kong to tap into Guangdong Province. It also supports Hong Kong service providers to set up professional service firms in Guangdong according to

relevant regulations and strive to get national support to further expand the scope of service liberalization, lower the entry thresholds and streamline the vetting and approval procedures. The Framework Agreement has named Guangzhou, Shenzhen, Zhuhai, Foshan and Dongguan as the major cities for implementing CEPA and "early and pilot measures" to study the complementary policies and measures, trade regulations as well as relevant mechanisms related to the implementation CEPA; and formulate specific requirements and procedures on how Hong Kong service providers can set up their business and practise on the Mainland. In addition, the Framework Agreement also supports professional services institutions of the two places in initiating work on manpower training, mutual recognition of professional qualifications, self-discipline, and so on, so as to devise rules and regulations for the trades concerned.

President, although these directions of development seem to have met the aspirations of many professionals in Hong Kong over the years, professionals from the trade and I have great reservations as to whether the Framework Agreement can really help professionals in Hong Kong set up their business in Guangdong Province.

First, although the State Council has given approval to Hong Kong residents who have obtained mutually recognized qualifications to register and practise in Guangdong on an early and pilot basis, up to now, those architects who have gained mutually recognized qualifications — as in my case — are still unable to get an approval. As a matter of fact, many buildings on the Mainland are designed by Hong Kong architects, like the first high-rise hotel in Nanjing, the Jin Ling Hotel built in the late 1970s, was designed by Hong Kong architects. It has almost been six years since the mutual recognition of architects in Hong Kong and the Mainland has been implemented. The Hong Kong Institute of Architects has put in considerable resources to set up a representative office in Beijing and it has forged amicable ties with the architects association on the Mainland. Architects from China who have gained mutual recognition of their qualifications may register and work in Hong Kong whereas Hong Kong architects are still unable to register and practise on the Mainland. This is where the greatest problem lies. The Supplementary Agreement VI to the CEPA goes as far as not maintaining this mutual recognition agreement for architects. The

situation is really getting from bad to worse. It seems that we are betrayed by others. Architects from China can come and work as authorized persons while Hong Kong architects are unable to register on the Mainland. The Hong Kong Institute of Architects is very disappointed with the arrangements made by Hong Kong and Guangdong authorities for Hong Kong architects to work on the Mainland. Has the Hong Kong Government done anything to help us improve this situation? Can the Secretary tell us clearly what the Government timetable is?

Apart from that, the threshold for setting up an architectural firm on the Mainland is very high. Most architectural firms from Hong Kong are mainly engaged in the provision of a single kind of professional service. If they are to meet the requirements of the Mainland for setting up a comprehensive architectural design firm, that is, one which provides many other consultancy services, it would be very difficult to meet the requirements in terms of the rules and regulations governing business operation, capital, manpower and business performance. So for many years, the Hong Kong Institute of Architects proposes to have test-points in Guangdong Province, where Hong Kong architectural firms are allowed to start business in the form of sole proprietorship or joint venture to provide a single kind of professional service. That will be a key early and pilot measure.

Unfortunately, with respect to the implementation of the Framework Agreement, owing to the numerous problems we are now facing, we do not know how long architectural professionals like us must wait before we can enjoy the various benefits that are supposed to be brought about by the Framework Agreement. I therefore urge the authorities to face up to this serious problem, set a clear timetable to put various measures into practice, so as to demonstrate their determination to help the professionals. In fact, many architects from Hong Kong are working on the Mainland and it is only that there is no formal way for them to practise there. So President, I hope when the Secretary speaks later, he can give us a clear and unequivocal answer on that.

Thank you, President.

DR RAYMOND HO (in Cantonese): President, according to the *Blue Book on the Competitiveness of Chinese Cities 2010* (the Report) published by the China Academy of Social Sciences at the end of last month, Hong Kong is losing its competitive edge to Mainland cities and there are even signs that it is being surpassed. Mainland cities have been developing rapidly in recent years and this trend must not be overlooked. A few weeks ago, when we visited the Shanghai Expo, we saw the pace of development in Shanghai, and in terms of complementary infrastructure or economic development, Shanghai has the ability to challenge our position as the number one city in China in terms of overall competitiveness. Some academics are of the view that Hong Kong can no longer rely on its past advantages to maintain its position as the regional hub in trade and commerce. We cannot just rely on these past advantages. In the past, Hong Kong played the part of a bridge for cities like Shenzhen to market their products abroad. But with the growing maturity and constant development of various infrastructure hardware and even software in the Mainland cities, this traditional mode of co-operation has gradually changed. Hong Kong should not place itself as a cosmopolitan city linking up the Mainland and the world. We should stop thinking that the Mainland has to rely on Hong Kong. We must grasp the opportunities offered by the Framework Agreement on Hong Kong/Guangdong Co-operation (Framework Agreement) and reposition ourselves with respect to the important role we are to play in the Pearl River Delta (PRD) or even the Greater PRD region.

Over the past few years, there has been a spate of incidents concerning quality assurance of commodities produced on the Mainland. Problems concerning the quality of food or daily commodities have eroded consumers' confidence on Mainland products. Many Hong Kong businessmen have invested on the Mainland and they have set up factories in the PRD. Problems related to the quality of Mainland goods have dealt a severe blow to their business. The inspection and certification of products have been established in Hong Kong for decades. It seems to be a simple and easy task to utilize the mature technologies in Hong Kong to carry out various kinds of inspections and certification services for Mainland factories. However, the threshold for setting up laboratories on the Mainland is very high and has discouraged many people who intend to venture into the Mainland inspection and certification market. Since the inspection and certification industry is one of the six industries with an competitive edge that the Government seeks to develop, the industry cannot merely develop in Hong Kong. The Government should grasp this opportunity

to negotiate with the Guangdong Provincial Government and help local inspection and certification industry break into the Guangdong market, as an early and pilot measure. This move can also help boost the reputation of Mainland products as well.

Our power generation plants are mostly coal-fired and the emissions so caused are accountable for 62% of the total emissions. In order to complement the Framework Agreement in building a high-quality green living area, there is a need to reduce carbon emissions in Hong Kong. The Framework Agreement mentions that the Mainland authorities will safeguard the supply of natural gas to Hong Kong and increase the supply of clean energy like nuclear power. These measures will effectively reduce our reliance on coal-fired power generation. However, the Framework Agreement seems to emphasize too much on the supply of energy from the Mainland to Hong Kong and has not responded to the requirements of the future developments of local power plants.

I worry that in future power supply in Hong Kong will rely too much on Mainland supply and this will have a serious impact on Hong Kong. Being a city in pursuit of quality of living and sustainable long-term economic development, we must have a reliable and steady supply of electricity.

The Report also mentions that Hong Kong only ranks fourth in terms of competitiveness in innovative environment, lagging behind Shanghai, Beijing and Shenzhen. As there has been longstanding neglect from the Government and insufficient input of resources in scientific research, the direction of development for hi-tech industries in Hong Kong is unclear. If the Government really wants to promote the innovative technology industry, it must formulate policies with a foresight. Innovative technology targets the future and the Government should put in resources and formulate appropriate policies to provide assistance. The industries should be encouraged to make bold attempts at innovation. It can be said that the CEPA as mentioned above has not been of any great help to professionals during the past few years. For example, there are 19 specialties in the engineering profession and to date only structural engineers have gained mutual recognition from their Chinese counterparts. Yet, getting this mutual recognition of qualifications is of no great help because they do not get the permission to practise. It would be even more difficult for enterprises to

develop on the Mainland because the thresholds are too high. I have pointed out many times, if professionals in Hong Kong are allowed to set up small offices on the Mainland — no need to involve a large number of professionals, just a few will do — then they may have a chance to build a foundation on the Mainland. This pattern of development would not pose great threats to other professionals on the Mainland and it is likely that they would accept it. A testing point can start in Guangdong Province.

The Report lists three great challenges faced by Hong Kong. These are: 1) lack of innovative technology and severe wastage of talents; 2) competition from Mainland and overseas cities; and 3) fast upgrading of industries worldwide versus slow upgrading of industries in Hong Kong, resulting in declining competitiveness. With respect to these problems, the Framework Agreement signed by the governments of Guangdong and Hong Kong will give a good chance for Hong Kong to address the abovementioned inadequacies. The Government must take active steps to put into practice this collaborative relationship between Hong Kong and the PRD region, make good use of the competitive edges of Hong Kong and explore new potentials, thereby building a new city cluster with international competitiveness in partnership with the Guangdong Province, with the aim of becoming a region of economic development to be reckoned with in Asia and even in the world.

President, I so submit. Thank you.

MR CHIM PUI-CHUNG (in Cantonese): President, it has been more than 30 years since China began its reform and opening up. As we look back, among the four special economic zones, that is, Shenzhen, Zhuhai, Xiamen and Shantou, the achievement of Shenzhen is widely recognized. Its population is more than double that of Hong Kong and there are about 14 million people. Its achievements are remarkable and obvious to everyone and the world.

President, with respect to the recently promulgated Framework Agreement on Hong Kong/Guangdong Co-operation (Framework Agreement), I think there are few points which I feel rather odd. First, why is it only "Hong Kong/Guangdong"? Does it mean that Shanghai of the Yangtze Delta region, as well as places like Beijing and Sichuan do not recognize Hong Kong's position as

a financial centre? And is it true that only Guangdong recognizes it? This is something Hong Kong people should ponder over. Second, Mr WANG Yang, Party Secretary for the Guangdong Province did not attend the signing ceremony — he might not have the time, but this would arouse suspicions. No matter what, this is the policy from the Central Authorities. Today, it is very odd that, as we know the Framework Agreement stresses the importance of Hong Kong as a financial centre, but Secretary Prof CHAN Hak-keung is not here today. I hope that he can hear it, incidentally, it should be Secretary Prof K C CHAN. I have praised him, but he is not here today. It is supposed to make him happy.

President, when we talk about financial issues, we have to mention two regulatory bodies in Hong Kong with great representativeness. One is the Securities and Futures Commission (SFC), of which you have been a non-executive director, the other is the Hong Kong Exchanges and Clearing Ltd. (HKEx).

It is true that the national policy is formulated to match the development of the SAR Government, trying to build Hong Kong into an international financial centre, with wide recognition and status. However, the SFC not only does not tie in with the development of the country and assist the country in its development, it is posing obstacles. How? At present, some local Chinese stockbrokers go to the Mainland to solicit more clients, hoping to do more business under this policy. Why do they do that? They only want to do more business. Another grand idea is to respond to the national policy and the Framework Agreement. But we should know that this Framework Agreement is not something placed on their heads or their necks. It is not a cross, and not a fetter to them. This Framework Agreement is a platform to facilitate their actions. But has the SFC ever done anything? It neither offers any assistance nor being co-operative. Worse still, it thinks that local Chinese brokers have violated the rules and broke the law by going to the Mainland to register for the investors and solicit more clients. I hope Secretary LAM can bring this message back to the Chief Executive and the Financial Secretary. I sat beside the Secretary the night before yesterday and he was wearing a long face and so I did not have a chance to talk about these things to him. So President, we hope very much that policies formulated by the SAR Government must be co-ordinated and complemented in all aspects.

Second, it is about the HKEx. The HKEx wishes to roll out some new measures and policies on 3 June. As a leading institution, it should have established policies and it must not waver. It should not play hide and seek with listed companies, speculating on what they have in mind and resorting to illegal means to deal with and tackle other people. As a regulatory body, the HKEx should have clearly-defined policies and these policies must be known to everyone, just like the practice of a casino. In this financial tsunami, does the Lehman Brother incident not occur in any place other than Hong Kong? Why does it only happen in Hong Kong? The reason is that the relevant laws and contracts are not clear enough, causing disputes. We can just take a look at the Hong Kong Jockey Club. It is precisely because its rules and regulations are crystal clear that even though people know that they are bound to lose when they gamble on horse racing, there are still many people who are glad to gamble. This is because everyone knows what is going on.

President, Hong Kong should take action to complement the Framework Agreement, and the Reminbi business is the most important sector. If the SAR Government does not wake up and misses or abandons this chance, it will regret miserably later. We know that in the early days the liberation, the Reminbi depreciated from \$10,000 to \$1. And previously, the exchange rate between the Hong Kong dollar and Reminbi was HK\$100 to RMB 42.7 yuan. That was way, way back in the past. Then during the Cultural Revolution, HK\$100 could exchange for some RMB 20 yuan. Of course, three or four years ago, HK\$100 could exchange for RMB 106 yuan. Now HK\$100 can only exchange some RMB 87 yuan. The value of currencies will be adjusted according to many reasons, but in any case, the Hong Kong Government must make use of the opportunities available.

President, irrespective of any law, rule or platform, the most important thing is to seize the opportunity. Hong Kong does not have any natural resources and so we have to make use of our talents to create wealth. The people of Hong Kong should remember these words: they must make the best use of timely opportunities, favourable geographical position, and support of the people. Now the first two are always found in Hong Kong because we are so close to China. But support from the people is the most important of all and we must make very good use of it.

MR CHAN KAM-LAM (in Cantonese): President, the Governments of Guangdong and Hong Kong signed the Framework Agreement on Hong Kong/Guangdong Co-operation (Framework Agreement) this April and this is of tremendous importance to the future economic development of Hong Kong. First of all, we can see that this Framework Agreement is the first leading document on co-operation between the two places ever since the setting up of the Guangdong/Hong Kong Co-operation Joint Conference in 1998. It is deliberated by the State Council and endorsed for formal approval and implementation and it is a realization of the concern and support of the nation for the economic development of Hong Kong and Guangdong. The Framework Agreement sums up the views expressed by different ministries and committees and it translates the macro policy of the Outline of the Plan for the Reform and Development of the Pearl River Delta promulgated by the National Development and Reform Commission into specific measures, beneficial to the development of Guangdong and Hong Kong. It has also laid a foundation for incorporating the related initiatives into the National 12th Five-Year Plan.

The Framework Agreement also lays down clear objectives and positioning for development for Guangdong and Hong Kong. It makes it clear that Hong Kong should be the leader in the financial system and provides that the financial and Reminbi business of the two places should be promoted. This includes expanding the testing points for Reminbi settlement, promoting Reminbi cross-border trade settlement, giving support to Hong Kong banks to set up branches in the villages and towns in Guangdong and strive to get cross-border listing of enterprises in the growth enterprise boards of Shenzhen and Hong Kong. Therefore, we can see that the Framework Agreement is not just concerned with whether or not the Pearl River Delta (PRD) can seize again the leading position in the economic development of China, it is more about whether or not Hong Kong can become a world-class financial centre.

Another significance of the Framework Agreement lies in opening up the door for various trades in Hong Kong to tap into the Mainland market. Although there have already been a number of supplementary agreements to the CEPA, there is still a need for this Framework Agreement to open the door even wider. We have often heard complaints from the trades that difficulties still exist for our financial and service industries to enter the Mainland market. The co-operation between Hong Kong and Guangdong gives an early and pilot opportunity for various trades. By these so-called early and pilot measures, they

mean measures which have been given due consideration are implemented earlier than other places on the Mainland. Various trades may make use of these early and pilot measures to formally enter into the Mainland market. Once these measures are proven successful, they will be put into practice in other places on the Mainland. By then Hong Kong enterprises will be able to open up even broader horizons in the Chinese market. It can thus be seen that entering Guangdong is only the first step taken.

We can see that ever since the signing of the Framework Agreement, Shenzhen has been actively preparing to roll out some relevant measures so that the Framework Agreement can be put into practice as soon as possible. In the financial service industry, Shenzhen has quickly built a core modern payment system to support currencies like Reminbi, Hong Kong dollar and US dollar. It is a payment and settlement system capable of handling large transactions at real time, and business like electronic transactions in bulk and bills exchange. Efforts are being made on studying cross-border trade, double listing, cross-border listing, linked transactions, and so on. These will promote the transactions using capital in Shenzhen and Hong Kong, facilitate the expansion of the Reminbi business by Hong Kong banks, attract Hong Kong financial institutions to set up regional headquarters and logistics centres in Shenzhen, improve the existing payment and clearing systems between Shenzhen and Hong Kong and putting into practice the linking up of the electronic money systems of "Shenzhen Tong" and the Octopus Card. In such a short span as two months, we can see that the plans for the future economic development of Shenzhen are already in their infancy. These plans even boast of long-term goals of radiating throughout south China, serving the whole country and facing up to the world.

President, in the face of co-operation between Hong Kong and Guangdong, Hong Kong must do its part and do it well. As the financial tsunami has largely subsided, there has been a number of reforms and reviews of regulatory matters in the financial market. Against this backdrop of piles of consultation papers on reforms, coupled with proposed measures to boost investor and deposit protection, the Democratic Alliance for the Betterment and Progress of Hong Kong would expect that in the coming year, the SAR Government can focus its attention on the reforms with foresight and endeavour, and further consolidate our position as an international financial centre. It is only by doing so that the financial service industry of Hong Kong can have the credibility and power to set an example to the PRD and work for the integration of the two places.

In promoting a healthy development of the financial system, we should solve the differences that exist between the systems of the two places. There are still various kinds of institutional differences between the Hong Kong Government and the Guangdong Provincial Government. The former is market-led and the latter is executive-led. And there are diversities in the legal system, the financial system, and in vetting and approvals as well as monitoring the market, and so on. Therefore, the governments of the two places should work hard to forge better dialogue and measures should be launched to make the Mainland financial monitoring system to come closer to the Hong Kong system, hence facilitating the rolling out of more early and pilot policies and measures.

As to the question of integration of Hong Kong with the Mainland, the principle of development which we adopt has always been that of making use of the edges of Hong Kong to complement the shortcomings of the Mainland, hence a win-win situation is made possible by this mutual complement of advantages. In the development of the Qianhai district, when Hong Kong is to co-operate with Shenzhen, the key and positioning should be that the cheap land cost and labour of the Mainland should be used to develop Qianhai into a logistic support base for Hong Kong. This will reduce the operation costs of Hong Kong enterprises while providing some job opportunities to the Mainland. In the future, Hong Kong should negotiate with Guangdong with respect to the areas covered under the Framework Agreement and strive to narrow down the differences between the two places in the legal system, accounting system, listing rules and procedures, monitoring system, as well as areas like health care and environmental protection.

President, I so submit to support the motion.

MR PAUL CHAN (in Cantonese): President, after more than one year of negotiations, the governments of Hong Kong and Guangdong signed the Framework Agreement on Hong Kong/Guangdong Co-operation (Framework Agreement) this April witnessed by national leaders. The Framework Agreement confirms the leading position of the financial industry of Hong Kong in the Pearl River Delta (PRD) Region. It also marks a new page in Hong Kong/Guangdong co-operation. But whether or not this can continue and provide the momentum to sustain development in the economic and social aspects in Hong Kong would have to depend on what is said in the original motion, that

is, to formulate and implement the specific policies and measures outlined in the Framework Agreement as early as possible.

When Honourable colleagues debated last year in this Chamber the motion on "Developing new economic strategies to meet economic challenges", I pointed out that it was no easy task for Hong Kong to gain the position of the international financial centre of Asia and we were facing tough challenges. The outbreak of the Lehman Brothers minibond incident in September 2008 was evidence that development in the financial industry of Hong Kong was not diversified enough and monitoring was unable to keep abreast with the times. It could be said that the incident was a wake-up call for Hong Kong people. The Central Government and the Shanghai Municipal Government announced last year the plan to build Shanghai into an international financial centre. At that time I cited the example of the emergence of the New York financial centre and the decline of the Philadelphia bourse and reminded the SAR Government that external conditions were always changing and the authorities must stay on alert and they must devise policies to cope with the challenges of tomorrow.

The Framework Agreement lists six directions of development for the PRD region, such as a world-class new economic zone, a world-class advanced manufacturing and modern services base, an international aviation hub, a shipping and logistics centre, and so on. The respective roles played by Hong Kong and Guangdong and how the two places can complement each other are clearly stated. This is to avoid duplication and wastage of resources.

President, economic developments in the world during the past two decades have broken from the fetters of sectionalism where there are only scenarios of "you win and I lose" and "I win and you lose". In order to be more competitive, countries have to move in the direction of regional co-operation and complementing each other's advantages. This can be seen in the international arena and also in the intercity relationships. We will have some idea of this when we look at the economic development of the Mainland in recent years. Apart from the PRD, the Yangtze River Delta, the Bohai Economic Rim, the northeast and western parts of China are also striving to carve out a brighter future by resorting to regional economic development. Therefore, Hong Kong must stop being complacent and stand aloof amid the bustling activities.

The State Council passed a resolution last year to build Shanghai into an international financial centre and an international shipping centre. Incidentally, the target completion date coincides with the effective period of the Outline of the Plan for the Reform and Development of the Pearl River Delta, which are 2020. It can be seen that in the next 10 years, there would be inevitable competition between Hong Kong and Shanghai and such competition would be very fierce. We should try to better ourselves and rely on the support, complement and synergy of other cities in the region before we can stay on being competitive. Hence this Framework Agreement is not only important but also essential for Hong Kong.

Can Hong Kong catch up with economic developments in China and complete the contents provided in the 50 articles listed in 11 chapters of the Framework Agreement as scheduled or even before the target completion date? I have great expectations for the SAR Government. I recall during the motion debate on "Promoting co-operation between Hong Kong and Shenzhen" in this Council last year, I pointed out that the General Proposal of Shenzhen Comprehensive Reforms approved by the State Council was a powerful support for the promotion of economic co-operation between Shenzhen and Hong Kong. Also, Guangdong Province made it clear that an early and pilot approach would be taken to open itself up to Hong Kong service industries and to make it convenient for them. This is a rare opportunity and it meets the demands of both sides. It should be the first and foremost work for the Government to help professions from Hong Kong to venture into the Mainland. It should help the professions to make breakthroughs and identify testing grounds in Guangdong so that firms of these professions can enter the Mainland and practise in the forms of sole proprietorship or joint venture or with part of the shares held by Mainland firms.

President, at that time I urged the government departments in charge of such matters to commence work at once. They should communicate with the sectors and listen to their views. This would enable more comprehensive and detailed planning and help could be offered to the professions to get breakthroughs in starting their business on the Mainland and in this way, the opportunity would not slip away. But now the professions are still facing closed doors on the Mainland and there are numerous hurdles posed by the executive authorities there. In such circumstances, how can people have the confidence to believe that the measures outlined in the Framework Agreement can be achieved within 10 years?

President, for the amendments proposed by the five Members respectively, I am in support of them in general. But as I have said, the Government should, before commencement of work and during the process, maintain a close dialogue with the sectors. I agree that when the Government is to discuss policies related to the co-operation between the two places, it should listen more, do more consultations and remain transparent. Of course, when it comes to confidential information of the two places, we have to act carefully.

Last year when we debated on the motion on "Actively implementing complementary policies for the Outline of the Plan for the Reform and Development of the Pearl River Delta", I said in connection with the amendment proposed by Ms Emily LAU that I hoped Honourable colleagues in this Council could be more pragmatic. They should begin by forming a working relationship and gradually opening up a door for communication with the Mainland. This would help allay the suspicions and mistrust between the two and achieve an ice-breaking effect. The visit by Members of this Council to the Shanghai Expo earlier was not joined by all Members. However, I am happy to see that the door has opened and communication is possible because of the constitutional reform package issue. I would expect that in the near future, those Hong Kong citizens and Members of this Council who are barred from entering the Mainland can be issued their Home Visit Permits again.

President I so submit.

MR WONG TING-KWONG (in Cantonese): President, on 7 April, witnessed by state leaders, the Governments of Hong Kong and Guangdong signed the Framework Agreement on Hong Kong/Guangdong Co-operation (the Framework Agreement). The DAB holds that the signing of the Framework Agreement accords with the expectations of the public in Guangdong and Hong Kong. The DAB welcomes it and hopes that the Governments of these two places can continue to co-operate, have discussions on an equal footing, show mutual respect and from the angle of bringing about mutual benefits, carrying out joint development and making improvements to public living, promote the implementation of the Framework Agreement, so that the public can fully enjoy the benefits of co-operation between Guangdong and Hong Kong.

In March this year, when Premier WEN Jiabao talked about the deep-rooted conflicts facing the Hong Kong economy at a press conference of the National People's Congress, he pointed out clearly to this effect, "Hong Kong's advantage of being adjacent to the Mainland has to be capitalized to further enhance the connectivity between Hong Kong and the PRD. The future development potential of Hong Kong lies in the extensive market and rapid economic development of the Mainland."

Premier WEN Jiabao has pointed out a way for the future development of the Hong Kong economy. The signing of the Framework Agreement will further strengthen the links between Hong Kong and the Pearl River Delta (PRD). The next step should be to formulate and implement specific policies and measures relating to the Framework Agreement as soon as possible.

As a party to the co-operation, Guangdong has already demonstrated the government's resolve in implementing the Framework Agreement and some measures have already been introduced. The Party Secretary of Guangdong, Mr WANG Yang, published an article entitled "Exploring a way with Guangdong characteristics" in the *People's Daily* of 20 May, pointing out to the effect that, "To speed up the changes in the mode of economic development is a tough battle that cannot be avoided. In the face of the great changes in the international situation, it is impossible for us to stay unchanged. In the face of so many competitors within the country, it is not possible for us to change slowly. In the face of the characteristics of this phase of economic and social development in Guangdong, we cannot change without a sense of direction." Last week, the Guangdong Provincial Government convened the Guangdong-Hong Kong-Macao working meeting in Guangzhou to take forward the implementation of the main points of the Outline of the Plan for the Reform and Development of the Pearl River Delta (the Outline) and the Framework Agreement.

What about Hong Kong? How can the links between Hong Kong and the PRD be further strengthened? Is Hong Kong also ready to fight a tough battle in economic restructuring? Is it confident that it can withstand the waves of international economic changes? Is it confident of preserving its advantages in competing with cities on the Mainland? Is it confident of shaking off the shadow cast over it by marginalization?

The DAB believes that Hong Kong must take immediate action to practically promote the co-operation in various areas between the two places. After the signing of the Framework Agreement, the strategic importance of Hong Kong/Guangdong co-operation has been raised and the development goals have become increasingly clear. The consensus on co-operation is being reinforced constantly and the interactions and contacts are becoming more intense. The details of co-operation are being constantly enhanced. Regarding all these developments, we cannot just continue to pay lip service, rather, we must take real actions to put them into practice.

President, in the past year or so, the Hong Kong/Guangdong co-operation has made some progress and the DAB welcomes this. It is hoped that the Governments of Hong Kong and Guangdong will continue to be more open-minded, adopt a more active attitude and take more concrete actions to promote co-operation between the two sides and work for the welfare of the people in these two places. The DAB also wants to contribute towards promoting the Hong Kong/Guangdong co-operation. It is making preparations to establish a professional services centre in Dongguan, in the hope of playing a role in supporting the professional services from Hong Kong in entering into the Mainland market and strengthening the support for Hong Kong-owned enterprises in Dongguan.

Last month, the Economic Advisory Panel of the DAB held a meeting to specifically discuss the Hong Kong/Guangdong co-operation after the signing of the Framework Agreement. In the meeting, some experts talked about their studies on how the Dongguan Taiwan Business Association and 14 semi-official or private professional industrial upgrading counselling agencies in Taiwan help Taiwan-owned enterprises upgrade and transform, and they proposed that Hong Kong should also adopt similar measures, so as to give play to its advantages in professional services, and upgrade its support for Hong Kong-owned enterprises in the PRD. We believe that the advice put forward by the economic consultants of the DAB merits our consideration. The DAB is now making preparations to establish a professional service centre in Dongguan. It will take on board the views and advice of the consultants and this scheme has won the support of the Dongguan Municipal Government and the professional service and business sectors in Hong Kong. The response has been excellent and we welcome the SAR Government in joining such a worthwhile cause, so that the centre can

become a one-stop centre providing a full range of highly efficient service in support of Hong Kong enterprises in the PRD.

The economic consultants of the DAB have also put forward a range of highly innovative and constructive views for consideration by the Government. For example, these experts proposed that a pilot scheme of an exclusion list for CEPA can be implemented in Guangdong to enhance its openness to the professional services from Hong Kong and a seed fund can be established for participation in the key development projects in Guangdong. I hope that the Government can take these proposals into consideration.

President, the deepening and broadening of Hong Kong/Guangdong co-operation is essential for economic development, it is also the way forward in improving society and living, creating employment opportunities and improving the environment of both Guangdong and Hong Kong. While the society is getting more consensus and enthusiasm is mounting, we can also see some people contriving to provoke antagonism between Hong Kong and the Mainland by all possible means, they will conceive various kinds of absurd reasons and make up crises to pose obstacles to the co-operation between the two places and their economic integration and development. The DAB believes that such furtive actions are totally meaningless and useless to society.

President, I so submit.

MR VINCENT FANG (in Cantonese): President, I have investments in Guangdong and often travel between Hong Kong and Guangdong on business. Today, I wish to talk about my personal feelings as a participant in the economic development of Hong Kong/Guangdong and my expectations for further co-operation between the two places.

Someone of the older generation said to me, "Half a century ago, I could see people in your father's generation transfer their assets from the Mainland to Hong Kong in droves but nowadays, people in your generation are transferring their assets to the Mainland. This phenomenon is really mind-boggling."

Although the game involved in both cases was the transfer of assets, their backgrounds were different. In the past, the older generation uprooted their foundations and took all they had to Hong Kong but nowadays, even though we have moved our assets to the Mainland, our foundations still remain in Hong Kong because not only is Hong Kong our home, we also possess certain advantages. For this reason, we do not want Hong Kong to lose the advantages and roles that are a part of our foundation. Unfortunately, the SAR Government keeps undermining Hong Kong's advantages and eroding our business environment. For this reason, even though the Central Authorities have given its blessings to the Framework Agreement on Hong Kong/Guangdong Co-operation (Framework Agreement), I am concerned that the SAR Government may not have the will and the ability to implement it.

In the three-decade relationship of Hong Kong/Guangdong co-operation, the situation has all along been that of complementarity of advantages and mutually-assisting. The infrastructure, the economy, society and people's livelihood in Guangdong have all been improved. The achievements of Hong Kong companies and the Hong Kong economy as a whole in the past three decades are to some extent attributable to the support provided by Guangdong. Therefore, the future direction of Hong Kong's development surely cannot be separated from that of Guangdong. For this reason, whether or not the Framework Agreement relating to the co-operation between these places can be put into practice has even greater significance.

Basically, the Framework Agreement is designed with regard to the strengths of by Hong Kong in the areas of financial, logistics and service industries, and Guangdong will also take complementary measures in its policies. This reflects the fact that the State cares about the future development needs of Hong Kong and Guangdong also treasures and cherishes its longstanding co-operative relationship with Hong Kong.

In contrast, on the Hong Kong side, the policies have failed to complement this development and the established beliefs and policies are adhered to without the slightest change. Instead, the State and Guangdong are asked to make adjustments. A very simple example can be found in the tax regime and the measures to enhance Hong Kong's advantages.

In the past, the Hong Kong Government offered a 50-percent tax depreciation to the production equipment of Hong Kong enterprises engaged in "contract processing" on the Mainland provided that their products were all exported through Hong Kong. Since the investment requirements on the Mainland have been raised and with an improved legal regime for foreign investment and the opening up of the internal market, many Hong Kong-owned factories, in order to facilitate management, have turned themselves into sole proprietor enterprises but they are still involved in the export business. However, by amending the Inland Revenue Ordinance, the Hong Kong Government axed all the depreciation allowance in respect of machinery and equipment for sole proprietor enterprises at one stroke, irrespective of whether or not all the goods are exported through Hong Kong.

Dr LAM Tai-fai and I have reflected this matter to the Government a number of times, in the hope that the Government could still offer depreciation allowance for machinery and equipment to Hong Kong enterprises that still export goods through Hong Kong according to the proportion of exported goods. However, the Government refused by simply saying, "We are afraid that you people may evade taxes by this means". However, so far, not a single case of tax evasion by this means has occurred, so this shows that the Government is penalizing all people indiscriminately with the legislation.

As an efficient administrator with vision and a sense of responsibility, the Government should make good use of its policies to help enterprises, support economic development, create employment opportunities and enhance our competitive edge. However, we can see that in fact, the SAR Government is stalling in the implementation of policies. For example, the Guangzhou-Shenzhen-Hong Kong Express Rail Link approved by us earlier on is, among all the major cities on the Mainland, the last section of the high-speed rail link to be built; the third runway at the airport is still in the study phase; as regards the Phase III development of the Hong Kong Convention and Exhibition Centre, it has even dropped out of the radar.

In the financial domain, there is an open and advanced financial system and a mature investment environment and market in Hong Kong. Hong Kong should strive to develop itself into an offshore centre for Renminbi and a bond market before the free floating of Renminbi. This is definitely more important

than developing the Islamic bond (sukuk) market, so I hope the Government can affirm its own positioning.

President, if you want others to co-operate with you, you must also possess certain conditions. If the Hong Kong Government still adheres to its present mentality of "do less, err less" or the attitude of adhering to rigid requirements, even if the Central Authorities were to use their policies to hold Guangdong down, it would still be difficult for the two sides to co-operate. For this reason, I believe that if we want to implement the proposals in the Framework Agreement successfully, it depends on whether or not the SAR Government has the determination to do so. Otherwise, it would be increasingly difficult for us to compete with other people.

I so submit. Thank you, President.

MR WONG YUNG-KAN (in Cantonese): President, my view on the motion today is that it can be said our country is showing the utmost care for Hong Kong and the Framework Agreement on Hong Kong/Guangdong Co-operation (Framework Agreement) has taken into consideration Hong Kong's situation. According to the Honourable colleagues who spoke just now, this point is also mentioned in Chapter 5 of the Framework Agreement entitled "Quality living area". I have read this document and what I want to say is that in the chapter on "Quality living area", part of it touches on food safety, the environment, the marine ecology as well as fishery and agriculture, that is, food from the Mainland. These matters are precisely related to the basic necessities of the public. However, how should these matters be dealt with in accordance with the Framework Agreement?

Concerning the marine ecology, obviously it is necessary for the Mainland to step up protection and study how to put in resources to doing a proper job in this regard through co-operation between the two places. The same applies to regulation on food. The recent incident relating to scallops is a case in point. The source of problem is not in Hong Kong but on the Mainland. However, if the co-operation between the two places is good, I believe the chance of having problems will be lower. An incident of this kind relating to scallops also happened in 2005. Why has it happened again? This shows that it is necessary

for us to urge the Mainland to do a proper job in imposing regulation on the sources.

Similarly, before other kinds of food are transported to Hong Kong, the authorities on the Mainland have already done a lot of work in respect of safety, disease inspection and other inspections. Precisely for this reason, I wish to talk about some of my views on fishery in Macao. It can be said that there is no fishery in Macao as only some 300 fishing boats are left. However, recently the Macao Government has sent a working group to Guangdong to communicate with relevant units, such as the Hong Kong and Macau Roaming Fishermen Association of Guangdong and the Ocean and Fishery Bureau. This is probably because it finds that the issue of fishery resources has been mentioned in the Framework Agreement.

The Framework Agreement did not mention the management of fishing vessels. In order to impose proper management, it is possible to rely solely on the Mainland? Although our fishing vessels operate in Mainland waters, they will ultimately return to Hong Kong. Will the Government find ways to preserve a certain number of fishing vessels? For example, it can set 3 500 vessels as the level and combine them with those on the Mainland to form a network and a fishing fleet, so as to find a way forward for the fishing industry. In order to provide a "quality living area", it is necessary to help the industry upgrade itself. If the Government still stands on the sideline and only lets the industry co-operate with the Mainland Government on its own just as we said recently, since 2006, we have been lobbying for five years the Chinese Government offers over \$200 million in diesel subsidy to Hong Kong fishermen. Why does the Mainland offer the subsidy? Because apart from providing food to Hong Kong, the industry also offers jobs to a group of fisherman deckhands on the Mainland. For this reason, the authorities should provide subsidies to the industry to ease its burden.

As regards the SAR Government, it does not provide any subsidy and it is only the Mainland that values this group of people. Should the SAR Government do something? Should the Policy Bureaux concerned follow the example of Macau by getting in touch with the Mainland authorities and establish communication at an early date? Since the work target of the Government is to discuss these issues within a decade, how can it do a proper job in this matter?

In addition, in the entire process of communication, we hope that the Government can really work to get things done. For years, our Hong Kong Economic and Trade Office in Guangdong has little communication with the Mainland in respect of fishery and agriculture. The Government often says that it wants the Mainland to import more food to Hong Kong and that the food has to be safe with certification. However, what communication has our Government made with the Mainland? For this reason, I think that the Government should make greater efforts in this regard and discuss with the Mainland how this door can be opened. Apart from affecting the relevant industry in Hong Kong, this matter also affects the living of the Hong Kong public. For this reason, I hope the Government can take real actions in this regard.

Separately, on the development of fisheries and agriculture, the Government cannot just stand at the sideline. The Mainland Government provides a great deal of support to the fisheries and agriculture sector but our Government only offers low-interest loans amounting to \$100,000 to the agriculture and fisheries sector but nothing else. This being so, how can the sector survive? Where will our vegetable farmers go to? Some of them have to go to such faraway places as Ning Xia. Apart from making a living, they do so because the environment there is suitable. Some people even go to Tibet to seek development. For this reason, I think the Government should be forward-looking and study how to upgrade and develop this industry, as well as communicating more with the Mainland, so as to develop new ways of thinking.

Today, the Government has approved the setting up of a working group relating to Taiwan as part of its establishment. I hope that in this regard, the Government at present, our industry also maintains communication with Taiwan, so I hope the Government can communicate with the fisheries industry or other industries in Taiwan, so that our industry can go further and have greater scope of development. In this way, we can provide higher quality food to the Hong Kong public. Thank you, President.

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

MR LEUNG KWOK-HUNG (in Cantonese): On 8 April, under the supervision of the Chinese Communist Government, Hong Kong and Guangdong signed the Framework Agreement on Hong Kong/Guangdong Co-operation (Framework Agreement). However, we must understand one point, that is, the present Government — the Chief Executive, Donald TSANG — was not ordained by the central leadership, that is, he was not ordained by JIANG Zemin, as TUNG Chee-hwa was who could have direct access to the top echelon. Donald TSANG hastily stood in only because TUNG Chee-hwa was ditched. Moreover, Donald TSANG got the job because he claimed that he would "tackle" the pro-democracy camp and make them support the constitutional reform proposals. For this reason, we have pinned our hope on the wrong person because Donald TSANG is only someone who just wants to "get the job done". However, he also described himself as a politician. This is an important fundamental point in our analysis of the Framework Agreement.

In my view, no matter how poor TUNG Chee-hwa performed in the past, at any rate, he was ordained by JIANG Zemin and they had shaken hands, so when something happened, he could have direct access to JIANG Zemin. However, at present, Donald TSANG can at the most only have access to LIAO Hui because XI Jinping is nowhere to be seen. XI Jinping, who is in charge of Hong Kong affairs in the Central Committee of the Communist Party of China, is nowhere to be found, so where can we find our backing? WANG Yang is someone who is having power struggles with BO Xilai, that is, they are involved in the power struggles between the princeling party and other factions of the bureaucracy, so can Donald TSANG say anything when WANG Yang is speaking? This is just like the discussions between the Alliance for Universal Suffrage (the Alliance) or the Democratic Party and LI Gang. When LI Gang was speaking, could they say anything? LI Gang said — I learnt about this only recently and it made me reflect a lot — it turned out that LI Gang said after the meeting that "The attitude of the Democratic Party is quite good and its attitude toward the referendum is quite good, so I had discussions with them.". This is to treat his adversaries completely as servants and maids and one could disclose the details of the meeting easily. However, the Democratic Party did not say anything. I hope they would say, "In fact, this is not so. LI Gang, what are you talking about? We did not talk about the referendum.". President, you do not have to look at me. This is just an example

PRESIDENT (in Cantonese): Please speak on the subject of the Framework Agreement on Hong Kong/Guangdong Co-operation.

MR LEUNG KWOK-HUNG (in Cantonese): The Framework Agreement is unequal in nature and this is just like the inequality found in the negotiation between the Liaison Office of the Central People's Government in HKSAR and the Democratic Party. WANG Yang could say anything he liked and after doing so, he could we have to come back to this issue. Stephan LAM is here but how possibly can we argue with him? For this reason, given such inequality and imbalance in power, if Members hope that the Framework Agreement can bring us benefits, they would be mistaken and this is something that they should not even contemplate. In other words, at present, the central leadership has arranged the future place for Hong Kong through the Guangdong Provincial Government. Yet, too bad the Central Government is now mainly focused on the Yangtze River Delta because Guangdong has fallen behind and Guangzhou is not like the municipalities of the past. Cities like Tianjin have overtaken us, so what are we talking about?

As LI Gang said, it was only because those people have quite good attitude they did not take part in the referendum that he was willing to talk to them. He also said, since their attitude was quite good, he gave them some capital to engage in "property speculation". He even told me in a defensive attitude that there were no instances of "property speculation". Did the Chief Executive not also say that property speculation did not exist? President, just go to West Kowloon and take a look for yourself. In those property developments not considered really high-end, I found all the people there spoke Putonghua or English. This is not due to the results and effectiveness of promoting biliteracy and trilingualism, but because all the people in those Clubhouses were mainlanders. For this reason, if we rely on the so-called Chief Executive, or Stephen LAM to lobby for our rights (the DAB has done a good job in exposing this), we will find that he has actually done nothing. The DAB is right. The DAB is right in giving him a kick at the kidneys this time — hey, Secretary Stephen LAM, when some people say that you are doing nothing, so you should at least come out to rebuke them — in fact, he should be sacked. At present, the FTU is helping the Government do its work and the DAB is going to establish a so-called professional services centre in Dongguan but where is our Government? I believe this actually amounts to governing together with the FTU and DAB.

What are the reasons for this? Not because they are capable but because they have good relationships with the Mainland. They are approved by the Emperor, just like the descendants of the eight flag warriors of the Manchu in the Qing Dynasty and they can all be found among the counsels of the Emperor. The royalist camp and the pro-communist parties went so far as to say openly that hey, Secretary Stephen LAM, please look at me. Other people are saying that you have done nothing

PRESIDENT (in Cantonese): Mr LEUNG, please address the President.

MR LEUNG KWOK-HUNG (in Cantonese): President, I know that you are very right in saying so. In that case, I ask you to tell Secretary Stephen LAM that he has done nothing and that he has been publicly accused by the FTU and DAB for having done nothing. I do not know how he is going to reply.

Going back to our subject, this is like the falling of one leaf heralding the autumn. Under this imbalance of power, that is, all people who know about the princeling party and the WANG Yang faction when WANG Yang was in Chong Qing, he made triad members come to Guangdong, so that XI Jin-ping can purge them. Now that he is in charge of Guangdong, can we rely on this person to make us rich? Do not even think about this. For this reason, I say that Members are dreaming. We have degenerated into a base for the financial capital of the entire Guangdong to make money here and this is what we call "maintaining our advantages". This is tantamount to turning Hong Kong into a place for Guangdong and the whole country to engage in speculation and speculative activities in finance and properties. As regards local people in Hong Kong, what should they do? This is something that no one cares about. Just as Mr WONG Yung-kan said, no one cares about fishermen and this is the crux of the whole matter.

Today, I have said a lot here, just like if we do not ask for universal suffrage, and if we subject ourselves servilely at the bidding of Li Gang of course, WANG Yang will also give Donald TSANG his bidding. WANG Yang has been elevated to being a member of the Politburo but what is Donald TSANG? President, he cannot even compare to you. You may be a member of the Communist Party of China (CPC) and you may have even greater say than

him. President, I will say no further. Since you keep mum, I will just leave this matter alone (*Laughter*). I also once asked you if you were a member of the CPC but you said nothing. In that case, I will stop here. Regarding whether or not you are a member of the CPC, I think you already have an idea.

Thank you, President.

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

MR ALBERT CHAN (in Cantonese): President, today, we are discussing the Framework Agreement on Hong Kong/Guangdong Co-operation (Framework Agreement) but the Chief Secretary for Administration, Mr Henry TANG, who was responsible for signing the agreement, is nowhere to be seen and continues to idle away and Secretary Stephen LAM or Eunuch LAM, who cannot even get the basic historical facts and kinships right, is here to answer questions. As he cannot not even tell the difference between a eunuch and a maternal grandfather, I do not know how he can deal with the issues relating to the Framework Agreement.

Worse still, earlier on, we queried why he, being the dedicated official of the Constitutional and Mainland Affairs Bureau, did not pay visits or express his concern for Hong Kong people who encountered problems on the Mainland, but instead paid visits to pandas. He said at that time unashamedly that it was a sign of disrespect to the Central Government to ask Mainland officials about the issue of Hong Kong people being detained on the Mainland. If we let an official, being so incompetent and ignorant, and having such a mentality handle the Framework Agreement and matters of such great interest to people in Hong Kong and Guangdong, the public definitely have no confidence on him.

To handle the great amount of work involved in the interactions between Hong Kong and the provinces and cities on the Mainland, it is necessary to have an official who has the courage to assume responsibility, defend the interests of Hong Kong people and express their views. Therefore, if officials do not change their cowardly and cur-like character, I urge all members of the public to watch out, do not be induced or tempted by senior government officials to do

certain things because should something happen, no one would care and they will have nowhere to turn to. No one would know even if they are dead. For this reason, we must be very careful, particularly in view of the fact that the Chief Secretary for Administration, Henry TANG, has refused to come even on such an important occasion, so this has revealed his idle character to the fullest extent.

President, when the Framework Agreement was signed, some mass media has already commented on the showy wordings of the Framework Agreement. The Framework Agreement covered many areas, but the most important issues relating to people's livelihood, for example on matters relating to fishermen as mentioned by Mr WONG Yung-kan, there is not a word. However, some very detailed matters, for example, the promotion of exchanges and co-operation in national education for young people, are mentioned. Political education and the inculcation of patriotism matter more than anything else, even more important than matters of life and death and the living of the public. For this reason, the entire Framework Agreement conveys the impression of being grandiose and as the commentaries of the mass media put it, its wording is extravagant.

President, I only wish to point out a matter relating to the direction. The Hong Kong Government espouses the concept of "big market, small government" and many political parties also espouse it. However, when the Governments of Guangdong and Hong Kong sign a Framework Agreement on certain economic behaviour or activities, the priorities on economic activities is set, to a certain extent, according to the Government's subjective thinking and power. This is very simple. Just as I said earlier, the authorities prefer specifying the promotion of exchanges and co-operation in national education for young people in the Framework Agreement but turn a blind eye to issues relating to fishermen. This is a mode of thinking based on the concept of "big government, small market", according to which the Government takes autocratic administrative actions to impose constraints on the important exchanges between the two places. In view of this, political parties espousing the principle of "big market, small government" has no reasons to accept the formulation of such framework.

More than two decades ago, when China just opened up and Hong Kong people started making investments on the Mainland, was there any framework specifying what kind of projects they had to invest in? Shrewd merchants would naturally went to the Mainland to make site inspection to decide for themselves

what kind of investment projects and schemes were most beneficial, and then make investments accordingly. Many people set up factories in Dongguan and this was not initiated by the Hong Kong Government through such things as framework agreements. For this reason, I wonder if such framework agreements are designed to "send people to gallows" or they are the foundations established by certain officials for their bureaucratic authority. Is this kind of foundations to show bureaucratic authority founded on shifting sand or on the flesh and blood of the public? It really has to be left to history for an answer.

President, there are many problems relating to the boundary between Hong Kong and Guangdong and they have not been dealt with for many years. One of the focuses of the Framework Agreement is cross-boundary infrastructure and this involves both Hong Kong and Guangdong. Many years ago, I already pointed out that the planning on cross-boundary transport of Hong Kong was constrained by the security policy of the era of the British-Hong Kong Government. In particular, during the era of the Cultural Revolution, all boundary areas were out of bounds to the public. Vehicles were not allowed to get to the boundary area, so the design of the boundary on the Hong Kong side was it was after the Legislative Council voted down the funding application for Huanggang at that time that the Government modified part of the design. In designing the boundary, direct access by vehicles are not permitted, and even various forms of public transport cannot have direct access. Even human beings cannot access it. However, on the Mainland side of the boundary, people are allowed to go right up to the boundary and private cars can also be driven to our side. In contrast, for the greater part of the boundary on the Hong Kong side, including the major cross-boundary facilities at Deep Bay and Lo Wu, private cars are not allowed to be driven to the boundary, nor can people walk through it. They can only go to the border by means of railways or certain special vehicles, so the importance of opening up the boundary has been totally neglected. So long as this kind of thinking has not changed and the baneful legacy of the British-Hong Kong Administration remains, communication between China and Hong Kong will still be subjected to constraints.

MR WONG YUK-MAN (in Cantonese): President, this subject reminds me of a lot of things. The Secretary derided the referendum campaign two days ago. Of course, because of the low voting rate, people called the election a

referendum; if the voting rate was high, it would be considered as a by-election, right? Those who voted had many different orientations and I will not take the trouble to talk over it.

The Secretary also derided that we adopted the Taiwanese practices; he really put it indigenously. Being the Secretary for Constitutional and Mainland Affairs, he recently participated in the setting up of the so-called "white glove" organization for communication between Taiwan and the Mainland. He has to do so, for that is within his portfolio.

The ELFA issue, which has induced heated arguments between the ruling party and the opposition party in Taiwan, is similar to the subject of our debate. Hong Kong should set a good example for Taiwan for fewer controversies. However, the Chief Executive is imitating crudely with ludicrous effect. While there was a Ying-Ing meeting in Taiwan, he organized a TSANG-EU meeting for a debate. Is that a dig at Taiwan? It is part of the Secretary's job to entertain the Taiwanese government and people, but he now has it is not a problem for him to scold us as we are well-prepared for that. Yet, why should the Secretary cite Taiwan as an example when he scolded me? I must state this solemnly.

Now that MA Ying-jeou is still in power in Taiwan, the so-called co-operation framework agreement must be signed. The Taiwan Solidarity Union proposed a referendum but the proposal was vetoed. The Democratic Progressive Party also proposed a referendum but the proposal was similarly vetoed. Do you know, under the Taiwanese law on referendum, a referendum cannot be conducted on the issue of ELFA because this issue involves financial tax and government rent? For this reason, a referendum cannot be conducted, and even if there is a law on referendum, referendum may not necessarily be held. Motions on conducting a referendum were proposed six times in Taiwan, but were all negated, because the threshold of getting a half of votes was not met. There are two parties in Taiwan, when the ruling Democratic Progressive Party wanted to conduct a referendum, the Chinese Nationalist Party called upon voters not to collect ballots for the referendum, thus there would not be a half of votes. Similarly, the pro-establishment camp did not take part when we conducted a *de facto* referendum earlier on, hence, we can never pass the prescribed threshold. For this reason, Buddy, we should not quibble over this issue, and we should practically

PRESIDENT (in Cantonese): Mr WONG, please speak on the Framework Agreement on Hong Kong/Guangdong Co-operation.

MR WONG YUK-MAN (in Cantonese): I have to elaborate the context. The Democratic Party and the democratic camp are really cool! They claim to support the principles of "One Country, Two Systems and a high degree of autonomy", and propose an amendment to that effect. They have become very excited after meeting a low ranking official, and even the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) has become jealous. The Democratic Party is going to replace the DAB sooner or later, what is going to happen then? They look better and they are more moderate

PRESIDENT (in Cantonese): Mr WONG, please speak on the Framework Agreement on Hong Kong/Guangdong Co-operation.

MR WONG YUK-MAN (in Cantonese): Buddy, I am now talking about Hong Kong/Guangdong Co-operation. The meaning of Hong Kong/Guangdong Co-operation can be extended to to be honest, I have a speaking note in hand. Excuse me, do not think that I have not made any preparation, there is a speaking note, but the problem is, as I speak, I get angrier because I thought of how the Secretary keeping deriding Taiwan. Why should he do so? This is a proof of his guilt. I know members of the ruling and opposition parties in Taiwan very well, and I will certainly "stab him in the back" — actually that is not "stabbing him in the back", for I will openly reprimand him. What is the purpose of deriding Taiwan? He should hope that Taiwan would sign the ELFA, which would facilitate the economic and trade exchanges between the two sides of the Straits.

Frankly speaking, how can our future development be driven forward and expedited without the development of cross-strait relations? These matters are within the Secretary's portfolio. Therefore, the Secretary should not talk irresponsibly. He likes to do so, but he has become smarter now. Why has he frequently bickered with others? Will it do him any good even if he gets the upper hand in bickering with others? It will not do him any good because he is an official while we are members of the public, so we certainly outrank him,

right? He has also wondered how qualified an elected Member is to do certain things. He should no longer say anything like that; if he likes to do so, I can play with him every day, and I can tell him that I can say a lot more. We should talk about "proactively implementing" the Framework Agreement on Hong Kong/Guangdong Co-operation (Framework Agreement).

Thus, President, we are debating today the motion on the concrete implementation in Hong Kong of the Framework Agreement. An Honourable Member mentions "One Country, Two Systems and a high degree of autonomy" in the amendment, are these principles currently upheld? Do we have "One Country, Two Systems and a high degree of autonomy" now? Certainly not. Hence, the Secretary should take the responsibility to proactively implement the Framework Agreement to ensure that the highest principles of "One Country, Two Systems and a high degree of autonomy" will not be eroded. That is the Secretary's responsibility. In particular, the first and foremost premise is that it should be beneficial to the ordinary people in Guangdong and Hong Kong, all the rest are of minor importance. Am I right?

I always think that economics and politics are separate issues. When I attended many seminars on cross-strait relations in Taiwan, I often emphasized one point: we could be politically severed from totalitarianism, but we could not do so economically. What will happen if we are economically severed from totalitarianism? That cannot possibly be the case. Even if we stick to the principles of "One Country, Two Systems and a high degree of autonomy", it is impossible for us to be economically severed from our motherland; also, the Mainland is the biggest economic hinterland of Hong Kong. The problem is how we can adhere to the principles of "One Country, Two Systems and a high degree of autonomy", and that the original edge of Hong Kong cannot be affected. This is an issue that we should be concerned about, and the Government, the Legislative Council and all other political parties should consider; we should avoid frequent politicization.

Frankly speaking, we should not muddle up matters. Although I have just scolded and derided the Secretary, I would like to tell him once again that he should not frequently criticize Taiwan, and he should not always say that this Council follows the example of Taiwan when we take a stand against certain things. At least, we have not fought each other. Buddy, am I right? When

our counterparts in Taiwan come to blows, we have not done so and we are very courteous at least, President is working with more vigour now that I am here, and he felt sleepy just now. Buddy, we are back and it is really good and delightful. Many people yearn for our return, right? At least, this Council will become a bit livelier. We can at least stimulate your brain, right?

On this occasion when we discuss this motion about the Framework Agreement, we must have a grasp of several basic principles. First, we hope the Secretary will not fail to attend to his normal duties, and he should not frequently engage in battles of words with others. I would like to tell the Secretary that, even if he wins in the battles of words, it will be to no avail. Moreover, he may not win. Does he understand that? He sometimes "pretends" to be gentle. Firstly, he should not fail to attend to his duties or to do what he should. Secondly, we must maintain the edge of Hong Kong; many people often worry that there will be serious problems if we continue to compete with the Mainland. But, while some Mainland areas regard Hong Kong as partners, they very often consider us as competitors. Nonetheless, there will not be any problem even if we are deemed as competitors, so long as there are virtuous competitions. The Government has the responsibility — because it has the conditions — to help us accomplish that.

The League of Social Democrats will not raise objection to motions of this kind. My speaking time is up. Thank you, President.

PRESIDENT (in Cantonese): When Mr WONG Yuk-man just spoke, he referred several times to the Economic Co-operation Framework Agreement which should be "ECFA" but not "ELFA".

MR WONG YUK-MAN (in Cantonese): I was wrong; it is ECFA as EC should be produced as [ㄅ].

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): Mr Jeffrey LAM, you may now speak on the amendments. You may speak for up to five minutes.

MR JEFFREY LAM (in Cantonese): President, I am grateful to the five Members for proposing their respective amendments to my motion and the Member who proposed an amendment to amendment.

Dr Samson TAM proposes that the specific policies and measures outlined in the Framework Agreement should complement the training of talents and promote technology and innovation. In fact, Hong Kong is striving to promote the development of the six industries with clear advantages and one of them is the innovation and technology industry. With the introduction of the policy on upgrading and restructuring on the Mainland, many Hong Kong companies on the Mainland are moving in the direction of developing high technology. In Hong Kong, there are also many talents in this area. So long as we step up the training, I believe this development can be complemented. However, if the targets in the training of talents cannot be attained, the Administration should exercise flexibility in its handling of the Admission of Talents Scheme, so that both places can develop through the reciprocity of advantages.

As regards the amendment proposed by Mr Andrew LEUNG to Ms Cyd HO's amendment, I agree that when discussing policies or cross-boundary projects involving the co-operation of the two places, the Government should enhance the transparency and increase the number of channels for consultation. I also believe that extensive consultation should be carried out on matters involving public interests. However, on matters relating only to individual sectors, I think the most important thing is to collect the views of the sector concerned and it may not be necessary to consult all members of the Hong Kong public. This will give rise to greater efficiency in the implementation of policies. In fact, Members of functional constituencies always have public interests as their foremost consideration in all matters. This approach in promoting social progress with vision and pragmatism may be beyond Ms Cyd HO's understanding or comprehension.

Mr WONG Kwok-kin's amendment is basically founded on the fact that the interactions and exchanges between Hong Kong and Guangdong are becoming

increasingly frequent, so he requested that the Hong Kong Government should pay attention to supporting and protecting Hong Kong people. This is in line with the demands and interests of society, so I also support it.

Ms Miriam LAU mentioned the need to submit progress reports on the implementation of the Framework Agreement on a regular basis. In fact, I have mentioned this when giving my main speech. The focus of my motion is to hope that the Government will actively implement the specific policies and measures outlined in the Framework Agreement. For this reason, it is only a matter of course that various Policy Bureaux have to consult and report to the Legislative Council on the relevant efforts.

As regards the reference in her amendment to expeditiously set up a Dongguan Liaison Unit under the Hong Kong Economic and Trade Office in Guangdong (GDETO), I wish to point out that although the GDETO is so named since its establishment in 2002, from April 2006 onwards, the coverage of its services was expanded to include five provinces including Fujian, Jiangxi, Guangdong, Guangxi and Hainan. Its major function is to promote economic co-operation between Hong Kong and these five provinces and provide better support to Hong Kong businessmen, so as to facilitate the expansion of their business. At the same time, there is also an Immigration Division under the GDETO to provide urgent support service to Hong Kong residents in these five provinces. As regards the establishment of a new office by the SAR Government in Shenzhen in the near future to strengthen its work in Guangdong, I believe the authorities must increase their manpower and resources to complement this measure, so as to support Hong Kong people on the Mainland.

Ms Emily LAU's amendment mentions that should Hong Kong businessmen be detained by the Mainland authorities, they should have reasonable legal protection, including the right to be visited by the SAR government officials and their lawyers. In addition, she also mentions the reinstatement of the right of those Hong Kong residents and Members of the Legislative Council who have been barred from entering the Mainland to return to their hometown, so as to enhance civilian and official exchanges between Hong Kong and Guangdong. I believe that while the exchanges and communication between the people of the two places are important, under the principle of "one country, two systems", we should not interfere with the immigration policy and

judicial system of the Mainland. Moreover, we should show respect for and understanding of the relevant systems and arrangements on the Mainland.

President, I so submit.

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, I am grateful to Members for voicing such a lot of valuable opinions and viewpoints concerning the Framework Agreement on Hong Kong/Guangdong Co-operation (Framework Agreement). As I said in my opening speech, the Framework Agreement has given Hong Kong/Guangdong co-operation a very clear positioning in six areas. Now, I wish to explain further to Members the major policies in several areas.

The first area is financial co-operation. According to a survey conducted in the United Kingdom in March this year, Hong Kong is the third largest global financial centre, after London and New York. Moreover, the differences between the score for Hong Kong and those for London and New York are narrowing, so this reflects a rise in Hong Kong's position. For many years, the co-operation between Hong Kong and the Mainland is very important in reinforcing Hong Kong's position as an international financial centre.

Regarding Renminbi (RMB) business, the Framework Agreement has provided a new platform for further developing the RMB trade settlement business between Hong Kong and Guangdong at the regional level, including related RMB financing business. On the bond market, the Framework Agreement supports qualified Guangdong financial institutions and enterprises in issuing RMB bonds in Hong Kong. In view of this, we fully agree with the views of Mr CHIM Pui-chung, who specifically pointed out that the Government should promote RMB services. We will strive to develop Hong Kong as the off-shore centre for RMB and strive for such a status, and we will also continually develop services related to deposit taking, credit cards and bonds. As regards the query raised by Mr CHIM Pui-chung on why Party Secretary WANG Yang was not present on the day of signing the Framework Agreement, this was because he had other business to attend to.

On the securities business, the Framework Agreement supports the flow and linkage of institutions, products and talents between both sides. The

Framework Agreement encourages more Guangdong financial institutions and enterprises to list on the Stock Exchange of Hong Kong. It supports Hong Kong securities companies in setting up joint venture securities investment consultancies in Guangdong and will aim at the launch of ETF (exchange-traded funds) on Hong Kong stocks in the Shenzhen Stock Exchange.

On the insurance business, the Framework Agreement supports Hong Kong insurance companies in entering Guangdong. Hong Kong and Guangdong can attempt, via the "early and pilot implementation" approach, to study the appropriate lowering of thresholds for Hong Kong insurance companies to enter Guangdong. The SAR Government is now actively promoting the abovementioned projects with the departments concerned on the Mainland.

On the manufacturing and service sectors, the Framework Agreement proposes such policies as assisting Hong Kong-owned processing enterprises in upgrading and restructuring, supporting Hong Kong-owned enterprises in opening up the Mainland domestic market, implementing CEPA and introducing pilot measures in Guangdong for the service industries.

On upgrading and restructuring, the Guangdong and Hong Kong Governments have both introduced a number of measures to support enterprises. On the Guangdong side, they include simplifying the procedures for restructuring, relocation and domestic sales, "restructuring without stopping production and carrying forward without appraising the value" and "consolidated tax return for multiple domestic sales". On the Hong Kong side, they include the Innovation and Technology Fund, "Research and Development Cash Rebate Scheme", "Design-Business Collaboration Scheme", the SME Funding Schemes and the Special Loan Guarantee Scheme.

A Member mentioned in particular the SME Development Fund (SDF) under the Trade and Industry Department. The Government will continue monitoring the operation of the SDF to ensure that SMEs can receive appropriate assistance. In the last financial year, we have allocated grants of more than \$3.4 million under the SDF to support a number of projects relating to the promotion of Hong Kong brands. In addition, the SDF has granted over \$1 million to fund research projects on Mainland domestic sales. We will also convey the trade's views on problems encountered in the process of opening up the Mainland market to the authorities in Guangdong.

Under the Framework Agreement, of course, the Government will continue to promote cross-boundary infrastructure and the specific policies include the construction of highways, rail links and ancillary works, building a high class navigation network in the Pearl River Delta (PRD), improving the mechanism of the Joint Meeting of the Five Major Airports in the PRD, proactively seeking national support for enlarging the air space in the PRD, supporting the respective aviation status of each airport, building a network of short-haul helicopter services in the PRD, supporting Hong Kong as an international maritime centre and studying the development of an international logistics hub. President, the Government will strive to take forward these policies in the Framework Agreement.

I wish to talk about aviation in particular. The Hong Kong Airport Authority (AA) will carry out a midfield expansion project to provide additional aircraft stands and a new passenger concourse. The project can increase the annual handling capacity of the airport to 70 million passengers and 6 million tonnes of cargo and it is expected that this capacity is able to cope with air traffic demand up to 2020. Some Members, including Mr Jeffrey LAM, mentioned the proposal concerning a third runway. I wish to inform Members that the AA is conducting the Airport Master Plan 2030 Study to review whether or not airport facilities are adequate to meet the demand up to that year and study ways to enhance Hong Kong's status and competitive edge as an international and regional aviation hub. One of the most important subjects of this study is to consider the feasibility of building a third runway. The Study is scheduled for completion this year.

A Member mentioned the need for us to continue lobbying for enlarging the use of airspace in the PRD region. An additional handover point and a corresponding air route between the Guangzhou and the Hong Kong Flight Information Regions were established in late 2006 to cater for flights overflying Hong Kong and landing in Guangzhou. The airspace of the Zhuhai Terminal Area is also planned to undergo reorganization and expansion within this year to facilitate the flow of air traffic in the region.

President, next, I wish to respond to the various views voiced by a number of Members. Ms Audrey EU mentioned in particular her hope that Members seated here and the representatives of the legislature can continue to visit the Mainland, and Guangdong in particular, more frequently. President, we can see

that in 2009, the Panels on economic affairs and the environment made visits to Guangdong and in 2008, visits were made to Sichuan. President, you have also led a group in visiting Shanghai. So long as we have the opportunity and the scope, the Government is very willing to facilitate visits by the legislature to the Mainland.

Dr LAM Tai-fai again raised specifically the issue relating to the provision on the 183-day tax threshold. The SAR Government has conveyed to the Mainland authorities the views of some members of the sector concerned in Hong Kong that the existing 183-day threshold should be relaxed. The relevant Mainland authority holds that all along, this standard has worked well and complies with different model agreements for avoidance of double taxation. Therefore, they see no sufficient justification for changing the arrangement at this stage.

Mrs Regina IP voiced her views on many areas: First, she asked if various industries in the Hong Kong economy had already been hollowed out. The response I wish to give is that in fact, Hong Kong is still endowed with unique advantages. In the past three decades, due to the reform and opening up of the Mainland, the industrial sector in Hong Kong has been quite successful in relocating to the Mainland, so that Hong Kong can develop its financial industry and other professions as well as other service industries. This has given Hong Kong an opportunity to enhance its competitiveness to compete with such cities as Singapore and Shanghai in the region. At the same time, of course, we agree that we have to take care of members of the public in various strata, including the grassroots. For this reason, Hong Kong has to develop the tourism industry, for example, through the Individual Visit Scheme, the multiple entry endorsement arrangement, the arrangement under which non-local residents in Shenzhen can also apply for visas to enter Hong Kong under the Individual Visit Scheme, and so on. These measures are all very important and if implemented properly, there will be room to raise the employment rate in Hong Kong.

Prof Patrick LAU, Dr Raymond HO, Mr CHAN Kam-lam and Mr Paul CHAN all mentioned the development of Hong Kong's professional services. Members, indeed, in the past several years, not only did the Government hope that it could open up the big door of tapping into the Mainland market for the professional services, it also hoped that it could open up the small doors.

However, the process is not simple and it is necessary to continue to strive towards this end.

Mr CHAN Kam-lam mentioned in particular the development of Qianhai. We hope that Qianhai can eventually be developed into an important base that enables the financial industry and other professional services in Hong Kong to use it as an important base in expanding into the PRD market, which has a population of 50 million people. If this is accomplished successfully, in the future, it may even be possible for us to expand into the pan-PRD region with a population of 400 million people.

Mr WONG Ting-kwong mentioned in particular that his esteemed political party would establish a professional services centre in Dongguan and the SAR Government welcomes this move. Be it the Administration or civil groups, it is always desirable for us to develop the Mainland market for professional services together.

President, under the Framework Agreement, the Government will continue to promote two regional co-operation plans, one being the Quality Living Area and the other relates to infrastructure projects.

Here, I wish to point out in particular that building a quality living area is very important both to environment protection and ecological conservation. Hong Kong and Guangdong hope to forge a Pan-PRD Region Green Quality Living Area. Both sides will undertake a joint study on the post-2010 arrangements for emission reduction in the PRD region. In addition, both sides will also promote the Cleaner Production Partnership Programme and support enterprises in saving energy and reducing emission. Recently, the SAR Government revised the coverage of the Programme to provide technical support in the reduction of effluent discharges by Hong Kong-owned factories in the PRD region. In addition, the SAR Government is now conducting Land Use Planning for the Closed Area, and it is proposed that a new country park be established at Robin's Nest to conserve this area with high ecological value, with a view to converging with the efforts in ecological conservation in Guangdong and jointly setting up ecological corridors. Guangdong and Hong Kong will also jointly foster the research and development, manufacturing, wider adoption and development of the relevant auto parts industry of electric vehicles in the Greater PRD Region.

President, today, several Members have proposed their respective amendments. The amendment proposed by Dr Samson TAM mentions the training of talents, technology and high-end industries. Basically, the Government shares the same view with the legislature in this regard and its direction is also very clear.

Mr WONG Kwok-kin mentioned the need to open up the Mainland domestic market and make available more job opportunities for Hong Kong people. In this regard, the co-operation between Guangdong and Hong Kong for more than a decade has yielded some results and in the future, they will also continue to promote the efforts in this regard.

Mr WONG Kwok-hing mentioned several areas of our local policies and here, I wish to give some responses. I know that Mr WONG hopes that we can provide assistance to Hong Kong residents on the Mainland. The SAR offices on the Mainland, under the principle of "one country, two systems", will provide all possible assistance. However, for cases undergoing due judicial process and when private contractual disputes are involved, we must comply with Mainland laws and respect the laws and regulations of the Mainland when taking action. At the same time, we also value the assistance provided by the several Mainland offices of the FTU to Hong Kong residents on the Mainland. For this reason, we also provide some financial assistance through you, in the hope that these initiatives can continue to develop.

As regards the health care services mentioned by Mr WONG Kwok-hing, Hong Kong residents living on the Mainland may return to Hong Kong at any time to use the services offered by the Hospital Authority (HA). All along, the HA and the Bureau of Health of the Shenzhen Municipality have been in close co-operation and are discussing the arrangements for the transfer of the medical records of Hong Kong residents who return from Shenzhen to seek medical treatment here.

As regards the issue of Mainland mothers coming to give birth in Hong Kong mentioned by MR WONG Kwok-hing, the Food and Health Bureau has already given an account of our existing policy on other occasions.

On social welfare, the Social Welfare Department also has an established policy on the handling of "fruit grant" and other requirements for receiving

welfare. However, I want to point out to Members that the present consideration is whether or not, with the economic integration of the two places and the increased flow of people, the scope of the portability of the welfare benefits in various areas provided by the SAR Government can be expanded all the time. This is a very important consideration in our policy and public finance. Notwithstanding this, we will refer the views raised by Members to the relevant Policy Bureau.

Ms Miriam LAU is also very concerned about our work in Dongguan. I have said earlier on that the SAR Government also attaches great importance to this matter. However, owing to the fact that as a Bureau, the resources at our disposal are ultimately limited, it is difficult for me to undertake that a contact point would definitely be established in Dongguan. However, we will continue to take care of Hong Kong-owned enterprises in Dongguan and the professionals from Hong Kong working there.

The amendment proposed by Ms Cyd HO mentioned in particular that public consultation must be carried out on the policy of co-operation between Guangdong and Hong Kong and on cross-boundary projects before their implementation. However, I wish to point out a very fundamental consideration, that is, the spectrum of the co-operation between Guangdong and Hong Kong is very wide-ranging and the expert groups relating to Guangdong and Hong Kong number at over 20. Moreover, generally speaking, more than a dozen of our Policy Bureaux and departments also play a part in them. Therefore, if we carry out consultations on all matters big and small, this may not be practicable. For example, if we want to increase the frequency of the ferry service to Nansha, is it necessary to carry out a large-scale public consultation? And if an epidemic breaks out in Guangdong and Hong Kong, we should handle the situation immediately instead of carrying out consultation before doing so. However, we value co-operation and co-ordination with the sectors concerned, so we will definitely consult the relevant sectors first and give an account to the public. Therefore, we will publicize the information to Hong Kong society and listen to public opinions on certain important policies and related matters through the Legislative Council and the mass media.

Finally, I wish to respond to Ms Emily LAU concerning the reinstatement of the right to return to one's hometown. Just now, in my speech at the beginning, I said that we would certainly reflect Members' views on this issue but

the main point is that the Mainland has its own set of laws and regulations and under the principle of "One Country, Two Systems", we have to respect the handling of such matters in accordance with Mainland laws and regulations by relevant departments on the Mainland.

It is time to sum up. President, I wish to talk about a few more points.

First, Mr WONG Yuk-man has returned to the legislature. Today, when commenting on the co-operation between Guangdong and Hong Kong today, he also mentioned the case of Taiwan. In fact, the two are related because not only is the Constitutional and Mainland Affairs Bureau in charge of the co-operation between Guangdong and Hong Kong, it is also responsible for matters relating to Taiwan. Our policy objective is very clear: We encourage Taiwan enterprises to invest in the Mainland and Mainland enterprises to invest in Taiwan. Be it Mainland-owned or Taiwan-owned enterprises, if their investments are successful, we encourage them to list in the stock market in this international financial centre called Hong Kong. Hong Kong has had seven years of experience in implementing CEPA and at present, the Mainland and Taiwan are having discussions on ECFA. The SAR Government welcomes this development. So long as an economic region comprising both sides of the Taiwan Strait and the four regions is created and a bigger cake is made, all parties, including Hong Kong, will stand to benefit from this.

In addition, Mr WONG Yuk-man also talked about the hearing relating to the constitution held here yesterday. Indeed, some members of the public have expressed their concern about and their disapproval of the introduction of the parliamentary culture of Taiwan into Hong Kong by the League of Social Democrats. On that day, there was some debate but coming back to the economic domain, in fact, we hope very much that an economic region comprising both sides of the Taiwan Strait and the four regions can be developed, so that an all-win situation can be created.

On an all-win situation, Mr Vincent FANG mentioned in particular the investors in his father's generation, who witnessed the transfer of investments from the Mainland to Hong Kong five or six decades ago. Hong Kong is a place with unique advantages and in the past several decades, we have gone through several eras and there were at least three eras: In the first one, on the Mainland, all the capital in Shanghai and the labour in Guangdong were transferred to Hong Kong, so in the 1950s and 1960s, industrialization began in Hong Kong. In the

late 1970s, the country introduced the reform and open door policy and we could see the beginning of the second era, in which the industries in Hong Kong were relocated across the border, so that Hong Kong could develop into an economy with over 90% of its GDP derived from the financial industry, other professions and the service industries. Now, we are witnessing the third era together, that is, the economic integration of the Mainland and Hong Kong and we can really forge a huge market together. Hong Kong will continue to enhance its position as an international financial, trade and shipping centre in accordance with the Basic Law and the policy of the Central Authorities to support Hong Kong and our investments can also be made far and wide on the Mainland, including in the PRD, the pan-PRD region and other regions.

Therefore, President, the Framework Agreement is very important to Hong Kong's development in the next decade, that is, from now to 2020, and after three decades of reform and opening up, our country is very confident and capable of moving towards the development phase of a comparatively affluent and medium-developed country. In taking forward this process, Hong Kong has signed the Framework Agreement and in fact, this is an important milestone and an extremely important foundation for Hong Kong. This has also given the various sectors represented by Members here a shot in the arm.

President, I hope Members here can continue to support our efforts to co-operate with the Mainland in various areas and support the thorough implementation of the Framework Agreement. Thank you.

PRESIDENT (in Cantonese): I now call upon Dr Samson TAM to move his amendment to the motion.

DR SAMSON TAM (in Cantonese): President, I move that Mr Jeffrey LAM's motion be amended.

Dr Samson TAM moved the following amendment: (Translation)

"To add "in April this year," after "That,"; and to add "complement the training of talents, promote technology and innovation, develop high-end industries," after "regime,"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Dr Samson TAM to Mr Jeffrey LAM's motion, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Ms Cyd HO, as Dr Samson TAM's amendment has been passed, I have given leave for you to revise the terms of your amendment, as set out in the paper which has been circularized to Members. You may now move your revised amendment.

MS CYD HO (in Cantonese): President, I move that Mr Jeffrey LAM's motion as amended by Dr Samson TAM be further amended by my revised amendment.

President, the spirit of this amendment as a whole has not changed and it is still proposes that the Hong Kong people must be consulted on policies or cross-boundary projects involving the co-operation of the two places and making public the relevant information. The revision made is only in the order of these proposals and not as the Secretary has said that they are not about administrative measures like increasing the number of ferries or emergency measures taken after the outbreak of an epidemic. I therefore hope that Members will give their support to my amendment.

Ms Cyd HO moved the following further amendment to the motion as amended by Dr Samson TAM: (Translation)

"To add "; this Council also urges the SAR Government, in discussing policies or cross-boundary projects involving the co-operation of the two places, to make public the relevant information as early as possible and ensure that Hong Kong people must be consulted; in formulating the relevant legislative proposals for the implementation of the Framework Agreement, the authorities must ensure that the human rights and freedom of Hong Kong people are not jeopardized" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Ms Cyd HO's amendment to Mr Jeffrey LAM's motion as amended by Dr Samson TAM be passed.

PRESIDENT (in Cantonese): I now invite Mr Andrew LEUNG to move his amendment to Ms Cyd HO's amendment.

MR ANDREW LEUNG (in Cantonese): President, I move that Ms Cyd HO's amendment be amended.

Mr Andrew LEUNG moved the following amendment to Ms Cyd HO's amendment: (Translation)

"To delete "ensure that Hong Kong people must be consulted" after "as early as possible and" and substitute with "consult the relevant industries as well as give an account to the public"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Andrew LEUNG to Ms Cyd HO's amendment, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Ms Cyd HO rose to claim a division.

PRESIDENT (in Cantonese): Ms Cyd HO has claimed a division. The division bell will ring for three minutes.

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

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

Functional Constituencies:

Mrs Sophie LEUNG, Dr Philip WONG, Mr LAU Wong-fat, Ms Miriam LAU, Mr Abraham SHEK, Ms LI Fung-ying, Mr Tommy CHEUNG, Mr Vincent FANG, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr CHIM Pui-chung, Dr LAM Tai-fai, Mr Paul CHAN, Mr CHAN Kin-por, Dr LEUNG Ka-lau, Mr Paul TSE and Dr Samson TAM voted for the amendment.

Dr Margaret NG, Dr Joseph LEE and Mr CHEUNG Kwok-che voted against the amendment.

Dr Raymond HO, Mr WONG Yung-kan, Mr WONG Ting-kwong, Prof Patrick LAU, Mr IP Wai-ming, Mr IP Kwok-him and Dr PAN Pey-chyou abstained.

Geographical Constituencies:

Mr Fred LI, Mr James TO, Ms Emily LAU, Mr Andrew CHENG, Mr Frederick FUNG, Ms Audrey EU, Mr LEE Wing-tat, Mr Ronny TONG, Mr KAM Nai-wai, Ms Cyd HO, Mr WONG Sing-chi, Mr Alan LEONG, Mr LEUNG Kwok-hung, Miss Tanya CHAN, Mr Albert CHAN and Mr WONG Yuk-man voted against the amendment.

Mr CHAN Kam-lam, Mr TAM Yiu-chung, Mr WONG Kwok-hing, Mr CHEUNG Hok-ming, Ms Starry LEE, Mr CHAN Hak-kan, Dr Priscilla LEUNG, Mr WONG Kwok-kin and Mrs Regina IP abstained.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 27 were present, 17 were in favour of the amendment, three against it and seven abstained; while among the Members returned by geographical constituencies through direct elections, 26 were present, 16 were against the amendment and nine abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

MS MIRIAM LAU (in Cantonese): President, I move that in the event of further divisions being claimed in respect of the motion on "Proactively implementing the Framework Agreement on Hong Kong/Guangdong Co-operation" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

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

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

I order that in the event of further divisions being claimed in respect of the motion on "Proactively implementing the Framework Agreement on Hong Kong/Guangdong Co-operation" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

PRESIDENT (in Cantonese): I now put the question to you and that is: That Ms Cyd HO's amendment to Mr Jeffrey LAM's motion as amended by Dr Samson TAM be passed.

PRESIDENT (in Cantonese): Will those in favour please raise their hands?

(Members raised hands)

PRESIDENT (in Cantonese): Will those against please raise hand?

(Members raised hands)

Ms Cyd HO rose to claim a division.

PRESIDENT (in Cantonese): Ms Cyd HO has claimed a division. The division bell will ring for one minute.

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

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

Functional Constituencies:

Dr Margaret NG, Ms Miriam LAU, Mr Vincent FANG, Dr Joseph LEE, Mr Paul CHAN, Dr LEUNG Ka-lau, Mr CHEUNG Kwok-che and Mr Paul TSE voted for the amendment.

Mrs Sophie LEUNG, Dr Philip WONG, Mr LAU Wong-fat, Mr Abraham SHEK, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr CHIM Pui-chung, Mr CHAN Kin-por and Dr Samson TAM voted against the amendment.

Dr Raymond HO, Mr WONG Yung-kan, Ms LI Fung-ying, Mr WONG Ting-kwong, Prof Patrick LAU, Dr LAM Tai-fai, Mr IP Wai-ming, Mr IP Kwok-him and Dr PAN Pey-chyou abstained.

Geographical Constituencies:

Mr Fred LI, Mr James TO, Ms Emily LAU, Mr Andrew CHENG, Mr Frederick FUNG, Ms Audrey EU, Mr LEE Wing-tat, Mr Ronny TONG, Mr KAM Nai-wai, Ms Cyd HO, Mr WONG Sing-chi, Mr Alan LEONG, Mr LEUNG Kwok-hung, Miss Tanya CHAN, Mr Albert CHAN and Mr WONG Yuk-man voted for the amendment.

Mr CHAN Kam-lam, Mr TAM Yiu-chung, Mr WONG Kwok-hing, Mr CHEUNG Hok-ming, Ms Starry LEE, Mr CHAN Hak-kan, Dr Priscilla LEUNG, Mr WONG Kwok-kin and Mrs Regina IP abstained.

THE PRESIDENT Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 26 were present, eight were in favour of the amendment, nine against it and nine abstained; while among the Members returned by geographical constituencies through direct elections, 26 were present, 16 were in favour of the amendment and nine abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Mr WONG Kwok-kin, as Dr Samson TAM's amendment has been passed, I have given leave for you to revise the terms of your amendment, as set out in the paper which has been circularized to Members. You may now move your revised amendment.

MR WONG KWOK-KIN (in Cantonese): President, I move that Mr Jeffrey LAM's motion as amended by Dr Samson TAM be further amended by my revised amendment.

Mr WONG Kwok-kin moved the following further amendment to the motion as amended by Dr Samson TAM: (Translation)

"To add ", so that Hong Kong's market population and geographical scope of services can be expanded to the Pearl River Delta metropolitan circle, thereby facilitating the promotion of a diversified range of industries and economy in Hong Kong and making available more quality job opportunities for Hong Kong people; at the same time, the SAR Government also has to provide those Hong Kong people who, because of the Framework Agreement, have to work and live on the Mainland or travel frequently between the two places over a long period of time with adequate support and personal protection, such as assistance in distress, legal services, emergency medical services as well as welfare protection, etc., with a view to catering for the closer and more integrated way of living and development between Hong Kong and Guangdong in the future" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr WONG Kwok-kin's amendment to Mr Jeffrey LAM's motion as amended by Dr Samson TAM be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Ms Miriam LAU, as the amendments by Dr Samson TAM and Mr WONG Kwok-kin have been passed, I have given leave for you to revise the terms of your amendment, as set out in the paper which has been circularized to Members. You may now move your revised amendment.

MS MIRIAM LAU (in Cantonese): President, I move that Mr Jeffrey LAM's motion as amended by Dr Samson TAM and Mr WONG Kwok-kin be further amended by my revised amendment.

Ms Miriam LAU moved the following further amendment to the motion as amended by Dr Samson TAM and Mr WONG Kwok-kin: (Translation)

"To add "; this Council also urges the SAR Government to expeditiously set up a Dongguan Liaison Unit under the Hong Kong Economic and Trade Office in Guangdong and submit progress reports on the implementation of the Framework Agreement on a regular basis" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Ms Miriam LAU's amendment to Mr Jeffrey LAM's motion as amended by Dr Samson TAM and Mr WONG Kwok-kin be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Ms Emily LAU, as the amendments by Dr Samson TAM, Mr WONG Kwok-kin and Ms Miriam LAU have been passed, I have given leave for you to revise the terms of your amendment, as set out in the paper which has been circularized to Members. You may now move your revised amendment.

MS EMILY LAU (in Cantonese): President, I move that Mr Jeffrey LAM's motion as amended by Dr Samson TAM, Mr WONG Kwok-kin and Ms Miriam LAU be further amended by my revised amendment.

Ms Emily LAU moved the following further amendment to the motion as amended by Dr Samson TAM, Mr WONG Kwok-kin and Ms Miriam LAU:
(Translation)

"To add "; at the same time, this Council urges the SAR Government, while upholding the principles of 'One Country, Two Systems and a high degree of autonomy', to ensure the free flow of information between Hong Kong and Guangdong, which includes allowing Hong Kong journalists to cover news freely in Guangdong, so as to implement the provisions in the Framework Agreement relating to information flow, and while improving the business environment, it should enable Hong Kong businessmen to have reasonable legal protection should they be detained by the Mainland authorities, including the right to be visited by the SAR government officials and their lawyers, so that they can have access to fair legal treatment and trial; furthermore, this Council urges the Central Government to respect the right of the Chinese nationals in Hong Kong to freely travel to and from the Mainland and reinstate the right of those Hong Kong residents and Members of the Legislative Council who have been barred from entering the Mainland to return to their hometown, so as

to enhance civilian and official exchanges between Hong Kong and Guangdong to further promote the implementation of the Framework Agreement" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Ms Emily LAU's amendment to Mr Jeffrey LAM's motion as amended by Dr Samson TAM, Mr WONG Kwok-kin and Ms Miriam LAU be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Ms Emily LAU rose to claim a division.

PRESIDENT (in Cantonese): Ms Emily LAU rose to claim a division. The division bell will ring for one minute.

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

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

Functional Constituencies:

Dr Margaret NG, Ms LI Fung-ying, Dr Joseph LEE, Dr LEUNG Ka-lau, Mr CHEUNG Kwok-che and Mr Paul TSE voted for the amendment.

Mrs Sophie LEUNG, Dr Philip WONG, Mr WONG Yung-kan, Mr LAU Wong-fat, Ms Miriam LAU, Mr Abraham SHEK, Mr Tommy CHEUNG, Mr Vincent FANG, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Mr CHIM Pui-chung, Mr CHAN Kin-por, Mr IP Kwok-him and Dr Samson TAM voted against the amendment.

Dr Raymond HO, Prof Patrick LAU, Dr LAM Tai-fai, Mr IP Wai-ming and Dr PAN Pey-chyou abstained.

Geographical Constituencies:

Mr Fred LI, Mr James TO, Ms Emily LAU, Mr Andrew CHENG, Mr Frederick FUNG, Ms Audrey EU, Mr LEE Wing-tat, Mr Ronny TONG, Mr KAM Nai-wai, Ms Cyd HO, Mr WONG Sing-chi, Mr Alan LEONG, Mr LEUNG Kwok-hung, Miss Tanya CHAN, Mr Albert CHAN and Mr WONG Yuk-man voted for the amendment.

Mr CHAN Kam-lam, Mr LAU Kong-wah, Mr TAM Yiu-chung, Mr CHEUNG Hok-ming, Ms Starry LEE, Mr CHAN Hak-kan and Mrs Regina IP voted against the amendment.

Mr WONG Kwok-hing, Dr Priscilla LEUNG and Mr WONG Kwok-kin abstained.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 26 were present, six were in favour of the amendment, 15 against it and five abstained; while among the Members returned by geographical constituencies through direct elections, 27 were present, 16 were in favour of the amendment, seven against it and three abstained. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

PRESIDENT (in Cantonese): Mr Jeffrey LAM, you may now reply and you have three minutes 27 seconds.

MR JEFFREY LAM (in Cantonese): President, I would like to thank the 21 Members for speaking on this motion. They have put forward many valuable views regarding the Framework Agreement, which indeed covers a wide range of areas. When it was discussed at the House Committee the last time, the Chief Secretary for Administration and many Directors of Bureaux were present. I am a bit disappointed that only Secretary Stephen LAM is present today. I very much hope the Secretary will convey the views expressed by Members today to the relevant Directors of Bureaux. More importantly, I hope various Directors of Bureaux will proactively implement the Framework Agreement. I would like to reiterate the importance of the expression "proactively implementing". The authorities should also implement various measures in a flexible manner and bear in mind that they should conduct thorough consultation and discussion and report to this Council on a regular basis, so that the Framework Agreement can indeed provide a framework, the corresponding policies and a definite implementation timetable.

I remember that after the signing ceremony, the Chief Executive, Donald TSANG, described the Framework Agreement as an important milestone. He said if the Outline of the Plan for the Reform and Development of the Pearl River Delta and CEPA have opened the big door and small door for Hong Kong's involvement in the development of our Motherland, then the Framework Agreement is the key to the door of development. Tomorrow, Financial Secretary, John TSANG, will sign the Supplement VII to CEPA with Vice-Minister of Commerce, JIANG Zengwei, in Hong Kong. I very much hope the various bureaux and departments involved in the Framework Agreement will expeditiously capitalize on this key and proactively draw up more appropriate and specific implementation measures on the development of Hong Kong, so that apart from opening the small and big doors, the Framework Agreement will also open more doors of global trading for Hong Kong.

President, I so submit.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr Jeffrey LAM, as amended by Dr Samson TAM, Mr WONG Kwok-kin and Ms Miriam LAU, be passed.

PRESIDENT (in Cantonese): Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Second motion: Report on the collapse of the building at 45J Ma Tau Wai Road.

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

PRESIDENT (in Cantonese): I now call upon Dr Raymond HO to speak and move his motion.

REPORT ON THE COLLAPSE OF THE BUILDING AT 45J MA TAU WAI ROAD

DR RAYMOND HO (in Cantonese): President, I move that the motion, as printed on the Agenda, be passed.

On 29 January this year, the collapse of the building at 45J Ma Tau Wai Road, To Kwa Wan (the building at 45J) shocked all Hong Kong people. The building collapse incident caused the loss of four precious lives and the homes of the residents there. The dependents of the victims, the residents and even all of us in Hong Kong would like to find out the cause of the building collapse incident and whether someone should take responsibilities. The most important point is to prevent through the investigations the recurrence of similar tragedies.

However, the investigation report published by the Buildings Department (BD) on 26 April has completely failed to meet these requirements. In the last paragraph of the report, the BD draws this conclusion: "Based on the site inspections, structural analysis and statements obtained from the interviewees, the collapse of the building at 45J was likely to be triggered by the disturbance of column C13 by some external forces. As for the identification of the origin of these forces, further investigation has to be conducted including building material testing and forensic study." I believe most people especially the relatives of the deceased would like to know what the external forces were. However, the details are not disclosed in the report, and professionals have a feeling of not being respected.

We can make neither head nor tail of the BD publishing such an investigation report. In publishing such an investigation report before it has reached a more explicit conclusion, the BD has given people an impression that it is muddling through the work. And it has caused the dependents of the deceased to grieve more deeply, and more queries from the public. Moreover, in putting the focus on "some external forces", is the report trying to cover up anything? Or, is it trying to divert the focus of the public for certain reasons? All these make us extremely puzzled.

Launching investigations and publishing investigation reports may only be the routine duties of the BD, and the concerns of the BD may not be the same as those of the public. For the BD, the collapse of the building at 45J Ma Tau Wai Road, To Kwa Wan was not a tragedy, but just one of the cases on the desk to be followed up. Such a bureaucratic mindset is more or less reflected in the first paragraph of the report: "On 29 January 2010 at about 1.40 pm, the front portion of the building at No. 45J Ma Tau Wai Road collapsed. The BD immediately mobilized its contractor to carry out emergency works to ensure safety of the remaining buildings and the public." The report has mentioned not a word about the fact that the building collapse caused the loss of lives. On the contrary, it

has mentioned the positive action taken by the BD, that is, it immediately mobilized its contractor to carry out emergency works to ensure safety of the remaining buildings and the public. It appeared as though the incident had not caused the loss of any lives, which is inconceivable. How could the BD account for this to the four deceased persons, the two injured victims and the residents who lost their homes?

I am not sure if other Honourable colleagues share my feeling, but the part of the report that I just cited gives me an impression that the safety of the remaining buildings and the public was fortunately not affected, thanks to the swift actions taken by the BD. I believe the BD conducted an investigation into this incident because the building collapse incident involved enormous casualties. Therefore, the report should at least accurately reflect the relevant facts rather than just mentioning the positive actions taken by the BD.

Other parts about the BD in the report are not expounded in detail. It is stated in paragraph 4 of the investigation report that another inspection was conducted by BD staff on 30 December 2009 to follow up the advisory letter for building repair issued to the owner after the inspection on 18 November 2009. It was found in the latter inspection that the condition of the building had seen no improvement on that recorded in the previous inspection. Nevertheless, the report has not disclosed if those items covered by the repair order were related in any way to the building collapse incident. I believe the relevant facts are of concern to the public and they require detailed explanation by the authorities concerned.

There were some media reports after the building collapse that ground floor owners had taken the initiative to contact the BD before the incident because they were worried about the structural problems of the building. If such reports were true, the report carries no account on whether the two inspections mentioned were connected with the owners' report, or were just routine inspections by the BD. When BD staff inspected the building, did they just carry out visual inspection? Did they enter the buildings for inspection? Such detailed information is crucial.

Furthermore, it is mentioned in paragraph 6(b) of the investigation report that repair works and removal of unauthorized building works on the ground floor were still in progress in the morning on the day the building collapsed. But the

report has not accounted for the scope of the works and whether they had anything to do with the collapse.

On the other hand, it is disclosed in paragraph 6(a) of the investigation report that alterations in the form of sub-divided flats were noted on all upper floors. As mentioned in paragraph 9 of the report, the additional loadings imposed by the sub-divided flats were not the causes of the building collapse. Despite that, sub-divided flats are commonly found in some old buildings, as precisely reflected in the building involved in the incident. In addition, that this building collapse incident was not caused by the sub-divided flats does not mean that the sub-divided flats will not pose potential risks to building safety. First, the additional loadings imposed by the sub-divided flats were one of the loading situations assessed in this investigation; and second, the sub-dividing of the flats might also affect the structural safety of buildings. Thus, the BD's handling of sub-divided flats definitely warrants our concern. Have the authorities concerned enforced the law ineffectively?

If there is serious sub-dividing of flats in the building at 45J, it would be essential for us to know if applications need to be filed with the BD for the alterations, and whether such works can only be carried out with approval granted. In that case, were applications made and approvals granted for the alterations to the flats on all upper floors of the building at 45J? If applications are not necessary, has the BD been adopting a non-intervention policy on sub-divided flats? If it is not necessary to file applications, and the alterations are carried out by non-qualified persons, the structural safety of buildings may be affected. Besides posing threats to building safety, sub-divided flats often involve alterations to water pipes; if handled improperly, water may leak into the floor below because of these alterations, causing nuisance to the residents on the floor below. Based on these two points, the BD must follow up the issue of sub-divided flats.

Although it is stated in the investigation report that the additional loadings imposed by the sub-divided flats were not the causes of the building collapse, it is not stated in paragraph 6(a) of the report when the BD became aware of the existence of sub-divided flats in the building at 45J. Did it become aware of the fact before the building collapse or during the investigations after the building collapse? If the BD became aware of the fact before the building collapse, did the staff concerned investigate and follow up the relevant issue during their

previous inspections of the building? For instance, did they enter the flats for inspection and comprehensive assessment in accordance with the relevant legislation? All of us are waiting for answers to these questions.

I think the BD must disclose the relevant details because we can only understand through such information whether the BD has comprehensively inspected the buildings and assessed their structural safety. Moreover, the issue of sub-divided flats leads to a more important question, that is, the latent worry about building safety because non-qualified persons, not being guided by the professionals concerned, carrying out alteration works within buildings may affect the building structure. Also, the investigation report has not given the details of the repair works and removal of unauthorized building works still in progress on the ground floor before the building at 45J collapsed, and whether the works were conducted by authorized persons.

The BD has taken three months to complete the report on the collapse of the building at 45J; however, the collapse was likely to have been triggered by "the disturbance of column C13 by some external forces". The report has failed to give enlightenment to the relevant persons and the public about the incident; and it has conversely given rise to more doubts. After the publication of the report, quite a few Honourable colleagues of this Council raised questions one after another, and the community expressed very strong dissatisfaction with the report. Even though the BD said that further investigation had to be conducted for the purpose of identifying the origin of these "external forces", it published the report at the present stage where comprehensive information is lacking. We cannot help doubting the judgment of the BD or its considerations.

Apart from the questions raised, I think the BD must give a detailed account in the final report to be published in future of the responsibilities of BD staff concerned in the incident of the collapse of the building at 45J. If any criminality is involved, the authorities concerned should take actions and institute prosecution. The report should also examine in depth whether the BD should take direct or indirect responsibility for the incident. Such information certainly serves an important function in preventing the recurrence of similar incidents. There are currently 4 000 old buildings in Hong Kong aged 50 years or above; if there are loopholes in the present building structural safety monitoring system, the consequences will be quite serious. Hence, we must address the problem squarely and make essential remedies before it is too late.

President, it has been four months since the collapse of the building at 45J Ma Tau Wai Road on 29 January, but heavens know why a detailed report that the public has earnestly been waiting for is still lacking. With these remarks, I beg to move. Thank you, President.

Dr Raymond HO moved the following motion: (Translation)

"That this Council notes the Report on the collapse of the building at 45J Ma Tau Wai Road, To Kwa Wan, Kowloon — K.I.L. 8627 on 29 January 2010."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Dr Raymond HO be passed.

PRESIDENT (in Cantonese): Six Members will move amendments to this motion. This Council will now proceed to a joint debate on the motion and the six amendments.

PRESIDENT (in Cantonese): I will call upon Dr Priscilla LEUNG to speak first, to be followed by Mr WONG Kwok-hing, Mr Frederick FUNG, Ms Starry LEE, Ms Miriam LAU and Mr James TO; but no amendments are to be moved at this stage.

DR PRISCILLA LEUNG (in Cantonese): President, the public have been waiting anxiously, hoping that the Buildings Department (BD) would give an explicit account of the incident of the collapse of the building at 45J Ma Tau Wai Road. After a wait of three months, the BD has finally published the relevant investigation report but, unfortunately, the report does not seem to contain anything serious, and its contents are misleading or incomplete. A report has been published before the most fundamental facts have been clarified; let alone accounting for who should assume responsibilities. In this connection, I would like to tell the BD that the whole report is unclear, evading responsibilities, disappointing and unacceptable. The only conclusion drawn after the investigation is that further investigation has to be conducted, which is black humour indeed.

It makes us burn with anger because the final conclusion in the report after a lapse of three months is that the collapse of the building "was likely to be triggered by the disturbance of column C13 by some external forces". This report fully reflects the practice of the BD as a bureaucratic organization. As I also mentioned at the last meeting of the Subcommittee, a student of mine who once worked with the BD had told me that there were problems with the whole system. Why was there a building collapse tragedy? It did not happen overnight. On the date of the incident, four Honourable Members from the Professional Forum, that is, Mr Abraham SHEK, Prof Patrick LAU, Dr Raymond HO and I visited the scene of incident together, which was rare indeed. Why did the four of us go there together? It is exactly because we considered the incident extremely serious, rare and terrible.

The relatives of the deceased in the building collapse incident, the majority owner of the building at 45J, an estate agent nearby and some residents in older areas have severely criticized the report for failing to touch upon the most crucial issue of responsibility. The report will not do justice to the deceased or help the residents claim compensations, and it has not mentioned the grief of the dependents of the deceased after experiencing the sudden death of their loved ones and the levelling of their homes to the ground. Though the report has now been published, further investigation has to be conducted for technical reasons. I actually think that the BD should not have published the report as it is basically unacceptable and it cannot possibly be endorsed by the Legislative Council.

At the meeting of the Legislative Council Subcommittee on Building Safety and Related Issues on 27 April, we criticized the report as sketchy, an attempt to satisfy the Legislative Council. It is said that chain reactions were triggered by the disturbance of a column by some "external forces", which eventually resulted in the collapse. What were the "external forces"? What were the chain reactions? We really want to know why, but we cannot find any answer in the report. Moreover, the BD issued a repair order on 13 January, and similar repair orders had been issued between 2004 and 2010. What effects did these repair orders eventually have? Dr Raymond HO has just read out some parts of the report, and I am not going to repeat them. Nevertheless, it is stated in paragraph 6(b) of the report that the works that were still in progress when the building at 45J Ma Tau Wai Road collapsed on 29 January were the repair works and removal of unauthorized building works conducted in compliance with the BD's order. If that is the case, it really shocked those who are following up the

matter and those who are concerned about the incident and affixing responsibilities for it. Had the repair order expedited the death of the deceased in the building at 45J?

Certainly, paragraph 16 of the report mentioned some professional issues and explained why the report only seemed to deal with superficial issues and it is concluded that further investigation has to be conducted including building material testing and forensic study. I have also consulted Dr Raymond HO and other industry practitioners, and they have told me that conducting such tests takes less than three months. Why has the report been hastily published before conducting the simple forensic examination? Does the Government want to muddle through the work, thinking that we will not bother to do anything after listening to the report? This makes us even more furious.

I believe many of us must have received a complaint letter last week from "a group of people concerned about the building collapse tragedy on Ma Tau Wai Road" in which queries were raised. I believe these queries showed that many residents in the area could not accept the report and the report failed to allay their worries. According to these people, the residents of the building at 45J called 1823 for assistance in mid-November last year; they drew attention to the dangerous building structure and requested inspections. The BD conducted two inspections respectively on 18 November and 30 December 2009, but it finally issued an advisory letter for building repair afterwards as no imminent structural danger was noted. Who could have thought that the building would collapse one month later?

Let us consider the media report on 4 February again. According to a relative of the majority owner of the building at 45J (who is an old lady suffering from cancer), and what the fitting-out workers told the media, the works were conducted upon the request of the BD. In other words, the authorities had urged that the works be conducted, otherwise, the lady would be fined \$20,000 on a daily basis. Thus she took the initiative (many residents said that the walls had spalling concrete for many years; they were extremely worried but they did not know what they should do) to request the BD to conduct inspections to ascertain how the fitting-out works should be conducted. Hence, she asked the fitting-out workers to carry out the works after those inspections.

Of course, after the building collapse, all most media guessed that the fitting-out workers might have removed the most crucial columns which caused the building to collapse. But it is worth noting that, as many neighbours and even the estate agent nearby said, the building was already afflicted with all ills, so the estate agent refused to provide agency services for the building not long ago. They disclosed all these to the media. We cannot help asking — especially as a member of the legal profession, when the majority owner, fitting-out workers, estate agent and residents voluntarily came forward and gave very specific accounts of what happened, and even had their names reported by the media — the BD issued the repair order and had inspections conducted by its staff, had the BD considered before giving the advice that the removal of unauthorized building works could possibly cause the collapse of the whole building? Had it given the case careful consideration before issuing the repair order? In fact, the owner did not want the fitting-out works to be conducted but she had to act according to the repair order, or else, she feared that she might be fined. That was why she asked the fitting-out workers to carry out the works as instructed. The fitting-out workers pointed out that the walls had spalling concrete in the course of the works, but the building collapsed soon afterwards.

There are very big question marks here, and this is the crucial point. The media made public such a report two months ago which included the names of the persons concerned, why had the Government mentioned nothing about these in the investigation report published on 26 April? Why had it not done so? The authorities could tell us that that was not the case, and all those people were lying; the owner was lying and the fitting-out workers were not telling the truth. That could be one way of handling the matter. Nonetheless, things have now remained ambiguous. The authorities only admitted one thing (as I clearly understood from the report); it admitted that the works were carried out for the removal of unauthorized building works. Was the removal or repair order superficial? Or, had those very superficial inspections indirectly caused the building collapse incident? That is the key and crux of the matter.

It is 26 May today, one month since the publication of the report. Besides expressing dissatisfaction with the report, I would like to pursue some issues. I asked the BD at the meeting on 27 April to complete the forensic study within one month and submit a report to us. I do not know if the authorities have submitted any new information to the Legislative Council today, but I would like to warn the BD once again here that it cannot procrastinate any longer. The

longer it procrastinates, the more serious the matter will surely become, making people more furious. The BD should conduct a thorough investigation to find out the truth before it is too late. If anyone needs to assume responsibility, he should come forward and take it. Is there any dereliction of duty? Is there negligence? Or, under the existing mechanism, do the inspections not involve these crucial issues? All these call for thorough reviews because all of us are concerned that the occurrence of similar building collapse incidents should definitely be pre-empted in the future. Human lives are involved and many old people living in old districts like Kowloon City, Yau Tsim Mong, Sham Shui Po and Tai Kok Tsui do not know how to repair their buildings or what they should do after receiving repair orders. Who can help them?

Hence, in expressing dissatisfaction, we have really exercised forbearance. I hope the Bureau and the BD will certainly (*The buzzer sounded*)

PRESIDENT (in Cantonese): Dr Priscilla LEUNG, your speaking time is up.

DR PRISCILLA LEUNG (in Cantonese): I so submit.

MR WONG KWOK-HING (in Cantonese): President, the amendment proposed by me contains eight proposals. Briefly, the eight proposals mainly urge that, in addition to the Development Bureau, other relevant government departments should also step up collaboration to achieve synergy. And more resources should also be allocated for these proposals would not be effective if more resources are not allocated. I really hope that the Government can take the policy directions of my two major proposals seriously.

President, I will focus my discussion about these eight proposals on three areas. This incident involved the sudden collapse of an entire building that was built dozens of years ago under natural and normal circumstances. I hope we could draw a lesson from the bitter experience of this tragedy, but can we really do so? I think we must find out the underlying social origins and problems and then suit the remedy to the ill in order to prevent the recurrence of similar tragedies.

First of all, I would like to say that the Government has not committed adequate resources to the prevention and advance warning of the risk of building collapse, which is a very serious problem. At present, there are more than 17 000 old buildings aged over 30, and in the next 10 years, similar old buildings will increase to more than 28 000. Does the Government have sufficient resources to tackle the serious problem of the safety of old buildings? I think that we should pinpoint the root of the problem.

Let us look at the Buildings Department (BD) first. The BD indicated in 2001 that it would take 10 years to remove unauthorized building works, and employed more than 700 contract staff for the purpose. The BD has recently said that the work would soon be completed and these staff members would no longer be employed. After intervention by the trade union, the Secretary stated that consideration would be given to whether other arrangements could be made to absorb these workers for future prevention and inspection work. We certainly welcome the Secretary's response but we consider that inadequate. Besides, the problems involve not only these 700-plus employees because there are more than 28 000 old buildings as I have just mentioned. Have they become dilapidated? Are they safe? These problems await solution.

Moreover, after the building collapse incident on Ma Tau Wai Road, the Government pooled resources and immediately inspected 4 000 old buildings of similar age. Although it took certain measures after the completion of the inspections, what will it do in the future? Apart from the 4 000 buildings, how can early warnings be issued in respect of other old buildings of similar age? Advance warnings are issued when some buildings may be in danger of collapse, and the Government will receive warning signals and take precautions before the buildings collapse. Is there sufficient manpower for the work? The Secretary should answer this question that I am most concerned about.

Insofar as resources are concerned, President, I would like to talk about the Home Affairs Department (HAD) under the Home Affairs Bureau. Actually, whether buildings are properly repaired and maintained depends on whether the residents' organizations have been formed, and whether the residents understand and exercise the powers conferred by law for the proper maintenance and management of their buildings. As regards the formation of residents' organizations, be they Mutual Aid Committees, owner's committees or owners'

corporations in particular, the support of the HAD at the district level is essential. The residents also face a lot of problems in respect of repairs and tenders, and they need guidance and assistance.

Unfortunately, however, the HAD has only 110 liaison officers throughout the territory who are deployed to 18 districts, so there are only five to six liaison officers in each district. How can five to six liaison officers be enough for handling the organization, management and liaison work in connection with thousands of private buildings in each district? They can hardly cope, thus the liaison officers responsible for building matters have actually taken industrial actions to protest against inadequate resources. Yet, we have not got any response from the Government so far.

In that case, we have to rely on community organizers. The Government has told me that there are 730 community organizers throughout the territory under the HAD who are deployed to 18 districts, so there are around 40 community organizers in each district. But these community organizers are not charged with the specific responsibilities of taking part in building management and liaison work and they also have other duties. As the Government told us at the relevant panel meeting, community organizers are required to have Secondary Five qualifications. Although many community organizers have made great efforts and accumulated a lot of experience over a long period of time, we find that these community organizers with rich experience have not been promoted or employed on the long-term basis. We understand this situation in the districts very well. When the community organizers were given orders to work in the buildings, they dared not answer many legal and incisive questions because they did not know what legal consequences they had to bear. If they said something wrong, they feared being scolded or taking the blame. Thus, their work is really difficult.

I think that the Government has not shown understanding for the situation and difficulties of community organizers, and it just thinks that providing them with training and an essential reference book will do — we have taken a look at the essential reference book at the relevant panel meeting. I think it is a failure to express concern for residents' organizations this way. The crucial problem is that the Government should employ additional liaison officers responsible for building matters, to enable them to give play to their professional expertise and legal knowledge, with a view to genuinely, concretely and specifically assisting

in organizing the residents of private buildings in the districts in order to improve the standards of their management. Building risks can then be better prevented and the maintenance and management of buildings perfected this way. These work items should be undertaken on a daily basis over a long period of time, but they have not been undertaken properly. Well, what should we do when there are 28 000 aged buildings? President, I have just discussed the first area.

The second area pinpoints the legislation and licensing issues in respect of property management companies. In fact, at the relevant meetings of the Legislative Council, the representatives of property management companies have strongly requested the enactment of legislation to implement a licensing system. The Government can regulate property management companies through licensing so that they will have higher professional standards, and non-qualified companies cannot pass off fish eyes as pearls. Yet, it is a great pity that the Government has not yet provided a timetable or roadmap in relation to a licensing system for property management companies. How can it improve the quality and standards of property management companies? How can it help improve the quality of the repair works of 28 000 old buildings? I hope the Government will give a response to this.

Lastly, the third area is the anti-corruption and corruption prevention work in connection with repair works. If acts of corruption and bribery are found in the course of building repair works, the quality of building repair and management will be directly affected. Last year, the Independent Commission Against Corruption received 3 450 corruption reports, and 63% of them, totally 2 188 cases, involved the private sector while 924 cases involved building management, which accounted for 42% of the corruption reports related to the private sector. The situation is very serious and I believe cases of tender rigging, corruption and bribery may occur one after another in tandem with the implementation of building repair works; thus, I think the Government must pay attention to the matter.

Thank you, President.

MR FREDERICK FUNG (in Cantonese): President, before coming to the subject, even though I am not inclined to criticize you for allowing a number of

Honourable Members to propose amendments, I still think that many of the amendments have nothing to do with the report.

As very explicitly stated in the report, the whole problem lies in it is stated in the conclusion of the report that the collapse of the building at 45J was likely to be triggered by the disturbance of column C13 by some external forces. The second point is that in paragraph 10 of the report, it is stated that "Based on the extent of defects of these columns (C11, C12 and C13), the factor of safety so evaluated was still found to be at an acceptable level and should not have caused the building to collapse". It is stated very clearly in the report that the collapse of the whole building has nothing to do with repair works or it being a dilapidated and dangerous building, so how can it be associated with corruption as mentioned in an amendment? How can it be associated with the training of liaison officers responsible for building matters? Another amendment proposes amending the Building Management Ordinance for the regulation of management companies. All these amendments have taken advantage of the subject. If the report needs to deal with these issues, it would comprise tens of thousands of pages. What are the issues that Honourable colleagues want to discuss?

I agree totally with Dr Raymond HO and I fully support his remarks because he is a professional on this. I will barely touch upon the areas discussed by Dr Raymond HO. On the contrary, my amendment is people-oriented for that is my strong point. President, I do not agree to the amendments of several Honourable colleagues because they have nothing to do with the report on the collapse of the building at 45J and they have softened the focus of the subject. I am not happy about that, but I can do nothing about it. Since the President has allowed them to propose these amendments, I will support them but I do not think that is the focal point of our debate today.

President, I visited the district on the date of the incident, but I visited the reception centres rather than the scene of incident. As I said just now, people-oriented service is my strong point while building matter is Dr Raymond HO's strong point. Nevertheless, I do not want to discuss this now. I would like to ask what the investigation focus of the report should be. It should tell us what actually happened and what caused the incident. Secondly, it should tell us the whole rescue process after the incident occurred and how various departments made co-ordinated arrangements. Thirdly, it should tell us how the victims received support in our people-oriented society after the incident. Lastly, the

crux of the problem is how responsibilities should be affixed if there were human factors. How arrangements were made for compensations in case of damage to life or property? Was reasonable treatment given to these victims (I do not think it was a natural disaster for it was a man-made calamity). I definitely do not want these problems to recur, but I hope that the report will surely reflect what really happened.

I repeat, the report is actually very clear and I think that the most important point is that it has eliminated the causes of the building collapse that have been taken for granted, for example, structural damages caused by material ageing and lack of repairs — these factors were not the causes. I hope Honourable colleagues will cease to talk about dilapidation and additional loadings imposed by the sub-divided flats for they were not the causes. It has been specified very clearly in the report that the collapse of the building was likely to be triggered by the disturbance of column C13 by some external forces. That was the principal cause, yet, the report only analysed the incident from the technical angle and explained the causes and process of the building collapse, but it failed to clarify whether the incident was a natural disaster or man-made calamity. Had any professional responsible for supervision neglected his duty in the course of the repair work? How did the departments handle the injured and deceased in the course of front-line rescue? I have always expected the report to tell me all these instead of just going through some technical matters in a cold manner and just telling us that the building collapsed because of column C13 from the technical perspective. The tone is so cool and indifferent as if nothing serious happened in the building collapse incident, and there were no casualties. It has not suggested ways to help the families of the deceased and injured, and it seemed that what is stated in the report came as a knife stabbed at them again. Why did the Government treat the deceased and injured this way?

In my opinion, the report should have included at least five points: First, what was the origin of the disturbance of column C13 by some external forces? Second, were there problems in the work and approval processes of the relevant interior works? Third, why could the relevant works cause such damages? As generally understood, all repair works will not cause the collapse of an entire building. Fourth, should the workers or regulators be held responsible? Who should take responsibility and who should not? Fifth, how should the works be regulated so as to ensure that the critical structures of old and new buildings would not be damaged? Why did it happen this time? The report has not

touched upon these issues; even I who know nothing about architecture have these five points to make.

President, I would like to spend the remaining speaking time on some issues related to people. After the building collapse incident, I think that the Government who cares about the people cannot sit by idly and remain indifferent to five procedures. These include the co-ordination of various departments, material and financial support, temporary shelters, permanent shelters, and affixing responsibilities for the deceased and injured.

President, I have met and talked with each and every family connected with the incident. I wonder if Honourable colleagues still remember the names of the deceased — TUNG Hing-to was a young man who rented a room there as he wanted to study quietly, but he died in the room where he was doing his studies. CHOI To-keung was an optometrist who made some \$20,000 a month, and he had a wife. He was incidentally on leave and taking a rest at home on that day. He died and his wife lost her husband who loved her. As reported in the press, two other deceased persons were prostitutes, and one of them had three children aged below 10 whom lost their mother. We looked everywhere for these three children but we could not find them. Are their relatives or friends taking care of them? Who are taking care of them? I believe some people are taking care of them, and the Social Welfare Department (SWD) may know that.

Do Members think that these people should die? Do we not have any responsibility to conduct investigations to give the deceased and their surviving families a fair and reasonable account? In a report officially published by the Government, not a word is mentioned about them and the Government is totally indifferent. Even though the Government subsequently told us that it will publish another report later on and we will then know the outcome, it might as well not publish this report for the moment.

President, on the day the building collapsed, the Chief Executive indicated that the Government would make the best efforts to provide assistance and the Secretary for Labour and Welfare said that focused services would be provided. How long has it been since the incident? Have services been provided? I want to tell Honourable colleagues one thing that made we very angry. We assisted the victims in moving into public housing, but the Government required that they should comply fully with the requirements for public housing allocation. On

another occasion when I discussed the redevelopment of old areas with the Secretary, I also asked if it was possible for people not to comply fully with the requirements for public housing allocation under certain circumstances. It was because there was an income limit and the victims would not be allocated public housing when their incomes were slightly higher than the limit. However, they had already lost their homes and the whole building had collapsed, thus they needed to buy everything anew. I wonder if they could be allocated public housing even if their incomes exceeded the limit. Yet, I would like to tell the Secretary that some families have not yet moved into public housing.

After all families have moved, another Secretary — the Secretary for Constitutional and Mainland Affairs with whom we are probably very dissatisfied with, asked me if I knew that applications for removal allowances could be filed with the SWD in respect of these cases. I suddenly realized that they could apply for removal allowances. When the SWD assisted in the compassionate rehousing of the families concerned, it did not tell us that they could apply for removal allowances. Why? When serious earthquakes took place in Wenchuan, Sichuan and Yushu, Qinghai, we donated hundreds of millions of dollars for the redevelopment of good-looking blocks of two to three storeys. Yet, what has the Government given Hong Kong people? This is really unbearable for me. President, these are utterly inhumane arrangements which only provoke dissatisfaction of the public with the Government.

Thank you, President.

MS STARRY LEE (in Cantonese): President, I thank Dr Raymond HO for proposing this motion for debate today. The public will always remember what happened on 29 January, because this building collapse incident has been one of the most serious accidents involving the collapse of a building since the inception of Hong Kong, resulting in four deaths and two injuries. However, after three months of investigation, the Buildings Department submitted a report consisting of three pages only, with a conclusion spanning a few lines. Many colleagues have mentioned this, so I am not going to make any repetition.

The families of the deceased and the injured are certainly disappointed. The only answer given by the Government after three months of investigation is that the incident was triggered by "external forces". This is why I have to point

out in my amendment today that the report has only provided purely technical explanations of the causes leading to the collapse of the building, but failed to clarify issues such as the origin of the incident, and most importantly, who should be held responsible. I, therefore, urge the authorities to expedite the investigation progress and publish the final report expeditiously to enable the public, especially families of the deceased and the injured, to know the truth of the incident.

As regards the allegations made by Mr Frederick FUNG just now, I beg to differ. While the public wants to know the causes leading to the collapse of the building, they also hope that the Government or the community as a whole can learn a bitter lesson and prevent the recurrence of similar incidents. They hope that some other parts of the report or the follow-up to the report are forward-looking.

The contents of my amendment today are oriented in this direction, and they are similar to part of the motion on "Improving the living environment in old districts" that I proposed for debate in this Council on 3 March. As the Secretary for Development and the Secretary for Home Affairs both pointed out during that motion debate, this issue covers a wide spectrum of areas and as the problems of old buildings are very complicated and involve many Policy Bureaux and departments as well as the interests of all residents, they may not be fully addressed to prevent the recurrence of similar incidents even by the "nine proposals and 12 requirements" currently being implemented, or by setting up owners' corporations (OCs) for them, let alone implementing just some brief measures. To tackle the problems at root, it is definitely necessary to target actions at owners, OCs, property management companies and service agencies from different angles and in the light of different circumstances, with a view to coming up with a set of comprehensive improvement proposals.

After reading this report, I thought of other reports published by the Administration in the wake of tragedies occurred much earlier than this incident. In April 2004 a family tragedy occurred in Tin Shui Wai. The authorities expeditiously set up a review group. A report was published seven months later in which many recommendations were made, consisting of more pages than these three pages that we are given now, and covering a comprehensive range of areas which could basically address the needs in many aspects. Besides, in view of the gravity of youth drug abuse, Secretary for Justice WONG Yan-lung published

the "Report of the Task Force on Youth Drug Abuse" in November 2008, making 70 recommendations and formally declaring war on the problem of youth drug abuse. This has produced certain effects in society.

President, I have cited these examples in the hope that in view of the actual occurrence of such a serious incident in which a building collapsed and deaths were resulted, the authorities can learn a bitter lesson and accord top priority to the problem of poor maintenance of old buildings as a prime task for the SAR Government. Efforts should be made to co-ordinate the resources and work of various departments, and an all-encompassing set of proposals should be drawn up to thoroughly resolve the problem.

In fact, in the motion debate on 3 March, the Secretary for Home Affairs already pointed out that the Chief Secretary for Administration had already started to co-ordinate efforts in improving the safety of old buildings and appointed the Development Bureau as the leading Policy Bureau in setting up an inter-departmental Task Force to examine with the relevant Policy Bureaux and departments improvement measures to tackle the problem of old buildings in disrepair. I hope that in his response later the Secretary can undertake to lose no time to launch studies, so as to write up a full report focusing on problems of old buildings as soon as possible, draw up concrete plans and targets, and engage members of the general public in monitoring the relevant work. I also hope that the Bureau a report to the Legislative Council Subcommittee on Building Safety and Related Issues (the Subcommittee) on a regular basis.

My another purpose in proposing an amendment is to make the authorities give a concrete response to some parts of that relevant motion passed in this Council previously. From the speeches made by the two Directors of Bureau on that day, we noticed that the Secretary for Development had spoken at length on the work carried out after the collapse of the building, the results of inspections on old buildings and the justifications for lowering the threshold for compulsory sale, while the Secretary for Home Affairs had given a general response to the various proposals made in the motion. But what exactly is the view and position of the authorities on proposals directly related to building safety which have to be implemented as a matter of urgency? In fact, from the passage of the motion to the publication of this report now, and even in the many meetings held, I have yet seen any specific explanation given by the authorities.

President, building neglect is a very serious problem among old buildings in Hong Kong. Just take a look at another report published by the Buildings Department, namely, the "Report on the Inspection of Buildings Aged 50 or Above", and we will know that the problem is so pressing that actions can brook no delay. Of the 4 011 old buildings, 1 030 were found to exhibit different extents of defects. The report also stated that orders under the Buildings Ordinance have been issued to 293 buildings. As for buildings with other problems, I believe the authorities are taking actions to follow them up. I hope the Secretary will brief us on the current situation because these buildings need to be handled most urgently.

After giving an account of the general problems of buildings, I will talk about the various points of my amendment today one by one. With regard to the call for allocation of additional funding by the Bureau to "Operation Building Bright", the budget has announced the provision of an additional \$500 million for the purpose. But with regard to the relevant details as well as details of the new round of the scheme which are closely related to the public, such as whether or not the eligibility criteria will be relaxed, I hope the Government can make an announcement as soon as possible.

Moreover, on point (b) of the amendment, that is, "to enhance regulation of renovation works which involve structural alterations", although it is stated in the report that this building collapse incident has nothing to do with "sub-divided flats" based on analyses from the technical angle, members of the general public have strong views on "sub-divided flats" which they believe to be one of the factors leading to unsafe building structure and so, they are calling on the Government to step up regulation. At present, "sub-divided flats" are subject to little restriction. Owners are not required to file an application or to be held accountable, thus giving rise to many problems in quality. Besides, "sub-divided flats" have led to water seepage problems which may pose hazards to building safety and so, the Government must address this problem squarely. I understand that the Secretary for Development has undertaken to discuss this issue at meetings of the Subcommittee. I hope that this issue can be considered from the angle of the public, rather than from the technical angle and concluding in just one line that "sub-divided flats" have not affected the safety of building structure and are not a cause of this building collapse.

Point (c) of my proposals focuses on the water seepage problems of ceilings of old buildings. In fact, The Ombudsman has criticized the procedures for handling the water seepage problems of ceilings before, but I have read the records of speeches made by the two Directors of Bureau in that last motion debate and found that they were completely silent on this issue. However, the aggregate effects of continued water seepage can indeed speed up the rusting of steel reinforcement bars and spalling of concrete, causing a significant impact on building structure. Furthermore, this problem is very common, and in order to truly resolve the problem, it is indeed necessary to review afresh the current practice of using dyes in the test. I do not know if the Secretary for Development will address this point later, but I hope she can give us a positive response, because hitherto we have not heard any response from her in this respect.

Point (d) concerns the priorities for the handling of unauthorized building works. As agreed by the Secretary, it is now an opportunity for carrying out a review. But as we all know, Operation Building Bright has been in progress and so, repair works are currently underway in a large number of buildings. If, during the repair of buildings, the removal orders for unauthorized building works issued by the Buildings Department cannot synchronize with the repair works, that would be most regrettable, and it would not be possible to meet the objective of improving building structure through repairs. Since the authorities agree that it is time to discuss afresh the priorities for handling unauthorized building works, I urge the Bureau to work in line with the new guidelines of Operation Building Bright, so as to enable buildings to carry out repair works in tandem with the removal of unauthorized building works.

Furthermore, with regard to building management, the Secretary for Home Affairs said in his speech on that previous occasion that there would not be any problem with "one building with multiple OCs", adding that problems could be solved as long as owners can co-operate sincerely and hold discussions actively. However, as the Secretary may know if he has paid attention to recent reports in newspapers, "one building with multiple OCs" has actually resulted in problems such as repair works being indefinitely put off, common areas not being properly maintained, and residents being made to pay management fees for nothing. This problem has always been a nuisance to the residents. I hope the Secretary will think of ways to address the problem of "one building with multiple OCs".

President, the Democratic Alliance for the Betterment and Progress of Hong Kong supports the original motion as well as all the amendments proposed today. In fact, after this incident of building collapse in Ma Tau Wai, the Development Bureau and the Urban Renewal Authority have adopted the attitude of "taking special measures at special times" to answer some of the aspirations of the public, but we have not seen a report provided by the Government to address the problem of poor maintenance of old buildings comprehensively.

President, I so submit.

MS MIRIAM LAU (in Cantonese): President, in the afternoon of 29 January this year, the five-storey tenement building at 45J Ma Tau Wai Road suddenly collapsed in front of the public eye like the tumbling down of building blocks. In 10 seconds, it crumbled into heaps of rubble. The incident claimed four lives and injured two people, and ruined the homes of dozens of families. Given the gravity of this incident, the public certainly hope that the authorities can give a clear account of the causes leading to the incident, who should be held responsible and how the recurrence of similar tragedies can be prevented. Regrettably, this investigation report, which the authorities undertook to complete in mid-March, was completed one month behind schedule and worse still, it is nothing more than an unclear and preliminary investigation report.

This investigation report released on 26 April comprises a mere of four pages and draws a conclusion in just one paragraph, which reads, "..... the collapse of the building at 45J was likely to be triggered by the disturbance of column C13 by some external forces". But as for the origin of these "external forces", so to speak, we would have to wait and see, for an additional month of testing and investigation would be required before a determination could be made. Today is 26 May, which happens to be one month after the release of the report. I wonder if the Secretary will explain the origin of these "external forces" in her response later.

By whose act were these "external forces" caused? Was a breach of the relevant guidelines or regulations of works involved? What kind of works was being carried out on the ground floor of the tenement building in question on that day? Were the contractors and workers registered? Was it related to the repair order issued by the Buildings Department (BD)? No answers are given to these

questions, thus making it impossible for the public to learn of the truth of the incident.

With regard to the responsibility issue which is of the utmost concern to the public and families of the deceased and the injured, not a single word is mentioned in the investigation report. Despite repeated questioning by Members and the media, officials have refused to give answers, invariably saying that judicial proceedings are involved and using this as a shield to sidestep the issue. Even with regard to issues unrelated to the judicial proceedings, such as measures or proposals for preventing the recurrence of similar incidents, they have given no response at all.

Such a report, which is grossly dubious, unclear and incomplete, cannot in the least do justice to the deceased and the injured in the incident; nor can it rebuild public confidence and put their mind at ease. I propose this amendment today with the purpose of clearly expressing dissatisfaction with the failure of the authorities to give an account of the responsibility issue regarding the building collapse incident and put forward improvement proposals to prevent the recurrence of similar incidents in the investigation report. Meanwhile, we also call on the authorities to actively respond to the aspirations of society and this Council by expeditiously investigating who should be held responsible for the incident and putting forward improvement proposals to prevent the recurrence of similar incidents.

President, although the investigation report stresses that the collapse of the building was triggered by "external forces", the four major problems of building structure which include omission of balcony loads in the design of columns, additional loadings imposed by sub-divided flats, material ageing conditions, and appraised deteriorated condition as a result of poor maintenance of the building can continuously reduce the factors of safety and cause the building to become seriously dilapidated. However, the report has just touched on these points casually by briefly saying that these were not the causes of the building collapse. This is sheer neglect of the gravity of the problems, an attempt to shift the responsibility of ineffective monitoring of building safety to one column of the building, namely, column C13. This is obviously an attempt to shirk responsibilities.

Take "sub-divided flats" as an example. Paragraph 6(a) of the report points out that "alterations in the form of sub-divided flats were noted on all upper floors", showing that the problem of "sub-divided flats" is very serious. While the Director of Buildings said that prior approval is required for any sub-dividing works involving the building structure, he added that it is not an offence to sub-divide a flat if it does not exceed the loading capacity of the building structure. This is indeed making people feel baffled or at a loss as to what they should do. Take this building at 45J as an example. Although sub-divided flats were found on all floors of the building, no breach of law is involved because according to the Director, these flats do not exceed the loading capacity. In that case, does it mean that the law would be breached only when the flats are sub-divided to the extent that the floors are crushed? With due respect, I would say that the report is indirectly legalizing the sub-dividing of flats; it is rationalizing such flats and encouraging sub-dividing works to further proliferate. In this respect, the authorities must give us a further explanation.

Besides, the report also points out that the poor maintenance of the tenement building in question has nothing to do with its collapse but has reduced the factors of safety. The report only mentions that an advisory letter for building repair and an order for building repair were issued on 18 November 2009 and 13 January 2010 respectively. But it is reported that inspections were carried out by the BD on the building in question in 2004. A building repair order was then issued to the owners by the Department and the relevant repair works had actually been completed. According to stipulations, after the completion of the works specified in the repair order, such works will require the approval given by the BD according to the established standards or prescribed requirements. They also have to be inspected by staff of the BD before a letter of compliance will be issued. Since the building in question had completed just a few years ago the relevant repair works in compliance with the repair order, why would its conditions become dilapidated to the extent that the factors of safety were reduced in a few years' time? Why did the BD accept back then that the building had completed the works properly in compliance with the repair order? Did anything go wrong in the process? It appears that the authorities owe the public an explanation.

Furthermore, paragraph 6(b) of the report points out that before the collapse of the building in question, that is, between 23 January 2010 and the day

when the incident occurred, "repair works and removal of unauthorized building works" on ground floor were in progress. Although the authorities have refused to confirm the relationship between the relevant works and the repair order issued by the BD, judging from the wording, the "repair works and removal of unauthorized building works" being in progress seem to mean the works relating to the repair order issued by the BD on 13 January. It is stipulated that owners are required to obtain an approval from the Department before the commencement of works stated in the repair order. But the authorities said in the wake of the incident that they had not received any application for commencing repair works at the tenement building in question before the incident occurred. In this connection, the authorities must explain whether any person had breached the law by carrying out repair works without obtaining an approval, and also how it will prevent the recurrence of similar incidents in which works are found to be carried out prior to granting of approval, in order to prevent such so-called "external disturbance" from arising again in future.

Lastly, with regard to this building collapse tragedy, members of the engineering sector think that this might be related to the works being carried out at a shop on the ground floor of the collapsed tenement building, as the relevant works might involve alterations of the main structure of the building. This type of works carried out to arbitrarily alter the building layout has planted a time bomb in the safety of building structure and may lead to another tragedy anytime. At the end of last year, the legislative procedures for the minor works control system were completed. We hope that the authorities can, as planned, bring the minor works control system into effect within this year. But more importantly, a mechanism for random checks should be put in place whereby inspections can be conducted regularly to ensure that the control system is implemented and carried through, thereby upgrading the quality and safety of minor works in general and prevent the occurrence of serious incidents caused by intentional or unintentional damages to the structural walls or columns.

President, the Liberal Party considers that the amendments proposed by Dr Priscilla LEUNG and Mr Frederick FUNG are in line with the general direction proposed by the Liberal Party. As for the various amendments proposed by Mr WONG Kwok-hing, Ms Starry LEE and Mr James TO in relation to the management and repair of old buildings, some of the proposals were already put forward in the debate on "Improving the living environment in old districts" on 3 March and endorsed by this Council. These proposals can have positive

effects on the improvement of building safety. Therefore, the Liberal Party will support the original motion as well as all the amendments proposed today.

President, I so submit.

MR JAMES TO (in Cantonese): President, the Lan Kwai Fong tragedy occurred in 1992. The then Governor immediately ordered the setting up of an independent committee of inquiry. Why should an independent committee of inquiry be set up, rather than what was done this time around when the BD investigated the BD (of course, I know that an inquest will be conducted by the Coroners' Court)? The reason is simple. Because we know that this incident is of great concern to Hong Kong people. The questions raised include whether or not the inspections of buildings are sufficient to ensure safety. Can we rely on this report of the BD? Can this put the mind of Hong Kong people at ease? I can imagine that had the same incident taken place before 1997, the Governor would deal with it in the same way as the Lan Kwai Fong incident was dealt with and set up an independent committee of inquiry. It could be a statutory committee and it could be a non-statutory committee chaired by a Judge.

President, what is the truth? The truth is the facts. There are some differences between truth and responsibility. Truth can be a scientific truth, and it can be truth based on facts and reasons; responsibility can be civil responsibility, and it can be criminal responsibility, and it can be responsibilities in the several specified areas as referred to by the Coroners' Court.

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

I know why this report had come about. It is precisely because I had made enquiries with the Director of Buildings face to face in a programme of Commercial Radio. He answered that they knew in the first place that further tests would need to be conducted — that is, to find out the external forces mentioned in the conclusion in the last part of the report. But three months had lapsed — this is the first reason, as they were required to submit a report three

months after the incident. The second reason was that the Director of Buildings was concerned that Hong Kong people would be worried about the collapse of old buildings anytime. So, he said that if this report of a few pages could be published, Hong Kong people would know after reading it that the accident was caused by external forces, which means that they do not have to worry if a building is not subject to external forces. But please bear in mind that, as I said just now, with regard to the facts given here, are they facts that we can establish or facts that Hong Kong people can believe (when no independent committee of inquiry has been set up)?

Let me cite an example. Many colleagues mentioned earlier that insofar as this repair For example, with regard to those orders, advisory letters and inspections mentioned in paragraphs 3 and 4 of the report, are they all covered in the report, or, is it true that what has been done is all stated in the report? Deputy President, please bear in mind that the version given by an owner relating to 45J in an exclusive interview with a certain magazine seems to be different from what is now said in this report. Certainly, I trust the Coroners' Court will ultimately look into these facts from certain angles. But if I have read what that owner said in that magazine, can I put my mind at ease simply by reading this report which says that my building definitely will not collapse as long as it is not subject to external forces?

It is impossible for us to draw such a conclusion. Many colleagues have even questioned whether the works mentioned in paragraph 6(b) of the report were in progress pursuant to the repair order issued by the BD? Were the works carried out under the instruction of the BD? By instruction, I do not mean the Department visiting the building every day to give an instruction. What I mean is whether any instruction was given by the BD, as alleged in another version of the story, or whether the BD had been to the building to take a look. If it had been there to take a look, what guarantees and exchanges were made then which subsequently caused certain owners or the contractor to carry out erroneous works?

Deputy President, as I said on occasions when security issues were discussed, the police must not be allowed to investigate the police. Recently, the Coroners' Court concluded an inquest into the killing of a person of ethnic minorities by a policeman. That was also a case of the police investigating the

police and so, nobody is convinced by the outcome. Similarly, what happens now is the BD investigating the BD. Certainly, I have also been thinking about how we can carry out an independent investigation. When the Coroners' Court is carrying out its work, would it be convenient to conduct an independent investigation? As a matter of fact, there have been too many past cases in which an independent investigation was conducted in tandem with a coroner's inquest.

Deputy President, I think even if those scientific studies are completed — some colleagues consider that these should have been completed given a lapse of more than three months. Assuming that the Director of Buildings would say that they need one more month to complete the job, together with those scientific studies mentioned, or studies to find out about external forces, and even how strong the external forces were, to what extent these forces were caused by collision or how these forces were formed, or whether the movement was upwards or downwards, all these remain to be the version of the BD. I do not know whether the Coroners' Court will accept only the version of the BD or it will commission professionals (whether locally or from overseas) to review again from scientific and professional angles the review report or investigation report compiled by the BD.

Deputy President, I am not trying to teach the Coroners' Court what it should do. But if I were the Judge to be appointed by the Chief Executive to conduct this independent investigation, I would not rely solely on the report of the BD. I am not saying that the BD must have lied. But this incident is too serious, so serious that I have to ask whether the BD has the responsibility to confirm for instance, whether its past inspections were conducted frivolously, whether the conclusions drawn from its past inspections were accurate, whether the primary facts obtained by it (which mean what they had seen there and then on the site) are a full reflection of all the facts, and whether there are other testimonials to corroborate the findings or justify a contrary argument.

In paragraph 16 of its report, the BD said that the collapse of the building was triggered by external forces, and that it did not collapse naturally. But since the Coroners' Court has yet commenced its inquest, we cannot say that the report of the BD is the only conclusion. I certainly am not raising alarmist talk here, and I wish I could believe the fact as stated in this report of the BD, that it was the

result of external forces. If it was purely resulted from external forces, people living in old buildings can at least feel more at ease. My office in Wing Kwong Street is also located in an old building aged over 50 years, and I spend six, seven or eight hours there every week. So, I could also be in danger.

However, is it that the collapse of a building must be caused by external forces, but not by a dangerous situation which we do not want to know and which we are basically unaware of? In the latter case, we would have to do far more than what is being done now. I can imagine that if I were that commissioner to be appointed by the Chief Executive to conduct an investigation, I would not rely solely on this report and regarded it as the only report made from scientific and professional angles.

Deputy President, the other amendments propose to add a lot of key points to the motion. Incidentally, I wish to respond to what Mr Frederick FUNG said. He asked whether the many points added by colleagues are entirely irrelevant. Sorry, Deputy President, we add these points certainly for the sake of convenience, because the various points made on this issue were discussed in a previous debate and agreed to by Members and so, we have added these points to the motion. But I wish to reiterate two points. First, why do I say that this is related to management? If there is good management, maintenance will be properly carried out. I do not wish to draw the conclusion that it is due to external forces. I do not wish to draw such a conclusion. Mr Frederick FUNG already believes a fact. He thinks that this is a fact which he believes before the commencement of a coroner's inquest and that is, he believes that external forces are the only possibility leading to the accident. I have misgivings about it at this point in time, and I think there can be any possibility. But while there can be many possibilities for building collapse or spalling of materials, I maintain that there are benefits to have doubts. If, in most cases, maintenance and management work can be carried out properly and if the relevant personnel and even all members of the public can be more vigilant and make reports or even call 999 when they discover unauthorized repair works, certain things can indeed be prevented.

Moreover, I think social workers providing assistance to old buildings are better than the LOs, or the Liaison Officers. I am not saying that the latter are not qualified for the job, but our view is that in order to step up lobbying at

buildings facing great difficulties in certain circumstances and pay visits to old buildings one by one to give advice to and convince the people concerned by using an approach like breaking up a boulder pieces by pieces, social workers can play a very effective role in dealing with these residents or owners who refuse to spend any money and who are ignorant of certain situations. This is why I have included this point in the amendment, though I have spent just two minutes talking about it.

SECRETARY FOR DEVELOPMENT (in Cantonese): Deputy President, the serious accident of building collapse on Ma Tau Wai Road on 29 January this year, which caused the death of four and the injury of two, has aroused the concern of the whole city. It has been nearly four months since the occurrence of the accident, but the shocking scenes I saw during my three on-site visits are still vivid in my memory. Following the building collapse, Members have expressed their concern and put forward very constructive advice on two occasions, the adjournment debate on 3 February and a motion debate on 3 March. Subsequently, the Subcommittee on Building Safety and Related issues (the Subcommittee) was established. At the meeting of the Legislative Council Panel on Development on 23 February and also the first meeting of the Subcommittee on 27 April, the Development Bureau also briefed Members on the Government's efforts in respect of building safety.

Dr Raymond HO has once again proposed a motion on the building collapse. Although motions of this kind do not carry any legislative effect, I can assure Members that the various government departments will still attach very great importance to them. For this reason, we will invariably examine Members' amendments with very great care before deciding how we should respond and which Policy Bureau or department should give a reply. Having collated Members' amendments today, I noted two points, one relating to the investigation report on the building collapse on Ma Tau Wai Road under discussion today and the other relating to a whole series of issues about the way ahead and how we can enhance building safety in Hong Kong.

It cannot be denied that building safety and repairs are closely related to building management. For this reason, the Secretary for Development and the Secretary for Home Affairs are both attending the debate today. As for Mr Frederick FUNG's advocacy of a more humane approach, I am afraid it is not

expressed in his amendment. Had this been the case, I would have also invited the Secretary for Labour and Welfare to give Members a full account of the follow-up work we have done for those residents affected by the building collapse. Our follow-up work of course includes the Development Bureau having invited the Urban Renewal Authority (URA) to launch the redevelopment project for the site of building collapse on Ma Tai Wai Road and its vicinity immediately on 24 February. However, we still welcome another motion debate on this matter today and also the amendments proposed by the six Members, which can enable us to further explain to Members the investigation and follow-up work carried out by the Buildings Department (BD) after the building collapse at 45J Ma Tau Wai Road and also the latest progress of our review of the policy on overall building safety.

Earlier on, some Members and members of the public criticized that the report on the building collapse released by the BD on 26 April fails to explain fully why the building collapsed and who should be held responsible. I notice that two of the amendments proposed by Members today, including the one moved by the Deputy President, make special mention of this point. Since they both say in their amendments that they are "gravely dissatisfied" with the report, I would like to take this opportunity to make a response.

To begin with, having listened to the seven Members' remarks, I sense that there may be some discrepancy between our expectations of the report and Members' expectations. As its name suggests, this is an investigation report on the collapse of a building. It is an investigation report on building safety written after an accident by the BD as the department with sole responsibility for enforcing the Buildings Ordinance (the Ordinance). As for Members' other expectations of the report, such as the conduct of comprehensive follow-up and relief work or the formulation of policies and measures to prevent the occurrence of similar accidents in the future, I am afraid they are outside the scope of an investigation report written by this government department with sole responsibility for the task. However, this does not mean that the Government is indifferent to such incidents. Later, I shall give an account of our latest progress in the prevention of similar accidents as advocated by Mr Frederick FUNG in his amendment.

As I have mentioned, the BD is the department responsible for enforcing the Ordinance, and its staff members have rich professional expertise and practical experience in investigating building safety incidents such as building collapse, dangerous buildings or other aspects. And, all this is their day-to-day work. Therefore, please excuse me for holding a different viewpoint from that of Mr James TO. The case is not quite like the BD investigating itself. The BD, as a law-enforcement department, is simply duty-bound to carry out an investigation after any incident of building safety in Hong Kong has occurred. However, I hope Members can appreciate that since an investigation will invariably involve complex procedures and the outcome of investigation may affect the prosecution procedures in the future, the BD must adopt a prudent attitude. It must collect evidence with great care and conduct detailed scientific analyses.

The complex circumstances and severity of the building collapse on Ma Tau Wai Road have made the investigation doubly difficult. I said that this is investigation work carried out by them day to day, but the circumstances surrounding this particular incident have rendered the investigation doubly difficult. In other incidents, staff of the BD can usually gain quick access to the scenes of accidents for prompt inspection, photo-taking and evidence collection. In this way, first-hand information and clues can be collected immediately after an accident, thus helping future investigations into the causes of accidents. However, regarding the building collapse on Ma Tau Wai Road, I believe Members must have seen from the news or live broadcast on television that the front portion of the building at 45J completely collapsed. The whole scene was full of rubble and objects of many kinds. Besides, since it was known that some people might be buried inside the debris, the emergency rescue units must race against time to carry out rescue work and search for the injured. The professional colleagues in the BD had rendered their support all along. On the one hand, they monitored the safety conditions of nearby buildings round the clock, and on the other, they moved into the scene immediately after the completion of rescue work and as soon as conditions were safe, so as to collect evidence. In addition, as Members surely know, the BD colleagues must inspect the safety condition of the remaining portion of 45J and adjacent buildings and also hasten to carry out strengthening works.

Actually, it was no easy task to collect evidence amidst the rubble. Some of the debris had been removed in the course of rescue, and the BD colleagues must search the rubble on the scene and identify the various parts of the collapsed building, including the remaining columns. They must also search for clues among all the concrete slabs and broken reinforcement bars, so as to facilitate investigation and sample testing. Besides conducting on-site evidence collection, the BD also worked on other aspects, carefully studying the statements given by more than 160 witnesses and eye-witnesses. I am afraid it is not the case as depicted by Dr LEUNG, that "somebody said", "the media reckoned" or "some kaifong recounted". From the angle of evidence collection, the BD must examine the more than 160 statements given by witnesses and eye-witnesses, and it must also study the past records of the building and its original design standards and then reconstruct the whole accident from different perspectives. The personnel of the BD must compare, cross check, verify, analyse and collate the data of various scientific studies, witnesses' statements and building records. All of these steps are interrelated, involving very complex procedures. The investigation team must conduct careful and meticulous analyses every step along the way before they can arrive at any investigation outcome. During the period of investigation, colleagues in the several units responsible for the task had to conduct the investigation work I mentioned just now virtually day and night.

The building at 45J Ma Tau Wai Road, as Members also know, was first occupied in September 1955 and it was built of reinforced concrete. In the investigation report published by the BD on 26 April, it is concluded that the collapse was caused by the damage done by "external forces" to one of the structural columns, that is, column C13 as depicted in the layout diagram of the report. The loading capacity of this column was reduced as a result, and since there were not any precautionary measures such as steel I-props and bracing ties to share out the loading, the loading that column C13 had to bear exceeded its ultimate loading capacity, and the destructive effect spread to the nearby columns C11 and C12, thereby increasing the loading on these two columns to the ultimate failure state and leading to the collapse of the building.

It is stated in the report that the additional loadings imposed by the sub-divided flats, material ageing conditions and the lack of timely maintenance were not the causes of the collapse of the building. Mr Frederick FUNG said that all these were the facts we included in the report. If Mr TO has any doubt, we will of course respect his points. But as pointed out in the report, all these were not the causes of the building collapse.

It is indeed true that when the report was published on 26 April, some sample analyses and tests were still in progress. But in view of the social concern and the need for increasing the transparency of our efforts, we still chose to release the preliminary investigation report. Besides, this was also intended especially as a response to the notice received that the Subcommittee would hold its first meeting on 27 April. I told Chairman LAU that we would submit the preliminary investigation report to the Subcommittee, so that it could launch its study on the report. However, having listened to Members' views today, I suppose I should be more careful with the timing of publishing such reports, so as to allay public anxieties.

That very day, the Director of Buildings said at the meeting that the origin of the "external forces" causing damage to column C13 could be identified only after further analysing the testing outcomes of the building materials sampled during on-site inspections and the results of forensic studies on the main causes of the building collapse. I already stated at the meeting that the BD had not made any deliberate attempts to conceal the truth, and that proceeding with great prudence is in fact a responsible attitude that any law-enforcement department should adopt. Here today, I still approve of the working attitude of colleagues in the BD.

I would like to report the progress to Members here (since some Members have reminded me that one month has already passed). The BD has completed its further investigation and the analysis of the testing and forensic study results. The BD has conducted eight tests on the samples of reinforced concrete and building materials collected at the scene. It has also analysed the results of the forensic study conducted by the Government Laboratory on columns C13, C11 and C12.

According to the testing results of building material samples and the findings of forensic study, the reinforcements of columns C11 and C12 snapped as a result of strong tensile force. It is believed that this happened because the loading on column C13 exceeded its ultimate loading capacity, and the destructive effect spread to columns C11 and C12, thus causing the lower portion of the building to collapse first. As already indicated by the investigation findings released by the BD earlier on, column C13 crushed as a result of the damage done by "external forces". And, further studies have revealed that how

column C13 crushed was different from the way in which columns C11 and C12 collapsed. As for the origin of such "external forces", though the studies are still unable to identify the types of "external forces" that led to the snapping of column C13, the BD has reasons to believe, on the basis of various investigation findings and other information, that the origin of the "external forces" was the vibration and movements generated by the works carried out at the scene before the collapse of the building. Column C13 could have been damaged and crushed as a result of such vibration and movements.

However, I wish to add that the exact causes of the building collapse have yet to be investigated in detail by the police and in the death inquest that may be conducted.

Last week, the BD already submitted the investigation report and all the related analyses and forensic study findings to the Department of Justice (DoJ), so that the latter can consider whether it should invoke the Ordinance or other relevant legislation to institute prosecutions. The DoJ is currently conducting in-depth studies on the relevant information and circumstances of the case. The professional staff of the BD will do their utmost to assist the DoJ in considering whether any prosecutions should be initiated.

Besides, the police are also conducting investigation into any possible criminal liabilities in this case. The Coroner has ordered the police to submit their investigation report on the case. Upon the completion of their investigation work, the police will refer the case to the DoJ for determining whether anyone should be held criminally responsible for this case. And, the police will also submit their investigation results to the Coroner for deciding whether it is necessary to conduct a death inquest.

Since the handling of the case has reached the stage where consideration is being given to whether any death inquest and prosecution are necessary, I must say that according to legal advice, it is inappropriate for me to disclose any further information about the relevant investigation work lest this may affect any death inquest and prosecution that may be carried out in the future. I hope Members can understand this point. We are unable to disclose any further information about the case now. However, as Members are aware, I have spent

quite a long time explaining the BD's investigation findings as far as my legal advice permits.

Deputy President, speaking of the follow-up work done by the BD after the building collapse incident, besides probing into the causes of the accident, it also launched a special operation to inspect the 4 000 or so buildings aged 50 or above in Hong Kong. The operation has been completed as originally scheduled, and the inspection report was submitted to the Subcommittee on 26 April. The BD will continue to take follow-up actions on those buildings identified to be in need of maintenance and repairs during the inspection operation. In response to Mr LI's question, I wish to reply that we estimate that in respect of the 1 030 buildings with obvious defects, it will be necessary for the BD to issue statutory orders. We should be able to complete all the follow-up work in late June. In view of this, I am afraid that when Members express further views later on, I will not have anything much to say on the investigation report. However, in regard to the other aspect, that is, ways of enhancing building safety, I am more than happy to listen to Members' opinions. And, I also intend to give Members a brief report on this aspect first.

The problem of ageing buildings in Hong Kong is very serious. As rightly pointed out in Mr FUNG's amendment, we must prevent the recurrence of similar tragedies. We must admit that although the Government has been stepping up the efforts to promote the importance of building maintenance and assist owners in carrying out repairs in recent years, and despite its enforcement against unauthorized building works, the public awareness of building safety is still very weak. The collapse of the building has once again reminded us that we must mobilize a greater number of professional bodies, non-governmental organizations and property owners, and that we must adopt a multi-pronged approach and work with one heart to enhance the work on building safety in Hong Kong.

I have stressed repeatedly during the discussions in the Legislative Council that any multi-pronged strategy should encompass four major areas, including the enactment of legislation, enforcement, support and assistance measures and also publicity and public education.

In response to Members' questions, I undertake that we will present an integrated strategy on these four areas later this year, in the hope of taking forward this task more effectively.

Actually, within the Development Bureau a core group under my personal leadership has been set up for the purpose of conducting in-depth studies on the policy areas mentioned above. As mentioned by the two Members, the Chief Secretary for Administration has given me his personal support. Should the core group encounter any problems involving other Policy Bureaux or departments, the Chief Secretary for Administration will be happy to tackle such problems of a cross-bureau and cross-department nature. Most importantly, a more holistic attitude must be adopted to handle the problem of building safety in Hong Kong.

In the following part of my speech, I shall briefly share with Members our follow-up efforts and ideas concerning these several aspects. As a matter of fact, several Members have already mentioned some of these topics and put forward their views in their amendments. Most importantly, I hope that this motion debate today can enable us to collect more views for the reference of the core group in the next few months.

In regard to the enactment of legislation, the legislative work on the Minor Works Control System has been completed. At present, what we are pressing ahead at full speed is, first, to encourage and help practitioners to register as minor works contractors. Since December 2009, the BD has started to receive applications for registration as minor works contractors. For those persons who intend to register as Class III Minor Works Contractors under the name of an individual, we provide them with free supplementary training courses. And, through remission of the first-year registration fee, we also encourage them to register early. The BD is also conducting extensive publicity activities, and at the advice of the related trade unions, the Department provides practitioners with assistance in filling out registration forms. We have by now received registration applications from more than 400 practitioners, and the number of trade practitioners who have received training is larger than 4 300. I can reply to the Deputy President that our goal is the full implementation of the Minor Works Control System this year.

The Minor Works Control System streamlines the existing procedures and provides a lawful, simple, safe and convenient channel for the conduct of minor

building works. Such works must be carried out by qualified persons, and there is no need to obtain the plan approval and consent of the BD beforehand. However, they must notify the BD in accordance with the streamlined procedures and submit records and certificates. The BD will also conduct random checks to ensure that such works can meet the required standards. I have become increasingly convinced that the introduction of such a convenient system will form a significant basis for building regulation in Hong Kong. For example, the regulation of "sub-divided flats" and other decoration works which Members are very concerned will benefit greatly from the Minor Works Control System.

In regard to prevention, the bill on the Mandatory Building Inspection Scheme (MBIS) and the Mandatory Window Inspection Scheme (MWIS) was already submitted to the Legislative Council on 3 February 2010. The Development Bureau is conducting discussions with the relevant Bills Committee on the contents of the bill. The Bills Committee has convened five meetings so far. I wish to take this opportunity to thank the Bills Committee for rendering its full support to our work. It is hoped that the bill can be passed as early as possible after scrutiny.

We understand that some owners do not have the knowledge and financial ability to meet the requirements of regular inspections and repairs. The smooth implementation of the MBIS and the MWIS must depend on the active participation of building owners. For this reason, the Government and our partner organizations will provide appropriate assistance to owners in need of such.

Through Operation Building Bright (OBB), the BD, the Hong Kong Housing Society (HKHS) and the Urban Renewal Authority (URA) have further consolidated their partnership in promoting building safety. This tripartite relationship will be extremely conducive to our work in the future. The main role of the BD is that of a statutory enforcement authority. And, the HKHS and the URA are responsible for providing owners with practical advice and technical assistance. In this way, the three organizations can achieve huge synergy and work together to achieve the common goal of improving building safety in Hong Kong. On the basis of this tripartite partnership, we will take forward the MBIS and the MWIS and offer sufficient support to owners in need of such. As a

matter of fact, in the recently published document on "Consensus Building" in the third stage of the Urban Renewal Strategy Review, we already propose that the URA should play a more significant role in the rehabilitation of buildings.

Regarding enforcement, the Government has been injecting huge resources and manpower into inspections and enforcement, for the purpose of improving building safety in Hong Kong. In the late 1990s, since unauthorized building works were very rampant as a problem, we concentrated on tackling it, and beginning from 2001, we launched two special five-year programmes for the clearance of unauthorized building works. In short, between 2001 and 2009, the BD's large-scale clearance operations covered nearly 12 000 buildings in total, clearing some 380 000 unauthorized building works. We estimate that by March 2011 when this 10-year programme comes to an end, more than 400 000 unauthorized building works will have been cleared.

Apart from clearing unauthorized building works, the BD also issued more than 10 000 repair orders from 2001 to 2009. During the same period, repairs were completed in 9 741 buildings following the receipt of a repair order from the BD.

The BD also launches target-specific operations from time to time and takes enforcement actions against building safety problems. In the year from March 2009 to March 2010, the BD carried out a special operation to clear roughly 5 700 abandoned signboards. Following the collapse of the building at 45J Ma Tau Wai Road on 29 January, the BD hastened to inspect all the 4 011 buildings aged 50 or above in various districts of Hong Kong. The special inspections revealed that the structural conditions of such buildings were basically safe. At the time, it was found that in two cases, emergency repairs by the contractors hired by the BD was necessary. I mentioned just now that 1 030 buildings were found to have defects of varying degrees, so the BD will issue repair and investigation orders to ensure that the owners concerned will properly repair their buildings.

Some Members have expressed concern about the power of BD personnel to enter buildings for inspections. As a matter of fact, with the powers conferred by the Ordinance, the Building Authority or any public officer authorized by him

may access any premises or enter upon any land to ascertain whether any building is dangerous or liable to become dangerous, and to carry out any works which he is authorized to carry out under the Ordinance to ensure public safety. For instance, in regard to the question asked by Mr James TO at the meeting, I can reply that in the case of roughly 15% of the 4 011 buildings aged 50 or above which were inspected, the staff of the BD entered individual units for inspection. The BD will continue to appropriately exercise its statutory power of entering individual units for inspection when necessary.

As Ms Starry LEE has pointed out, now that the 10-year clearance programme is about to complete, it is the right time to review our enforcement policy and direction. We will explore whether we should adopt a tougher stance in dealing with owners who violate the regulations, so as to achieve a stronger deterrent effect. We will also explore whether we should take quicker and more enforcement actions to penalize those owners who do not obey statutory orders and ensure building safety. And, we are also exploring whether the BD should play a more active role in carrying out repairs for owners and recover the costs from them at a later time, in case there is no management organization in a building and the owners concerned are unable to organize any repair works. Members should have noticed that I have repeatedly used the word "whether". Actually, these are all the questions that, I hope, Members can help me to answer. The reason is that an excessively tough stance may lead to strong reactions from owners.

Besides, a whole series of enforcement issues which society has been concerned about, including whether we should continue to clear more existing unauthorized building works, whether we should clamp down on "sub-divided flats" and how we should properly address the problem of water seepage in buildings, are also topics that our core group will study.

In particular, I want to focus on the problem of "sub-divided flats" which has caused widespread concern recently, and I also wish to give a brief explanation on our existing policy. If any works of altering flat partitioning causes the loading on the structural components of a building to exceed their designed loading capacity or affects the emergency exits or rescue routes of individual flats or buildings, or if we find that any additionally constructed drainage systems are defective and cause sewage seepage, the BD will take

corresponding enforcement actions, including the issuing of removal orders and the institution of prosecutions when necessary. We are currently assessing the necessity or otherwise of stepping up the inspection and regulation of all these problems. And, the BD has also conducted a series of case studies at my request. We will submit the findings of the studies to the Subcommittee for thorough discussions at a later time.

The third aspect of work concerns support and assistance measures. Since its inception in May 2009, OBB has been well-received by owners and the various social sectors. Speaking of the \$2 billion funding, 1 011 buildings with Owners Corporations (OCs) have been accepted as Category 1 Target Buildings, and they will be given subsidy for repairs. Besides, 617 buildings are classified as Category 2 Buildings with no OCs or having difficulties in forming OCs. The BD will first carry out repairs for the owners concerned and recover the costs after deducting the subsidy. Repair works are being launched as scheduled. So far, 90 buildings have completed their repair works. The repairs of 212 buildings are in progress, while active preparations for repairs are being made for the rest.

In order to assist more owners of old buildings in carrying out repairs, the Financial Secretary has proposed in the budget this year to allocate an additional \$500 million for assisting owners of old buildings without any organizing ability in carrying out repairs, including dilapidated buildings with no OCs. However, I have heard many opinions, including those of Members with rich district work experience. They assert that many buildings with OCs, especially those that have been induced by OBB to set up OCs, would like to have one more opportunity of applying for subsidy under OBB. If the whole of this \$500 million is not open to them for application, many owners will be very disappointed. We have almost finished designing a new direction for OBB, and we will give special consideration to the views I have heard just now. Basically, we have decided to open part of the \$500 million to second applications, so that owners of old buildings with OCs may also apply. And, to address Members' concerns and requests, we will also relax the present requirement on "the number of residential units not exceeding 400". We will report further to the Panel on Development on the latest progress of OBB. Subject to Members' agreement and support, we will, in July this year at the soonest, apply to the Finance Committee for an additional funding of \$500 million to OBB. At the end of this

year, buildings with OCs will be invited to file applications once again. But it will be necessary to draw lots and I am afraid we will not be able to satisfy all owners.

OBB aside, owners and OCs may also consider the idea of seeking other forms of assistance and support from the HKHS or the URA. Here, I am not going to discuss any individual schemes in detail, but I can tell Members that another topic to be studied by my core group will be the further consolidation of all such schemes. The aim is to adopt an owner-based approach, not any institution-based approach, so that owners can know what subsidy and assistance they can obtain in a one-stop manner.

Lastly, in regard to publicity and public education, the building collapse on Ma Tau Wai Road has shown that the building safety awareness of the public is still very weak. Our long-term goal is to advocate a culture of building safety in Hong Kong, so that all relevant stakeholders, including owners, tenants, architectural professionals, contractors and workers, will attach importance to building safety. Property owners are ultimately responsible for ensuring building safety. This will be the main message we seek to impart in future public education activities. We will emphasize owners' responsibility, the advantages of timely repairs, the risks posed by unsafe building works and the responsibility one has to bear for erecting or retaining unauthorized building works. Owners should have a basic understanding of the statutory system and the new Minor Works Control System. And, they also need to know how they can hire qualified persons to carry out building works. We will also consider the possibility of producing simple and easily comprehensible guidelines — as suggested by Ms LAU — so as to educate owners and tenants on how they can keep a close watch on the conditions of their buildings and when they should hire professionals to inspect whether their buildings are safe and determine the need of repairs.

Some Members are concerned about the prevention of corruption in respect of property repairs and management. Mr WONG Kwok-hing mentioned in particular that the Independent Commission Against Corruption (ICAC) has set up the Corruption Prevention and Education Working Group on Building Management for the formulation of corruption prevention and education strategies. This working group will also review the effectiveness of its work on a

regular basis. Actually, the authorities and various support organizations have been co-operating closely with the ICAC. In the past two years, the ICAC, the HKHS, the Home Affairs Department and other organizations joined hands to put in place a "Quality Building Management Programme", with a view to assisting OCs in reducing the incidence of corruption and graft in respect of building repairs and financial management. From the preparation of OBB to its implementation, the ICAC has been co-operating closely with the HKHS and the URA, providing them with advice on corruption prevention. ICAC representatives also take part in the corruption prevention seminars held for the owners, OCs, engineering consultants and contractors under OBB, so as to raise their awareness of corruption prevention in the course of building repairs.

We will hold large-scale public education activities to educate stakeholders on building safety. We will also fully utilize district networks, such as the 10 Property Management Advisory Centres under the HKHS so as to provide assistance to property owners and organize activities for them. Finally, I trust Members will certainly be able to provide us with lots of precious advice in this discussion, thus enabling us to perform better in the ongoing task of improving building safety and give Hong Kong people a safe building environment.

Deputy President, I wish to reiterate that the Administration is determined to upgrade building safety in Hong Kong. We hope to put forward later this year a more comprehensive strategy for Members' comments.

Thank you, Deputy President.

SECRETARY FOR HOME AFFAIRS (in Cantonese): Deputy President, in regard to Dr Raymond HO's motion on "Report on the collapse of the building at 45J Ma Tau Wai Road", several Members have proposed amendments in such areas as residents' concerns, architectural safety and building management. Like Members, the various government departments are very concerned about the disaster victims and the safety, maintenance and management of buildings in Hong Kong, especially old buildings.

Immediately after the collapse of the building at 45J Ma Tau Wai Road, the Kowloon City District Office (DO) opened a temporary shelter for the victims and set up cross-department relief stations for the provision of emergency relief and other services to the affected residents. The following specific measures were put in place that day:

- (a) the opening of a temporary shelter;
- (b) the setting up of cross-department relief stations at the scene of building collapse, the temporary shelter and hospitals for resident's prompt registration;
- (c) the making of relief grants to registered victims to cater for their pressing needs;
- (d) the co-ordination of services provided by government departments and voluntary agencies at the temporary shelter to offer meals, supplies and psychological counselling to victims and families members of the deceased;
- (e) the provision of temporary homes with basic household necessities for victims in Shek Lei Estate;
- (f) liaison with the Buildings Department to explain demolition arrangements to victims;
- (g) the holding of a year-end banquet by a subvented charitable organization for victims before the Chinese New year; and
- (h) arrangements for victims who did not have any time to take any personal properties at the time of building collapse to recover their personal belongings from their homes before the demolition of the building.

In brief, in terms of follow-up assistance and financial relief, the DO made relief grants to totally 74 qualified residents. In regard to housing settlement, the Housing Department (HD) has arranged temporary housing for some affected residents in Shek Lei Estate. The Government has also conducted assessment of

victims and made arrangements of housing assistance for them in accordance with the relevant requirements. The Social Welfare Department (SWD) has also recommended some 30 eligible families to the HD for compassionate housing allocation. Most of the needy residents have now been allocated public housing units by the HD. The remaining cases have been referred to the Urban Renewal Authority (URA) for handling under the relevant redevelopment schemes.

In addition, social workers from the SWD will closely follow the emotional and welfare needs of affected families and provide them with appropriate assistance, counselling, emotional support and follow-up services, with a view to ensuring that affected residents are offered continuous support.

As for building safety and building management, I can say that there are generally two major causes of dangerous buildings. The first cause is the occurrence of accidents. The second one is long-standing disrepair. Whether the first cause can be avoided depends largely on the circumstances of individual cases. Regarding the second cause, we can conduct inspections and repairs to ensure the safe conditions of buildings. There are many ways to arrange for inspections and repairs. For example, depending on the actual conditions of a building, a one-off arrangement can be made when necessary. And, a more thorough-going approach is to conduct regular inspections and make the required repairs.

Building management must depend on the joint participation of all owners, and it is also a long-term and ongoing task. Through proper and effective building management, various building facilities can be systematically maintained and repaired. And, potential problems with a building can also be identified early to facilitate timely repairs that can slow down the ageing of the building. This will in turn protect the lives and properties of owners, tenants and the general public. The Secretary for Development has already given a concise account of the Government's efforts in ensuring proper building inspections and repairs.

Now, let me focus on building management.

Private buildings are the private properties of owners, so the management and maintenance of private buildings are owners' responsibility. There are

40 000 private buildings in Hong Kong. Roughly 16 000 of these buildings have set up Owners Corporations (OCs) under the Building Management Ordinance. An OC is an independent body corporate having the legal authority of representing all owners in managing the public areas of a building, exercising and executing the relevant rights and obligations and supervising the performance of the property management agent. In other cases, some building owners choose to set up other types of residents' organizations, such as Owners' Committees. Or, they may employ a property management company to assist them in handling the day-to-day management and repairs of their buildings.

We note that due to a lack of financial and organizing ability, some owners of old buildings are unable to handle the management and maintenance of their buildings despite their realization and agreement that it is their duty to do so. For this reason, the Home Affairs Bureau joined hands with the Hong Kong Housing Society (HKHS) and some professional property management bodies to launch the Building Management Professional Service Pilot Scheme (Pilot Scheme) in April this year. The Pilot Scheme aims to provide owners of old buildings with free professional advice on property management and follow-up services and to improve the management of old buildings. One feature of the Pilot Scheme is to pool property management professionals to join forces in enhancing building management, maintenance and safety, so that those owners with the intention but lack the ability can receive more appropriate assistance and services.

Expert teams comprising property management professionals have started to conduct door-to-door visits for the purpose of contacting and approaching owners. The expert teams will write up building management audit reports for target buildings. Such reports will assess various building facilities, including external walls, rooftops, windows in common areas, building lobbies, electricity and water supply systems, fire services and lighting installations and unauthorized building works in common areas of buildings. Following the production of building management audit reports, property management professionals will explain the contents to owners and offer specific advice on enhancing building safety and maintenance. The expert teams will also offer building management training to owners and office-bearers of OCs. Through the sharing of professional expertise and experience, the expert teams hope to make owners and office-bearers of OCs better understand building management.

On the basis of the expert teams' household visit findings and professional advice, the HKHS and DOs will help to form OCs for buildings and mobilize the owners concerned to discuss and pass the required building improvement plans. The expert teams will also assist owners and OCs in applying for assistance under the various subsidy and loan schemes operated by the Government, HKHS and URA. They will also assist OCs in drawing up invitations to tender on improvement and repair works and follow up the vetting and selection of bids.

The expert teams have issued letters and conducted visits in respect of 460 units. The responses of some owners are very positive. The expert teams are currently following up the various management issues of concern to owners.

We hope that after one year of practical trial, owners of old buildings can themselves shoulder the required responsibility. At the same time, depending on the effectiveness of the pilot scheme, we may make adjustments to the management services for old buildings and explore feasible strategies together with professional property management associations.

Mr WONG Kwok-hing mentioned regulation of the property management sector in Hong Kong. There are some 800 property management companies of varying sizes in Hong Kong. Large property management companies manage a large number of properties, and the services they provide are more comprehensive and thorough, including the management of residents' clubhouses and swimming pools. On the other hand, smaller companies usually provide basic services such as cleansing and security at competitive prices. The sizes of the buildings under their management are smaller. In some cases, a small property management company even manages only one building. At present, of the 40 000 or so private buildings, some 24 000 have already hired a property management company.

With the rising public concern about building management, members of the public have turned increasingly demanding in respect of the standards of property management companies and their practitioners. Some suggest that the Government should establish a licensing system. In order to grasp more information, we have started to explore the topic of regulating the property management sector. In the first phase of our studies, we focused on collecting information and conducting analyses in relation to three aspects: first, an overview of the operation of the property management sector in Hong Kong;

second, the modes of property management overseas and in the Mainland; and, third, Hong Kong's experience of regulating other sectors. In July 2008, we already briefed the Panel on Home Affairs on the findings of the first phase of our studies. On the basis of the findings and Members' views, the Home Affairs Department (HAD) is currently conducting further studies, which include the advantages and disadvantages of different modes of regulation and the relevant operational arrangements. We very much hope that in this motion debate today, Members can express more views on varying degrees of regulation, so that we can collect as many opinions as possible.

Manpower is another issue mentioned by Mr WONG Kwok-hing. The HAD has been providing different forms of assistance to owners and OCs. Liaison Officers of DOs will regularly visit all private buildings in Hong Kong and encourage owners to set up OCs. They will also offer assistance to owners in respect of the procedures of establishing OCs. Following the establishment of an OC, staff of the relevant DO will attend its meetings at invitation and offer advice to owners on the operation of the OC. They will also handle enquiries and complaints associated with building management and assist owners in settling disputes among the OC, the management company and owners.

At present, some 110 Liaison Officers under the HAD are tasked with matters relating to building management. In order to assist District Building Management Liaison Teams in their work, the various DOs have employed community organizers for the purpose. Their main duties are to conduct household visits and surveys, maintain close contact with owners and OCs and attend their meetings when necessary.

We have heard Members express the view that since community organizers are non-civil service contract staff, building management is not their full-time duty and their qualifications and experience vary, their effectiveness in promoting building management is doubtful. Some Members have remarked that although the HAD already arranges on-the-job training for community organizers, some of them are still unable to answer the questions asked by owners and OCs when attending their meetings. Besides, when scrutinizing the legislation on the Mandatory Building Inspection Scheme and the Mandatory Window Inspection

Scheme, some Members expressed the worry that the existing manpower of the HAD may be unable to cope with the workload generated by these two Schemes.

It is true that building management involves different aspects of work, and it is a complex topic. I shall respond further after listening to Members' opinions.

Thank you.

MR ALBERT CHAN (in Cantonese): Deputy President, with regard to the Buildings Department (BD) being assigned to investigate into and make a report on the occurrence of the tragedy at 45J Ma Tau Wai Road in To Kwa Wan, I have long harboured no expectation and so, I do not feel disappointed now. This may be different from the feeling of a lot of Members. They have made extremely negative comments on this report.

This is an investigation by technocrats. Technocrats always look at a very narrow issue from a narrow angle or from an expert's angle. So, while many Members wish to find out the problems or causes leading to this tragedy and the responsibilities concerned, I have known well before that that this report is not going to give us any information.

(THE PRESIDENT resumed the Chair)

After listening to the responses made by the two Directors of Bureau, I must say that they are an eye-opener to me. Particularly, in his speech the Secretary for Home Affairs spoke of the many areas of work currently undertaken but with regard to the simplest issues, he has given no response, conducted no investigation, and taken no action to address them. Why was there not an owners' corporation (OC) for those flats at 45J Ma Tau Wai Road? Why would the works cause massive destruction forces? Why was there no monitoring? These are exactly the serious problems besetting building management. The authorities have made very long speeches, and they seemed to be saying that it would take a process as long as the "Exodus". But they have taken no action to

address the immediate problems, which are precisely problems in the management of the entire building.

During the review of Cap. 344 of the Laws of Hong Kong back then, I, being the Chairman of the Subcommittee, had pointed out repeatedly that this ordinance was fraught with problems. The deed of mutual covenant is in itself an unequal contract, for it only benefits the major consortiums and major developers, and involves transfer of benefits. This has remained very much the same even now. Recently, I have assisted Discovery Park with the setting up of an OC. The HKR International Ltd has certainly opposed it and as it holds over 30% of the titles, it would be difficult for an OC to be set up. While I was helping with the setting up of an OC, the management company had stopped me from doing so. People who have the support of the management company can distribute whatever pamphlets they like in the housing estate, but an OC recognized by the BD and the Lands Department is barred from doing everything, not even borrowing a meeting venue. The Home Affairs Bureau must look into these problems. Why can major consortiums act like a tyrant, while some old buildings of several storeys only are neglected and deprived of management by a management company because there are not too many benefits to reap? The principal owner has neglected the building after selling it, pocketing the profit but not shouldering any responsibility.

There is something that the Home Affairs Bureau can do. When reviewing Cap. 344, I already pointed out that under the existing ordinance, if a housing estate has neither a management company nor an OC, the Secretary for Home Affairs has the power to order a certain management company to take up the management of the housing estate. If, for instance, a dozen of buildings in a certain street have not set up any OC and are not managed by anybody, Secretary, please rouse yourself a bit to wake up to the fact that you have the power to order a certain management company to take up the management of these buildings. Please take a look at the ordinance and take a look at your duties and powers. Do not pass the buck to the BD, for this is the duty of the Home Affairs Bureau. I have said this for many years. I do not make this point only today. Members may as well look up the past records of meetings and see for how many times I have said this. I have said this in the Subcommittee, and I have said this at meetings of this Council.

However, the Secretary was still talking nonsense, turning a blind eye to the life and death of the disadvantaged and owners of old buildings. Then he went on making some absurd remarks, saying that he had personally given assistance to certain buildings, and so on. But the biggest issue under discussion now is how to deal with buildings which are not being taken care of. The Director of Home Affairs is very good at attending ceremonies held by OCs and the Director can sit for the whole night attending an inaugural ceremony, but how far can the Director provide assistance when there is a problem? When small owners have disputes with major consortiums, the Department always stands on the side of the major consortiums. When has it ever fought against the consortiums for the owners? What the Government has said is sheer nonsense.

Besides, President, I have discussed this with the Secretary for Development on many occasions. I have talked to her over and over again about the relationship between urban renewal and old buildings. I have discussed this with the Secretary time and again, and I very much thank her for telling us this afternoon that she would further review the planning of Kai Tak. It is because back in the middle of 1990s, the then responsible official, Gordon SIU, had repeatedly undertaken that the Kai Tak site would be used for redevelopment of such old districts as To Kwa Wan, Hung Hom, Wong Tai Sin, Kwun Tong, and Ngau Tau Kok. The Government pointed out at the time that part of the Kai Tak site would be vacated for residents of old buildings in nearby districts, including public housing tenants, to move in, while the sites cleared of the old buildings may be partly used as open space or for redevelopment purposes.

This was already mooted in the 1990s. But these proposals had gradually disappeared in the several plans made for the Kai Tai Development. It was because the policy had changed that Secretary Carrie LAM had not heard of these proposals after assuming office. Mr Abraham SHEK must know this very well. Every time after a review was conducted, I would pound on the table making harsh criticisms. I would criticize the Government for betraying the people in proposing the development of a cruise terminal or a large-scale sports stadium; TUNG Chee-hwa had given this promise to Mr Timothy FOK, and I also pointed out that this betrayal was for the sake of a political trade-off, in which residents of old districts would ultimately be sacrificed. The records over the years can show that I have said this many times. Mr Abraham SHEK must know this only too well, as he would listen to my speeches most attentively because whenever I had finished speaking, he would say that he did not agree with me. But this time

around, I think he would not disagree with me, as I believe he would agree to the need to help residents of old buildings. It was because back in the times of the Land Development Corporation, he had assisted many residents of old buildings and done a lot of work in this respect.

The tragedy in To Kwa Wan has actually reflected the hidden problems of old buildings. This is a time bomb, and I have said repeatedly that this bomb would explode sooner or later, but it would not hurt the tycoons, nor would it hurt senior government officials, because it would only hurt the ordinary masses and the impoverished. When they are so viciously abused, some people may still say that this is because they are unfortunately destined to be poor. But poverty is not a sin, and poverty is not a cause of death. The causes of the deaths are dereliction of duty on the part of the Government, and the Government's incapability of exercising monitoring, its incapability of providing support to building management, its capability of providing support to OCs, and its incapability of carrying out redevelopment, thus leading to this incident of the collapse of an old building in which deaths were resulted. The fact is that the Government has not shouldered the basic responsibilities required of it.

So, I very much hope that the Government can learn from the bitter lesson. Many Members have pointed out that there are problems with the report, but please do not just scold the Government slightly to do it a great favour. If Members consider that there are problems, the Legislative Council can set up an independent investigation committee to take follow-up actions. On a trivial matter involving Mr KAM Nai-wai, the Legislative Council has set up an investigation committee to follow it up. Now that deaths are resulted, is there not a stronger reason for setting up an investigation committee? Regarding the Kwun Lung Lau incident in the past, an independent committee of inquiry was set up by the Legislative Council. So, since none of you has proposed the setting up of an independent investigation committee, the League of Social Democrats will take the lead to propose its establishment and see who will oppose it. Those who oppose it would be the accomplices. Please do not do the Government a great favour by scolding it slightly now. Just do your job when it is time you did so.

PRESIDENT (in Cantonese): Mr Albert CHAN, your speaking time is up.

MR CHEUNG KWOK-CHE (in Cantonese): President, the BD published in April its investigation report on the collapse of the building at 45J Ma Tau Wai Road. From the reactions observed, it can be said that there have been more criticisms than praises, because this report has primarily failed to explain whether any person should be held responsible for this serious incident. Does the Government think that such a report can give an explanation to the deceased and their families? Such an attitude makes people question the Government's determination to resolve the problems relating to the monitoring of the repair and maintenance as well as management of old buildings.

It is pointed out in the investigation report that the major cause of the collapse of the building is the disturbance of column C13 by external forces, which triggered a knock-on effect and ultimately caused the entire building to collapse. Regrettably, the investigation group hastily made public its findings before finding out the truth, or before finding out under what circumstances the "external forces" were formed. Such being the case, what is the use of this investigation report?

I am not an expert, and I have not visited the site of the building collapse to carry out a survey. Nor do I know how to analyse the factors leading to the collapse of the building. All I know is that the BD has spent three months conducting an investigation and drawing only this conclusion. Hardly can this be accepted by the deceased or families of the deceased or those members of the general public who lost their homes in this incident. Having said that, I can understand and accept some of the follow-up explanations given by the Secretary earlier.

Looking back on the day the incident occurred, the immediate response made by the Government was, in our view, quite progressive, and I thought that the Government would learn from this bitter lesson and practically take actions to tackle the problems concerning the repair and maintenance of old buildings. But after the report was released, the fact that its contents are far from elaborate has made people doubt whether or not the Government is trying to settle the matter perfunctorily. All I can say is that in this incident, the Government has only upgraded some of its public relations skills, but it has not been able to address the key question of who should be held responsible so far.

Apart from the disappointing findings of the report, some other points mentioned in the report actually warrant our concern too. One of the points is about "sub-divided flats". At present, in many buildings aged over 40 years, the owners will sub-divide their flats to increase their rental income. Of course, I am not saying that all such works involve alterations of the building structure, but it is more important to note that even if the building structure has been altered, there is no way for the Government to know about it.

The Government has pointed out that there is no problem carrying out sub-dividing works in residential flats and such works do not require the approval of the BD, provided that the building structure is not affected. But if an owner intends to sub-divide his flat, why would he notify the BD beforehand? Because once an approval is not granted, would he not be made to suffer losses? Furthermore, considering that the BD will not inspect these flats on its own initiative, why should the owners throw themselves into the net? The passive role of the Government has indirectly encouraged the sub-dividing of flats by owners.

We must bear in mind that these alterations involving building structure are no different from putting private interests above the safety of the lives of residents in the entire building. In this connection, I think the Government should take the initiative to strengthen the monitoring of renovation works involving structural alterations. Inspections should be immediately conducted on some black spots of "sub-divided flats" and if problems are detected, enforcement actions should be taken immediately. Meanwhile, it is also necessary to impose a heavier penalty on contractors who have altered the building structure without approval, thereby achieving deterrent effect. Certainly, if more publicity can be conducted to raise residents' awareness of the dangers of "sub-divided flats", residents would lodge reports more actively which can facilitate investigation by the Government and hence protect the safety of innocent residents.

Lastly, I must say that given this sketchy investigation report on the building collapse incident, people who tragically lost their homes or families with members killed or injured in the collapse of the building really have no avenues of redress. They first thought that through this report on the collapse of the building, they would be told who had committed mistakes and hence they could pursue responsibilities. But regrettably, this report, which is far from elaborate,

cannot help them make any allegation, thus preventing the victims from seeking justice. Does it have to be so difficult for the poor people to seek justice? I implore the Secretary to demonstrate a sense of justice by assisting the residents to recover their rights and benefits.

President, I so submit.

DR PAN PEY-CHYOU (in Cantonese): President, the building collapse incident at Ma Tau Wai Road can be said to have shaken the entire territory. That such a disastrous incident of building collapse can outrageously take place in this highly modernized cosmopolitan Hong Kong is, on the one hand, unbelievable, but on the other hand, this is indeed most ironic.

After the occurrence of this lamentable tragedy, we think that the Government really needs to reflect on itself in many aspects. A person in middle age is often advised by doctors to undertake regular health checks for disease prevention and early treatment. As a person grows old, his bodily functions gradually deteriorate and will hence need to be checked more closely. Buildings are more or less the same as our body. While it may not be necessary to undertake health checks every year, some old and dilapidated buildings actually require regular inspection.

After the building collapse tragedy at Ma Tau Wai Road, close to 40 teams were set up and completed inspections on the safety of building structure at 4 000-odd buildings aged over 50 in late February. Only two blocks of buildings were found to be in immediate danger, and the authorities have to issue repair or investigation orders to over 1 000 buildings. Speaking of the inspections, I must say that I really do not know whether I should commend the Administration for its high efficiency or question the Administration for adopting a slapdash approach. These 40 teams set up by the authorities completed, at extremely high speed, inspections of nearly 4 000 old building within one month. In other words, each team was responsible for inspecting at least 100 old buildings. Using 20 days of work a month for calculation, each team had to inspect five to six old buildings per day. Such being the case, how reliable are these inspections? We do have grave doubts about this.

In fact, before the collapse of the building at 45J Ma Tau Wai Road, the authorities had actually inspected the building and issued a repair order, but there was no mention of any immediate danger having been identified there. Who could have expected that in less than a month after the repair order was issued, the entire building would be reduced into ruins in seconds? Can these inspections carried out by the authorities truly ensure safety? We have also heard a lot of comments questioning the way in which the authorities conducted the building inspections, saying that they seemed to mainly rely on their naked eyes in determining whether or not there were signs of danger on the surface of the building. Let me tell Members that when examining a patient, a doctor definitely does not rely solely on his or her naked eyes and make a diagnosis purely based on the patient's appearance. Rather, some laboratory tests and examinations have to be conducted.

We believe manpower is a very serious problem. As I said just now, since each team had to inspect nearly five old buildings per day, how many people were required to cope with such a massive workload? If such inspections were really conducted seriously, they would have taken quite a long time indeed. Just as everybody is concerned about the safety of old buildings and consider it necessary to increase the provision of resources and step up inspections and enforcement, a group of contract staff of the Buildings Department (BD) are nonetheless not offered renewal of contract at the expiry of the current contract and therefore have to find another job. In view of this, how can we be convinced of the Government's determination to effectively work for improvements in building safety?

As the Secretary said earlier, the BD had already drawn up in 2001 a 10-year programme on the removal of unauthorized building works. It was estimated then that there were about 800 000 unauthorized building works in the territory. According to the Secretary, about 380 000 unauthorized building works have been removed, and it is planned that another 400 000-odd unauthorized buildings works will be removed by the end of the programme next year. Resources would then be pooled together for conducting inspections and maintenance works of a preventive nature. This is the reason why the Government plans to dismiss or disband a group of about 700 non-civil service contract staff in the BD. These 700 people are a team of well-trained professional staff. I can say, with a little exaggeration though, that they make up half of the spine of the BD. Why do I say so? Because they have taken up all

types of work in the Department since they were employed, rather than just being made responsible for removing unauthorized building works. If the authorities are determined to step up inspection of building safety and the relevant preventive work, they would need the support of a large pool of manpower, and if these staff were wasted upon the expiry of their contract In fact, a drain of these staff is already happening, because the job market is good and many buildings are now under construction and so, many of them can find other jobs outside the Government. But the BD is our concern. With the departure of such a large pool of staff, would it really be like operating with half of its spine gone? If this half of the spine is gone, would the work of the entire BD tumble down like that old building on Ma Tau Wai Road? So, we urge the authorities to reconsider the continued employment of this group of experienced, professional and dedicated colleagues.

This tragedy has not only made the authorities understand the need to stringently address the safety issue of old buildings, but also highlighted a problem which warrants deeper thoughts and that is, the problem of poverty in old districts. From the Government's report, this type of old buildings mostly concentrate in the Eastern District on Hong Kong island, Wan Chai, Kowloon City, Yau Ma Tei, Tsim Sha Tsui, Mong Kok and Sham Shui Po where many low-income families live. According to the District and Sub-district Reports on Low Income Population Report Cards published by the Hong Kong Council of Social Service, Sham Shui Po is the most impoverished district, while other districts such as Yau Ma Tei, Tsim Sha Tsui, Mong Kok, and Kowloon City do not fare any much better. In these old districts, the problem of "sub-divided flats" is very serious. As the rent is less expensive, many low-income earners and new arrival families will move into these "sub-divided flats" because they do not have the means to rent a flat in the private sector and are not eligible for public housing. These "sub-divided flats" are actually the result of alternation works carried out by the owners privately, and there can also be many dangers in the structure, as cautioned by some colleagues earlier on. So, apart from stepping up enforcement and expeditiously taking actions against this type of unauthorized building works, I think a more fundamental solution is to increase the supply of public housing, so that the low-income people can solve their housing problem. Moreover, the requirements to be met by them in order to be allocated a public housing unit should be relaxed to enable them to move into public housing as soon as possible.

Lastly, as I mentioned just now, the authorities' report makes no mention of who should be held responsible (*The buzzer sounded*)

PRESIDENT (in Cantonese): Dr PAN, your speaking time is up.

DR PAN PEY-CHYOU (in Cantonese): yes.

MR CHEUNG HOK-MING (in Cantonese): President, the tragedy of the collapse of a tenement building at 45J Ma Tau Wai Road which resulted in four deaths is a profound lesson to Hong Kong, a lesson we should not and cannot forget.

Very regrettably, it is impossible to change what has happened. But in the wake of this tragedy, we should reflect on ourselves and make improvements, in order not to repeat the same mistake again.

It is a pity that in its first step taken to reflect on itself, as many colleagues said earlier, the Government has failed in its performance. The Buildings Department (BD) published an investigation report on the building collapse accident last month. I believe Members must have read this report which consists of a mere five pages inclusive of the cover. I think Members will all agree that the report is basically just a description of the entire process of the collapse of the building. With regard to the specific causes leading to the collapse which are of the utmost concern to the public, there is not one single word of explanation in the report. All that has been pointed out is that the collapse was triggered by the disturbance of one column by external forces. As for the origin of these external forces, the BD has not given a clear explanation. An investigation taking as long as three months has only arrived at a hollow description. This, I feel utterly disappointed.

After several months of investigation and much exasperated and prolonged waiting, the report has nevertheless failed to identify the cause of the collapse of the building. This is indeed disappointing. The community has urged the authorities to thoroughly investigate the origin of the external forces, and the BD

said that it would take another month to further obtain results of building material testing and forensic study before they can determine whether the crush was caused by natural tensile force or man-made factors. Since no determination has been made, why should the report be published hastily? What the BD has done this time around is indeed greatly disappointing. It appears to be trying to respond to the public perfunctorily by publishing such a sloppy report. Furthermore, it has been one month since the publication of the report, but a detailed report has yet to be seen. Here, I must remind the relevant persons that since this matter involves complicated and serious issues of legal liabilities, the authorities must take a very stringent attitude in handling the detailed investigation and must not allow this to be done as frivolously as the first report, and absolutely cannot casually put the blame on any person to make him the scapegoat.

This investigation report published by the BD appears to be an attempt to put the focus on external forces being the cause of the accident. The families of the deceased, residents of 45J, the media and the public all wish to know whether, on the day the building collapsed, there were man-made factors leading to the accident. However, they have lost sight of another external force which is equally important and that is, inadequate government support for the regulation of building safety and maintenance of buildings.

Although it is pointed out in the report that the collapse of the column was primarily triggered by external forces, there is no denying that "sub-divided flats" and poor maintenance have, over the years, plunged 45J into a state of serious dilapidation, while reducing its factors of safety continually. It was the accumulation of these factors that led to the accident. Had the authorities imposed regulation on the sub-dividing works at 45J, and had the owners and renovation workers strictly complied with the stipulations at that time and commenced alteration works only after filing an application, and had owners of 45J set up an owners' corporation and carried out repair works to their dilapidated building the tragedy could have been avoided. But as things now stand, the problem cannot be resolved simply by being wise after the event, and there is no point doing so. Since we know that building neglect can lead to serious consequences, we must make every effort to strive for improvement, and only in this way can we prevent the recurrence of similar incidents.

Therefore, I urge the Government here to undertake in the final investigation report to expeditiously give effect to the measures proposed in the motion on "Improving the living environment in old districts" which was passed in this Council some time ago, focusing on repair and maintenance of buildings as well as improvement of building management, with a view to maintaining the factors of safety of buildings at a high level to eliminate the hidden worries concerning old buildings.

From past experiences, whenever an accident occurred, the authorities would invariably make an impressive start but end up shabbily. While there may be an investigation report, it seems that the responsibility issue has never been mentioned in almost all cases and this has become a customs of investigations by the Government. Here, we must not let the four deceased victims die for an unknown reason. So, I urge the BD once again to expeditiously complete and publish a detailed report to identify who should be held responsible for the incident, in order to do justice to the families of the deceased and heighten the vigilance of society, owners of old buildings and the construction sector. While the Secretary said in her earlier speech that the report had largely been completed, I urge the Secretary to release the report as soon as possible to allay the worries of the public. In the meantime, the authorities must expeditiously implement measures to improve building safety, so that recurrence of the tragedy can be prevented and residents of the 16 000 old buildings aged over 30 can live and work in peace and contentment, rather than a state of constant fear.

President, I so submit.

MISS TANYA CHAN (in Cantonese): Secretary Carrie LAM has revealed much progress in her 33-minute speech just now, which seemed to test if Honourable Members would listen to her attentively. On the one hand, she had explained why it took three months to complete such a brief or rather simple report. On the other hand, she told us that the authorities had prepared a more detailed report. But she cannot disclose it for the time being because of legal advice. Moreover, the police may refer the case to the Coroner's Court for a death inquest. In fact, Mr James TO also mentioned just now that it might be more desirable to conduct an independent hearing, so as to restore justice to the deceased. I hope the case can be referred to the Coroner's Court for inquiry

eventually, as this can not only find out the cause of deaths, but also give us an opportunity for some recommendations to be made. This reminds me of the fatal tree collapse accident in Stanley. After conducting a death inquest, the Coroner's Court made many recommendations and the Administration also followed up. Although such follow-up work may not be perfect, the Administration has, at least, taken the actions concerned. We also note that in addressing the problems of ageing buildings and building neglect, Secretary Carrie LAM plans to draw up comprehensive strategies by the end of this year, and a core group has already been set up. I think she has, at least, responded to the public's aspirations.

After listening to the speech made by Secretary Florence HUI just now, it appears that the Home Affairs Bureau will proceed with its work in phases. We notice that, in the first phase, they conducted some research in July 2008 to examine the mode adopted by overseas countries, as well as the method adopted and experience gained in Hong Kong. Nearly two years have passed. They are now in the second phase to see if such a method really works. After that, they will listen to our views again. Insofar as building management is concerned, I believe many people have grievances or problems that have been accumulated for more than 10 years. Although amendments have been made to the relevant ordinance, many problems simply keep on arising. I wonder why so much time has to be taken. Can Secretary Florence HUI clarify later if they are in the second phase now? And will there be a third phase after that? If not, what are the objectives of the second phase? Is there a timetable? What is the direction of their plans? Will they really amend the law or make any improvement?

Moreover, Secretary Florence HUI has also mentioned that an expert group was set up in April this year, that is, a month ago. In my opinion, although only 640 units have been inspected, they are heading in the right direction. As also mentioned in my prepared script, the Government can, in fact, co-operate with some non-governmental organizations. I wonder if social workers can have a role to play in this. As we all know, in some old buildings in particular, apart from those so-called "nail households" — owners are not living there and have rented out their units — units are very often occupied by elderly people, who may have questions about many issues and need someone to answer them. It is inadequate for the Government to distribute leaflets to them only. It should rather send professional teams and even social workers to offer them assistance and give them face-to-face explanations in detail, so as to ease their worries. I

hope the Government can facilitate them in setting up such residents' organizations as owners' corporations or management committees. This is a basic requirement.

The Liberal Party supports the original motion and all the amendments today. We hope that Secretary Carrie LAM can give us an account later, for the police are considering whether they will institute prosecution or refer the case to the Coroner's Court. I wonder if there will be a I will not regard it as a "deadline" for the time being. But will there be a date on which this report can be released in case the police fail to take any action? We very much hope that we can have a chance to peruse that more detailed report, for the Secretary mentioned briefly the relationship among columns C11, C12 and C13 just now. However, I believe many residents, who have been affected, should at least have the right to know.

Moreover, we also wish to follow up the amendments proposed by a number of Members. Taking qualified engineers and technicians as an example, we hope that education can be enhanced. Recently, we have seen the Announcement of Public Interest (API) which teaches the public how to choose qualified people to carry out repair works for their whole buildings. In this API, a building which can walk is chased by someone at the back. I find such an idea quite interesting. At least, it is better than the API in which only a dress is shown. I think this idea can be taken into consideration. Moreover, the authorities should introduce the special fund to more elderly people. As far as I know, there is a special fund to assist them to carry out rehabilitation works for their buildings, and the API concerned featured Mr HU Feng. I think the Government can further enhance its publicity efforts in this regard. I also expect the mandatory building and window inspection schemes, which are currently being scrutinized, to help reduce the problems encountered by the staff in future and enable the public to have a better understanding of their own responsibilities.

Lastly, I wish to talk about the problem of unauthorized building works. As stated in the report, the collapse of the building is mainly triggered by the disturbance of column C13 by some external forces. And before the collapse, there might be shakes or movements caused by certain works. But after all, the collapse may not necessarily be related to unauthorized building works. I have handled a case in which a resident was highly alert. Before the erection of unauthorized building works, as he thought that there might be such works, he informed the BD in advance. When unauthorized building works were being erected, he lodged a complaint. And upon completion of such works, he lodged

another complaint again. But up till date, the problem has yet to be resolved. This occurred within a month only.

We understand that the staff of the BD may be very busy. However, if problems can be avoided in future, why don't they take action early? I hope the authorities can follow up this. For instance, we have discussed with the BD on the law enforcement in relation to slopes before. But we find it very difficult to ask them to enforce the law. Therefore, if they fail to make use of their "imperial sword", they can hardly give an account to the public. We certainly understand that a balance must be struck in many issues, but I believe that human lives are most important. Thus, we very much hope that various parties We also look forward to the core group's conclusion, such that the ageing problem of buildings in Hong Kong can be ameliorated accordingly. Thank you, President.

PROF PATRICK LAU (in Cantonese): President, the rare tragedy of building collapse that occurred at Ma Tau Wai Road, To Kwa Wan on 29 January this year has awakened the community to the problem of building neglect. Mr Abraham SHEK and I dashed to the scene immediately. I remember that Abraham SHEK told me when we were about to leave, "You see, living in such a place can be very miserable." I think we should be very concerned about this incident. Therefore, I also agree with Honourable Members, including Albert CHAN, that human lives are most important.

During the debate on the motion for the adjournment of the Council proposed by Ms Starry LEE on 3 February, I suggested setting up a special committee to examine the problem of building safety. The subcommittee concerned, that is the Subcommittee on Building Safety and Related Issues, was set up in March, and I was elected as the Chairman. I would like to thank Dr Raymond HO for proposing this motion today, as well as a number of Honourable Members, including Dr Priscilla LEUNG, Mr WONG Kwok-hing, Mr Frederick FUNG, Ms Starry LEE, Ms Miriam LAU and Mr James TO, for proposing amendments and taking part in the discussion from different perspectives. I think this is very important, for it can enable the Subcommittee to examine this problem in a more focused manner at its meetings and enhance its deliberations on building safety and related issues. I hope the Government can facilitate our work by adopting a better approach to the relevant study.

At the outset, the Government had really promised that the investigation report could be completed in mid-March or by the end of March. Ms Miriam LAU has also mentioned this point earlier on. But as the Secretary said just now, the authorities eventually submitted the report on the collapse of the building at 45J Ma Tau Wai Road at the meeting of the Subcommittee on 27 April, and had discussion with it on another report on the inspection of 4 000 buildings. Perhaps, given that I had pushed the Government to complete the report in such a stew. In fact, I think it has spent a lot of time already, its content is not comprehensive enough, resulting that many members are not satisfied with it.

As chairman of the Subcommittee, I have listened to the report and the explanation given by the authorities attentively. President, let me analyse one of the problems here. Members have asked what happened to column C13. In fact, column C13 — President, I have sketched this plan according to my memory — is situated exactly at the centre of the building, while columns C11 and C12 are situated next to it. As you can imagine, if column C13, which is situated at the centre of the building, is damaged, the whole building may probably collapse. This is understandable. Perhaps, the Director failed to make this point clear at that time, resulting that we questioned if the collapse of the building had been triggered by the disturbance of this column by what external forces. In fact, in responding to questions raised by several Members at the meeting, the Secretary pointed out that we could not rule out the possibility that some human factors were involved. Therefore, I also understand that, legally speaking, a lot of important information could not be disclosed. Today, the Secretary has provided some clearer information that has enabled us to gain a better understanding of this incident.

At the meeting of the Subcommittee, I noted that this building had received a repair order issued by the BD. Members queried if they should request the BD to give a clearer account of the whole matter. Is it the case that there is a risk of collapse as the building has received the repair order? We will follow up in future. Moreover, I think the Government, in order to gather evidence at that time, must have taken a lot of photos that can enable us to know how this incident really happened. I hope the Government can disclose these records to us in due course; otherwise, there is no way to complete a comprehensive report.

As mentioned by the Secretary just now, there will be regulation of minor works being conducted at present. However, once a building has developed an ageing problem, it is most imperative to make owners realize the seriousness of the problem. Public education is essential, for it can enable them to know more about their own buildings. I very much hope that the BD can enhance its publicity efforts in this regard, so as to remind owners that they can obtain the structural information of their buildings from the BD. In this way, they can have some idea about the structure of their buildings, so as to avoid damaging the building structure when carrying out decoration works.

I think the Government should make some models of old buildings — we, in fact, do not have such models of various kinds of residential buildings — so as to give the public some knowledge about the structure of old buildings. Also, such knowledge can be incorporated into the primary and secondary curricula, so as to enable students to gain some basic knowledge of construction during childhood. This is also very important. In this way, the public can have some knowledge about building structure, so as to prevent the recurrence of such a serious accident.

Lastly, regarding the Building Authority, I think he has the power to handle many issues. Thank you, President.

MR PAUL CHAN (in Cantonese): President, we were greatly shocked and saddened by the serious incident of building collapse at Ma Tau Wai Road, To Kwa Wan on 29 January this year. Anyway, we should sing praises of various government departments, for they had taken actions and responded promptly to rescue lives and provide relief to the victims after the occurrence of the incident. However, they seem rather perfunctory this time in finding out the cause of the incident and who should be held responsible, so as to help the deceased and injured and their families to restore justice and claim compensation. This also makes us query if the Government has the sincerity and determination to address the problem of old buildings.

President, no one wish to see the serious incident of building collapse at Ma Tau Wai Road, and it might not be caused by someone who violated the law without regard to human lives. However, it does not mean that government departments need not do their part to find out the cause of the incident and who

should be held responsible. In case human factors are involved, those who have violated the law should be brought to justice and they can in no way evade this.

President, after the occurrence of the incident, the Buildings Department (BD) claimed that they would launch an investigation on various fronts, with a view to finding out the cause of the incident. We thus expected the BD to submit a comprehensive and detailed report. Most regrettably, the report eventually released consists of four pages only, and it has already covered such areas as building conditions at the time of collapse, investigation, structural assessment and conclusion. Worse still, there is only a four-line conclusion, stating that the collapse of the building at 45J Ma Tau Wai Road "was likely to be triggered by the disturbance of column C13 by some external forces. As for the identification of the origin of these forces, further investigation has to be conducted including building material testing and forensic study."

President, given such a rare and serious incident of building collapse, we expect that the investigation should be conducted in a meticulous and detailed manner. No negligence is allowed, as it will affect victims in pursuing responsibilities or compensation in future. Ironically, the report we now have consists of four pages only, failing to give a clear account of the cause of the incident. As for when such testing and forensic study can be completed, the report has not provided a rough timetable, either. As mentioned by a number of Honourable colleagues just now, this incident killed four people and injured two others, and a considerable number of residents have also been affected. Therefore, it is not surprising that we are so furious, alleging that this investigation report is not up to standard. Secretary Carrie LAM mentioned just now that there would be a more comprehensive report. We hope that the Bureau can release it expeditiously, so as to ease our worries.

The amendments proposed by several Honourable Members today are very constructive. As for the question of how best the exercise of powers conferred on the Building Authority under section 22 of the Buildings Ordinance can be enhanced, the Secretary mentioned in her conclusion during the debate on the motion for the adjournment of the Council that she would examine with the Director of Buildings to see how such powers can be exercised more effectively, so as to achieve better law enactment. Moreover, she also said that the BD, being a law-enforcement agency, indeed had no power to enter the suspected sub-divided flats for inspection now. This is a subject that warrants study. I

hope the Secretary can give us a further account later, so that we can rest assured that the recurrence of similar tragedies can be prevented.

With these brief remarks, President, I support the original motion and all the amendments.

MR LEUNG KWOK-HUNG (in Cantonese): President, although the Secretary said that there would be a more comprehensive report, I felt very regretful when I learnt that the report consisted of four pages only. Originally, I wished to say, "With a four-page report for a fatal building collapse, those shell-less snails perish without a trace." Now that something as disastrous as a fatal building collapse has really happened, but the report consists of four pages only. We have shouted ourselves hoarse here today in paying condolences to the four deceased in this incident and cannot burst into tears. However, I find it most ridiculous that when we discuss another issue, the bloody massacre on 4 June, about one or two weeks later, many people will say that there is no need for an investigation as it is meaningless to do so. I wonder if they have a split personality, for they think that the present is different from the past.

The incident occurred at Ma Tau Wai Road this time is of course shocking, but the bloody massacre on 4 June was also the focus of world attention. Even now, most countries in the world still think that what happened on that day was a massacre. Families of those deceased also urged the Chinese Communist Government to investigate the matter. Some people urged the Central Government to investigate it, right? The two are very similar and I have read it as the Central Government by mistake. Surprisingly, those who put forth such a request have been arrested. Let us take a look at another example in Sichuan. It is a known fact to all that they are tofu-dreg projects. Mr TAN Zuoren, who only wished to know how many students were killed, was arrested and sentenced to imprisonment for five years. Moreover, Mr Zhao Lianhai, being a victim in the incident of milk powder with melamine himself, was arrested for probing into the incident. We

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, what we are debating is the report on the collapse of the building at Ma Tau Wai Road.

MR LEUNG KWOK-HUNG (in Cantonese): I know, but these examples are relevant. I mention them because I wish to remind Honourable colleagues that there are a lot of miserable stories in this world. Of course, no one will be arrested for making a request for an investigation into the incident at Ma Tau Wai Road today. However, although you did not kill them, they died because of you. Alterations are made to those old buildings all the time, why? Because after alteration, they can be rented out to more people. This explains why "those shell-less snails perish without a trace".

How does our society look like? Regarding the Director of Buildings, as far as I can remember, it seems that Mr Paul CHAN has I wonder if he has joined the select committee to inquire into matters relating to LEUNG Chin-man. LEUNG Chin-man once worked as the Director of Buildings. What were his duties? He had made every effort to enable those selling the Grand Promenade to reap gains and more advantages. Whom did the Director serve? He simply served the rich, thinking how to enable them to get more advantages. I also wish to thank Secretary TSANG Tak-sing for not attending the meeting today, so that I can have a chance to know how Secretary Florence HUI looks. During the referendum in five geographical constituencies this time, I heard that she would not vote. As she considered that this by-election was wrong, she would not vote. She led all the principal government officials under a third-class

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, does the content of your speech bear any relevance to this debate?

MR LEUNG KWOK-HUNG (in Cantonese): It is because Why do I say so? Because when acting as the Secretary, she failed to perform her duties. Before the Chief Executive decided whether he would vote or not, she had come forth to state whether or not she would vote, saying that it was a waste of time. Buddy, she came forth and told journalists all by herself. This was not what a Secretary should do. Otherwise, why will there be just a four-page report for a fatal building collapse? This is attributed to her failure to perform her duties. What I am saying is right. I would like to ask her via you, why did she have time to talk about voting but no time to get her job done? This explains why she

attends this meeting with a four-page report for a fatal building collapse today, right? I wonder why she would comment on the polling. In fact, this incident is what she is supposed to handle. Eventually, I have a chance to meet with her, for Secretary TSANG Tak-sing does not have the time to attend the meeting today. Under our official system, there are so many people who poke their nose into others' business. How can they perform well on their part?

President, an old man from a neighbourhood cafe told me that it was not surprising that all those victims died. It was because the Under Secretary for Home Affairs, being a third-class lackey herself, instructed those second-class lackeys what they should do and then told those first-class lackeys not to vote. She had acted as the Secretary for 10 days After doing so for 10 days, Donald TSANG then

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, please come back to the report on the collapse of the building.

MR LEUNG KWOK-HUNG (in Cantonese): President, I know you are right. But I just wish to monitor if the public officer has performed her duties or not. I now query that she has failed to do what she is supposed to do

MR JAMES TO (in Cantonese): President, a point of order.

PRESIDENT (in Cantonese): Mr LEUNG, please hold on. Mr James TO would like to raise a point of order.

MR JAMES TO (in Cantonese): Mr LEUNG Kwok-hung has kept on saying We are talking about the responsibility issue. What Mr LEUNG Kwok-hung has just mentioned is the responsibility issue. As for whether he is reasonable or not, the public can pass judgment themselves. President, seemingly, you consider that he is not talking about the responsibility issue. But he is precisely talking about it As she has failed to perform her duties and

..... She has not handled the incident of building collapse we are now discussing properly, that is, what the Home Affairs Bureau should do as mentioned in my amendment.

PRESIDENT (in Cantonese): Mr James TO. Please sit down. When I consider that the speech given by a Member has digressed from the question of our debate, I am obliged to alert him. If the Member considers that the content of his speech bears relevance to the subject, he will clarify himself. Mr LEUNG Kwok-hung, you may continue.

MR LEUNG KWOK-HUNG (in Cantonese): Thank you, President. You are really brilliant. Now, the question is, we have to play our role well even under such an official system. Our officials are making use of politics, in particular, an illegal political structure under which the Chief Executive is returned by a small circle, as a basis; or making use of less politics to do something which is out of their purview. This is the crux of the problem.

Honourable Members, those deceased are very innocent, why? It is because we have so many things to do, which are all financed by public money. The Urban Renewal Authority has \$10 billion. But when carrying out acquisitions, it simply chooses those profit-making projects, rather than considering if such acquisitions are necessary or those people living there are in dire straits. As mentioned by Patrick LAU, such a structure will not work at all. Is it subject to any monitoring? Senior officials in the BD only care about how to serve the rich. As for their subordinates, I come to know that they have to leave, just like PAN Pey-chyou who is not here now. How can we play our role? As we have such a Secretary who supports the illegal political structure, as well as all these mediocre officials and lackeys, the poor in Hong Kong have been sacrificed innocently and they can never rest in peace. Public officers side with the rich and powerful and say nonsense. Given that third-class lackeys instruct second-class lackeys what they should do and second-class lackeys, in turn, instruct first-class lackeys what they should do, how can we prevent building collapses? How can we get rid of the illegal political structure?

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

MR ABRAHAM SHEK (in Cantonese): President, I have listened attentively to the speeches given by a number of Honourable Members on the collapse of the building at 45J Ma Tau Wai Road. President, I wish to take this opportunity to thank the two Secretaries for spending so much time to explain the causes of this incident to us. Although the report consists of four pages only, the most important factors have been stated. Moreover, there will be another report, telling us how to look forward and carry out repair works, so as to prevent the recurrence of similar tragedies. I think they have already put in tremendous time and efforts.

However, I wish to talk about this incident from other perspectives. Secretary Carrie LAM mentioned earlier that we should look forward. She also explained how to carry out repair works properly. But we should make sure that the deaths of the four deceased are meaningful. I would like to ask you all, why do these people have to live in old buildings? Is it due to their poverty that they have no alternative but to live there? What is the safety and hygiene condition of those buildings? All these questions merit our consideration. President, many new arrivals, ethnic minorities and elderly people are living in those buildings. Does our society force the poor to live in those buildings? The incident at 45J Ma Tau Wai Road should alert the Government to the need of caring about these people and expediting urban renewal. In order to expedite urban renewal, we should not only put emphasis on money or feasibility of redevelopment. We should rather solve the problems encountered by those living in old districts, so that they can move out and have a better living. In this way, elderly people can enjoy a comfortable life in their twilight years while the youth can grow in a healthy environment.

President, I think the incident at 45J Ma Tau Wai Road has brought forth a question, namely, we should consider how to lead the poor who are living there to find a way out, rather than considering the Chief Executive's proposal that they can be allocated public housing after three years. We should construct more public housing units, so as to enable them to move out of the old districts. We should improve the living environment of the old districts, rather than saying that they can be allocated public housing after three years. Those living in such an environment should be entitled to public housing. President, in that case, I think the sacrifice of the four deceased would then be meaningful.

Secretary Carrie LAM, I wish the Government can look at this incident from the perspectives of redevelopment and public housing, so that the problem of old districts can be resolved genuinely. Thank you, President.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): Dr Raymond HO, you may now speak on the six amendments. You may speak for up to five minutes

DR RAYMOND HO (in Cantonese): President, I moved this motion mainly in response to the report on the collapse of the building at 45J Ma Tau Wai Road released by the Buildings Department (BD) on 26 April 2010. As I said in moving my original motion earlier on, the report has failed to explain the causes leading to the tragedy. Rather, it has brought forth even more questions.

I have adopted neutral wordings in the original motion, mainly because I wish to provide a forum for Honourable colleagues to have more room for discussion, throwing a sprat to catch a herring, so to speak. The amendments proposed by some colleagues, including Dr Priscilla LEUNG, Ms Miriam LAU and Mr Frederick FUNG, request the BD to conduct a further investigation and give a clear account of the causes leading to the collapse of the building and the responsibility issue, which coincidentally tie in with the conclusion of my original motion. In my opinion, the report should have a more in-depth examination on the responsibilities that should be borne by the BD directly or indirectly in this incident. Moreover, we should look deeply into the existing inspection system for the safety of buildings in Hong Kong to see if there are any problems. If problems do exist, the authorities should take actions immediately, so as to prevent the recurrence of similar tragedies.

Some Honourable colleagues have included issues relating to maintenance and management of old buildings in their amendments. This is understandable. In particular, there are currently 4 000 old buildings aged 50 years or above, scattering in different parts of Hong Kong. Their maintenance and management warrant our concern. These issues can form a separate motion, so as to arouse

grave concern among the authorities. It is of course reasonable to include the relevant discussions in this motion. But my only concern is, such amendments will shift the focus of this motion from the report on the collapse of the building at 45J Ma Tau Wai Road to issues related to the maintenance and management of old buildings, which may blur the original focus of this motion. But anyway, I support all the amendments.

I so submit. Thank you, President.

SECRETARY FOR DEVELOPMENT (in Cantonese): President, I would like to thank those Honourable Members who have spoken just now. As I said in my first speech, if today's discussion is focused mainly on the report on the collapse of the building released by the Buildings Department (BD), I am afraid I could not respond to the queries or views put forth by Members in a specific manner, for we may institute prosecution and because of the consideration of judicial proceedings. However, it does not mean that our investigation was conducted in a perfunctory manner. Hopefully, when prosecution or judicial proceedings become more certain in future, the BD can give Members a full account of the details and testing results of this incident, and even the content of the statements and its analysis.

Mr CHEUNG Kwok-che hopes that I can handle this incident with a sense of justice. But I am afraid my sense of justice cannot override the judicial system and prosecution policy in Hong Kong, for both of them are the core values of Hong Kong that Members cherish very much. If we work against these core values and only advocate an individual's sense of justice, Members may not approve of it.

On the other hand, I wish to listen to more views and also expect the Subcommittee on Building Safety and Related Issues chaired by Prof Patrick LAU to conduct more in-depth discussions. Of course, being a responsible bureau and department, we will facilitate the Subcommittee's deliberation by providing discussion papers on individual subjects.

I found some comfort in listening to the speeches made by Honourable Members just now, for it seems that the subject of building safety being handled by the core group has broadly covered the subjects raised by them, such as issues

relating to sub-divided flats, unauthorized building works and manpower resources. The core group will set out all their viewpoints in more specific terms in the coming few months, in the hope of coming up with better strategies to enhance building safety in Hong Kong.

Lastly, I just wish to respond to the point about the relationship between urban renewal and maintenance of old buildings. Mr SHEK has made a good point. He also reminded us that urban renewal should tie in with the maintenance of old buildings more closely, so as to achieve the policy objective of "people-oriented" urban renewal. Therefore, apart from the Panel on Development's discussion on the Paper for the Consensus Building Stage of the Urban Renewal Strategy Review yesterday, I also hope that Honourable Members can spend some time to take a look at the concrete and directional views put forth in this paper for Stage 3 — Consensus Building. For instance, the Urban Renewal Authority (URA) has always mentioned its 4R business strategy, namely preservation, revitalization, rehabilitation and redevelopment. This time, we suggest that the URA should attach more importance to redevelopment and rehabilitation. It is because with the ageing of buildings in Hong Kong, these two will be more closely related to the public, which are also subjects of the utmost concern to them.

President, I am afraid I cannot make a detailed response here. I deeply believe that Members will provide us with more incisive views in the Subcommittee in future.

Thank you, President.

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, I would like to thank Honourable Members for their speeches earlier. As some of them have put forth views on how to promote building management, I wish to respond to a number of points here.

Promoting building management is an integral link in community building, which can foster neighbourhood relationship and cohesion in society. We encourage owners to set up owners' corporations (OCs) or other residents' organizations, so as to improve the management and maintenance of their buildings jointly. On the premise of public safety and hygiene, the Government will also provide appropriate support to those owners who have genuine financial

difficulties. However, I have to stress that such a practice should in no way alter the basic principle that owners should be responsible for the management and maintenance of their own buildings.

As mentioned by Mr Albert CHAN, the Secretary for Home Affairs has the power to conduct mandatory building management. However, the effectiveness of OCs mainly depends on whether owners and OCs have the determination and access to the required professional support to manage their buildings or not. Nominal OCs can hardly help achieve proper management and maintenance of buildings. Therefore, the Home Affairs Bureau considers that it may not be able to ensure the persistent management and regular maintenance of buildings by merely enacting legislation to mandatorily require OCs to conduct building management.

On the contrary, it is more effective to offer appropriate and concrete support to those owners who have the intention but lack the ability. Therefore, as I have just mentioned, the Home Affairs Bureau has implemented the Building Management Professional Service Scheme, with a view to providing professional advice and services to those owners who lack organizing power and expertise.

Moreover, Miss Tanya CHAN mentioned regulation of building management in Hong Kong. In fact, the second stage of our research is nearly completed. After consolidating the findings and views put forth by Members today, we are prepared to report our research results to the Panel on Home Affairs of the Legislative Council and consult Members comprehensively in July this year, that is, about two months later.

Regarding the front-line work of building management, it is mainly performed by Liaison Officers of District Building Management Liaison Teams in the 18 District Offices (DOs) under the Home Affairs Department. As different districts may have different requirements, there is a need for the DOs to deploy manpower to cope with the work flexibly. At present, in view of the shortage of Liaison Officers, DOs have also employed community organizers to assist in handling matters relating to building management.

With the increasing number of private buildings, the scope of building management becomes more extensive. Coupled with the fact that the public has

become more concerned about matters relating to building management, it is necessary for the Home Affairs Department to review the existing manpower for building management. The Government will put in more efforts to promote building safety and management in future. We will give it our full support and strive for additional resources so required according to the Government's established procedures.

All in all, I wish to stress that in order to achieve proper building management, it is most important to have owners' active participation and sincere co-operation. We will continue to convey the message of proper building management through publicity and educational activities, so as to encourage all owners to bear their responsibilities of building management and maintenance. Thank you.

PRESIDENT (in Cantonese): I now call upon Dr Priscilla LEUNG to move her amendment to the motion.

DR PRISCILLA LEUNG (in Cantonese): President, I move that Dr Raymond HO's motion be amended.

Dr Priscilla LEUNG moved the following amendment: (Translation)

"To delete "this Council notes the Report on the collapse of the building" after "That" and substitute with ", regarding the accident involving the collapse of the building"; to add "which took place" after "K.I.L. 8627"; and to add ", this Council notes that the Buildings Department released an investigation report on 26 April 2010, but is gravely dissatisfied that the report has failed to explain in detail the causes and circumstances leading to the collapse of the building and to give a clear account of the responsibility issue regarding the collapse of the building, and demands the Buildings Department to further submit a more comprehensive and detailed final report expeditiously" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Dr Priscilla LEUNG to Dr Raymond HO's motion, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Mr WONG Kwok-hing, as Dr Priscilla LEUNG's amendment has been passed, you may now move your revised amendment.

MR WONG KWOK-HING (in Cantonese): President, I move that Dr Raymond HO's motion, as amended by Dr Priscilla LEUNG, be further amended by my revised amendment.

I have nothing to add in respect of the wordings of my amendment. Thank you, President.

Mr WONG Kwok-hing moved the following further amendment to the motion as amended by Dr Priscilla LEUNG: (Translation)

"To add "; this Council also urges that, in addition to the Development Bureau, other relevant government departments should also step up collaboration to implement crisis prevention and monitoring measures on building safety, and achieve synergy to help improve the maintenance and management of old-type and aged buildings, including: (a) to allocate more resources to support the work on maintenance of old buildings, building management and redevelopment of old districts; (b) to review the Buildings Department's manpower deployment to step up regular

inspections and safety oversight of old buildings, and explore ways to implement an efficient collapse alert system for old buildings, thereby safeguarding the life and property of the public; (c) to comprehensively review and increase the manpower resources for the liaison officers responsible for building matters in the Home Affairs Department, so as to effectively improve the support, education, training and co-ordination in respect of building maintenance and management; (d) to upgrade the standard of the property management trade and expeditiously study the establishment of a licensing and supervisory regime for property management companies, with a view to improving the work quality of property management personnel in building maintenance and management; (e) to further expand and expedite the skills training for and registration of personnel engaged in building repair works; (f) to support the Urban Renewal Authority in stepping up efforts to promote the redevelopment of old districts; (g) to allocate more resources to improve the legal advice and mediation services for building management and maintenance; and (h) the Independent Commission Against Corruption must, in the light of the upward trend of corruption cases arising from building management and maintenance works, further enhance the promotion of and education on corruption prevention in building management and maintenance works, raise the awareness of integrity and standard of conduct among the personnel of the trade, and rigorously combat corruption crimes in the field of building management and maintenance, thereby ensuring the quality of building management and maintenance works" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr WONG Kwok-hing's amendment to Dr Raymond HO's motion, as amended by Dr Priscilla LEUNG, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Mr Frederick FUNG, as the amendments by Dr Priscilla LEUNG and Mr WONG Kwok-hing have been passed, you may now move your revised amendment.

MR FREDERICK FUNG (in Cantonese): President, I move that Dr Raymond HO's motion, as amended by Dr Priscilla LEUNG and Mr WONG Kwok-hing, be further amended by my revised amendment.

Mr Frederick FUNG moved the following further amendment to the motion as amended by Dr Priscilla LEUNG and Mr WONG Kwok-hing: (Translation)

"To add "; this Council also demands the relevant government departments to further investigate and pursue the responsibility issue regarding the incident expeditiously, with a view to restoring justice to the families of the deceased and injured, and review and improve the existing relevant rules and legislation, so as to prevent the recurrence of similar tragedies" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr Frederick FUNG's amendment to Dr Raymond HO's motion as amended by Dr Priscilla LEUNG and Mr WONG Kwok-hing be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Ms Starry LEE, as the amendments by Dr Priscilla LEUNG, Mr WONG Kwok-hing and Mr Frederick FUNG have been passed, you may now move your revised amendment.

MS STARRY LEE (in Cantonese): President, I move that Dr Raymond HO's motion, as amended by Dr Priscilla LEUNG, Mr WONG Kwok-hing and Mr Frederick FUNG, be further amended by my revised amendment.

Ms Starry LEE moved the following further amendment to the motion as amended by Dr Priscilla LEUNG, Mr WONG Kwok-hing and Mr Frederick FUNG: (Translation)

"To add "; this Council also urges the Government to give an undertaking to adopt the following measures to improve the condition and management of old buildings: on building maintenance, (a) to expeditiously co-ordinate the various subsidy and loan schemes to provide one-stop services and perfect the relevant schemes, so as to assist more owners with financial difficulties; (b) to enhance regulation of renovation

works which involve structural alterations, and carry out extensive publicity and education work to enhance public awareness of the effect of structural alteration to units on building safety, and encourage the public to provide information on works involving structural alterations to facilitate the Government in early detection of illegal structural alteration works, so as to avoid the building structure being affected; (c) focusing on water seepage problems of ceilings of old buildings, to review the existing practice of using colour dyes as the main testing tool and improve the relevant follow-up procedures of government departments, so as to enhance processing efficiency; (d) to expedite the clearance procedures for handling unauthorized building works, and enhance the exercising of powers conferred on the Building Authority under section 22 of the Buildings Ordinance, in particular focusing on old and notably dilapidated buildings, to enter into units of such buildings to inspect whether there are unauthorized building works that may affect the building structure, so as to ensure building safety; and should serious cases of inter-linked unauthorized building works be detected, the Government should take the initiative to assist the affected owners in carrying out rehabilitation works together and then share the costs among the owners, so as to avoid continuous potential hazards in the building structure and safeguard building safety; on improving building management, (e) to actively assist owners of old buildings in organizing owners' corporations or hiring management companies, including exploring the engagement of the Hong Kong Housing Society or other non-government organizations to act as agents and let these organizations to take over the management work or hire management companies, so as to assist the residents in resolving management and maintenance problems; (f) to review the existing Building Management Ordinance, so as to alleviate the problem of inefficiency in building management of 'one building with multiple owners' corporations' and 'multiple buildings with one owners' corporation'; (g) to set up a 'building affairs tribunal' to resolve the existing problems of lengthy building management disputes, expensive legal costs, etc.; (h) to actively examine the creation of a commissioner for management of old buildings to co-ordinate the existing work of various departments, so as to avoid fragmented administration of such departments; (i) to establish a mechanism for modifying unreasonable

provisions in the deeds of mutual covenant, so as to assist owners in managing the buildings more effectively; and (j) to actively consider establishing an approval mechanism to assist small property owners under sub-deeds of mutual covenant in obtaining the right to deal with building management problems covered by sub-deeds of mutual covenant" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Ms Starry LEE's amendment to Dr Raymond HO's motion as amended by Dr Priscilla LEUNG, Mr WONG Kwok-hing and Mr Frederick FUNG be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Ms Miriam LAU, as the amendments by Dr Priscilla LEUNG, Mr WONG Kwok-hing, Mr Frederick FUNG and Ms Starry LEE have been passed, you may now move your revised amendment.

MS MIRIAM LAU (in Cantonese): President, I move that Dr Raymond HO's motion, as amended by Dr Priscilla LEUNG, Mr WONG Kwok-hing, Mr Frederick FUNG and Ms Starry LEE, be further amended by my revised amendment.

Ms Miriam LAU moved the following further amendment to the motion as amended by Dr Priscilla LEUNG, Mr WONG Kwok-hing, Mr Frederick FUNG and Ms Starry LEE: (Translation)

"To add "; in addition, this Council is gravely dissatisfied that the Administration has still failed to put forward improvement proposals to prevent the recurrence of similar incidents" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Ms Miriam LAU's amendment to Dr Raymond HO's motion as amended by Dr Priscilla LEUNG, Mr WONG Kwok-hing, Mr Frederick FUNG and Ms Starry LEE be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Mr James TO, as the amendments by Dr Priscilla LEUNG, Mr WONG Kwok-hing, Mr Frederick FUNG, Ms Starry LEE and Ms Miriam LAU have been passed, you may now move your revised amendment.

MR JAMES TO (in Cantonese): President, I move that Dr Raymond HO's motion, as amended by Dr Priscilla LEUNG, Mr WONG Kwok-hing, Mr Frederick FUNG, Ms Starry LEE and Ms Miriam LAU, be further amended by my revised amendment.

Mr James TO moved the following further amendment to the motion as amended by Dr Priscilla LEUNG, Mr WONG Kwok-hing, Mr Frederick FUNG, Ms Starry LEE and Ms Miriam LAU: (Translation)

"To add "; this Council also urges the Government to expeditiously give a clear account of the responsibilities of the various parties involved in the incident of the collapse of the building, and strengthen regulation of and provide assistance to facilitate the maintenance and management of old buildings, so as to safeguard the life and property of the public, including penalizing the non-complying contractors and the property owners who have failed to comply with the removal orders; enhancing the exercising of powers conferred on the Building Authority under section 22 of the Buildings Ordinance to enter into units of such buildings to inspect whether there are partitioned flats, so as to ensure building safety; and allocating additional funding to 'Operation Building Bright', and relaxing the restrictions on application and terms of funding support for various building maintenance subsidy and loan schemes, so as to assist more owners with financial difficulties in carrying out building maintenance works" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr James TO's amendment to Dr Raymond HO's motion as amended by Dr Priscilla LEUNG, Mr WONG Kwok-hing, Mr Frederick FUNG, Ms Starry LEE and Ms Miriam LAU be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Dr Raymond HO, you may now reply and you have three minutes 10 seconds.

DR RAYMOND HO (in Cantonese): President, this is an unprecedented incident in which the building collapsed completely within 10 seconds, killing four people and injuring two others. The Buildings Department (BD), after conducting a three-month investigation into such a serious incident, has submitted a report of only two and a half pages rather than four pages. This has aroused our concern, and we consider it necessary to continue to pursue the details. On that day, four Honourable colleagues who are professionals conducted an inspection at the scene jointly, giving full play to the function of Members returned by functional constituencies. Tonight, 15 Members have joined this debate and put forth a lot of constructive opinions and key points. I believe, after today's debate, members of the public may have a better understanding of the whole tragedy and areas that warrant attention. Moreover, they can also learn more about the problem of building management, so that building neglect or corrupt practices in the course of tendering can be reduced in future.

We can say that all the six amendments have been passed harmoniously tonight. Therefore, we need not worry about the issue of separate voting. Moreover, we hope that the BD can submit a more comprehensive and detailed

report expeditiously. We are very satisfied with the responses given by the two Secretaries tonight and gained a better understanding of the whole matter. Under such a situation, as mentioned by some Honourable colleagues just now, we hope that the Subcommittee on Building Safety and Related Issues chaired by Prof Patrick LAU can follow up this matter, so as to enable us to get a clearer picture of the whole tragedy. Thank you, President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Dr Raymond HO, as amended by Dr Priscilla LEUNG, Mr WONG Kwok-hing, Mr Frederick FUNG, Ms Starry LEE, Ms Miriam LAU and Mr James TO, be passed.

PRESIDENT (in Cantonese): Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 11.00 am on Wednesday, 2 June 2010.

Adjourned accordingly at twenty-eight minutes past Eight o'clock.

Appendix 1**REQUEST FOR POST-MEETING AMENDMENTS**

The Secretary for Financial Services and the Treasury requested the following post-meeting amendment in respect of a supplementary question to Question 3

Line 5, fourth paragraph, page 32 of the Confirmed version

To amend "..... thus civil action was warranted for recovery accounted for some \$60 million." as "..... thus civil action was warranted for recovery accounted for some \$6 million." (Translation)

(Please refer to line 9 to 10, second paragraph, page 8678 of this Translated version)

Appendix 2**REQUEST FOR POST-MEETING AMENDMENTS**

The Secretary for Commerce and Economic Development requested the following post-meeting amendment in respect of a supplementary question to Question 6

Line 3, fifth paragraph, page 53 of the Confirmed version

To amend "..... and among the 27 directors," as "..... and among the 29 directors," (Translation)

(Please refer to line 4, last paragraph, page 8709 of this Translated version)

Line 2, second paragraph, page 54 of the Confirmed version

To amend "..... among the 27 directors of the board," as "..... among the 29 directors of the board," (Translation)

(Please refer to line 3, second paragraph, page 8710 of this Translated version)

Line 8, second paragraph, page 54 of the Confirmed version

To amend "..... to recommend their own representatives to join the board of the TIC." as ".....to nominate representatives for election to the board of the TIC" (Translation)

(Please refer to line 12 to 13, second paragraph, page 8710 of this Translated version)

Appendix I

WRITTEN ANSWER

Written answer by the Secretary for Development to Miss Tanya CHAN's supplementary question to Question 1

- (1) The two dead trees at the Conduit Road Sitting-out Area were found dead by the Leisure and Cultural Services Department (LCSD) in its inspection in 2009, and needed to be removed. Before the removal of the two dead trees, the LCSD had submitted information on the conditions of the trees as obtained in the inspection and the reasons for the proposed tree removal (details at Annex 1) to the Tree Preservation Board of LCSD. The Board had approved the proposed removal of the trees.
- (2) The two dead trees were located on a slope and were having imminent danger of collapse, and hence should be removed as soon as possible. To protect public safety, the LCSD had not posted any notice before removing the two dead trees.

Annex 1

Information on the conditions of the trees as obtained in the inspection and reasons for the proposed tree removal

<i>Case</i>	<i>Location</i>	<i>Species</i>	<i>Diameter at Breast Height (mm)</i>	<i>Height (m)</i>	<i>Crown Spread (m)</i>	<i>Tree Condition</i>	<i>Suspected reason of tree death</i>
1.	Conduit Road Sitting-out Area	Aleurites moluccana	600	11	9	dead	Serious pest and disease, fungal/bacterial attack, serious root rot
2.	Conduit Road Sitting-out Area	Macaranga tanarius	700	13	10	dead	Serious pest and disease, fungal/bacterial attack, serious root rot

Appendix II**WRITTEN ANSWER****Written answer by the Secretary for Development to Mr LEUNG Kwok-hung's supplementary question to Question 1**

- (1) Starting February 2010, the Greening, Landscape and Tree Management Section of the Development Bureau had organized training for about 2 230 staff, which includes about 1 840 government staff and about 390 staff of contractors employed by the Government, to better equip them for carrying out tree risk assessment. They include staff at the managerial, supervisory and front-line levels.
- (2) The relevant grades of the about 1 840 government staff who have attended tree risk assessment training are listed in Annex 1.
- (3) The relevant grades of the about 390 staff of contractors employed by the Government who have attended tree risk assessment training are listed in Annex 2. Among them, about 220 are from the managerial level, about 150 from the supervisory level and about 20 from the front-line level. We do not have information on the salary level of these non-government staff.

Annex 1**Relevant Grades of Government Staff
Attended Tree Risk Assessment Training**

- Geotechnical Engineer
- Maintenance Surveyor
- Engineer
- Inspector of Works
- Surveyor
- Building Services Engineer
- Survey Officer
- Architect

WRITTEN ANSWER — *Continued*

- Landscape Architect
- Property Manager
- Housing Manager
- Forestry Officer
- Field Officer
- Field Assistant
- Technical Officer
- Clerk of Works
- Works Supervisor
- Leisure Services Manager
- Amenities Officer

Annex 2

Relevant Grades of Staff of Contractors Employed by the Government
Attended Tree Risk Assessment Training

- Project Officer
- Project Manager
- Site Supervisor
- Resident Engineer
- Engineer
- Geotechnical Engineer
- Inspector of Works
- Works Supervisor
- Quantity Surveyor
- Safety Officer
- Technician
- Worker
- Construction Manager
- Site Agent
- Landscape Designer
- Horticultural Inspector
- Horticultural Designer
- Landscape Architect
- Executive Officer
- Field Officer

Appendix III**WRITTEN ANSWER****Written answer by the Secretary for Financial Services and the Treasury to Mr James TO's supplementary question to Question 2**

The concerned bank informed the relevant Hong Kong Monetary Authority (HKMA) staff by telephone in the early evening of 23 April 2010 (Friday) that a suspected Automated Teller Machine (ATM) fraud case had occurred. The bank indicated during the telephone conversation that it would submit a preliminary incident report later that day, and the HKMA requested the bank to provide information such as the *modus operandi* of the crime, mitigating measures taken by the bank and the assessment of the impact of the incident. The bank submitted a preliminary incident report to the HKMA later that evening, providing a brief account of what had happened and confirming the location of the affected ATM and the number of affected bank customers. The bank also confirmed that the customers affected by the incident would not suffer any monetary loss. However, the preliminary incident report was not yet able to confirm the *modus operandi* of the crime and whether the incident would affect other ATMs of the bank or of other networks. Subsequently, after conducting further investigation and analysis, the bank provided the HKMA with further information in the morning of 27 April 2010 (Tuesday). In particular, the bank indicated that the incident did not seem to involve any new *modus operandi*. After careful consideration, the HKMA made an announcement in the afternoon on the same day to remind the public again that they should protect their ATM cards and Personal Identity Numbers (PIN) appropriately (including covering the keypad while entering the PIN). They should also watch out for any irregularity when using the ATMs in order to reduce the risk of being affected by similar fraud cases.

Appendix IV**WRITTEN ANSWER****Written answer by the Secretary for Financial Services and the Treasury to Mr Albert HO's supplementary question to Question 3**

As regards the number of employers who had defaulted contribution but had not been prosecuted by the Mandatory Provident Fund Schemes Authority (MPFA), the figures are set out below:

	<i>2009-2010</i>
Number of employers against whom MPFA have received default contributions complaints and who have not paid the arrears after MPFA's follow-up actions	305
Number of employers prosecuted	113
Number of employers not prosecuted	192

After receipt of complaints of default contributions, the MPFA will investigate and follow up immediately. If the employer concerned does not pay the arrears within the specified period, the MPFA will consider initiating criminal prosecution against him. In considering whether prosecution should be initiated, the MPFA will take into account such factors as the severity of the case (for example, the amount of default contributions and the number employees involved, as well as whether the employer concerned is a repeated offender, and so on) and the adequacy of evidence (for example, whether there are witnesses testifying at the Court hearing and whether evidence against the defendant is admissible in court, and so on). According to the MPFA, the abovementioned 192 employers have not been prosecuted mainly due to insufficient evidence.

At the same time, the MPFA will seek to recover all default contributions through civil claims, including those of the abovementioned 192 employers who have not been prosecuted.