

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 19 January 2011

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 LEUNG YIU-CHUNG

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

THE HONOURABLE LAU KONG-WAH, J.P.

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

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

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

THE HONOURABLE ANDREW CHENG KAR-FOO

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

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

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

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

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

MEMBERS ABSENT:

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

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

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

PUBLIC OFFICERS ATTENDING:

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

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

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

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

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

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

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

CLERKS IN ATTENDANCE:

MS PAULINE NG MAN-WAH, SECRETARY GENERAL

MRS VIVIAN KAM NG LAI-MAN, ASSISTANT SECRETARY GENERAL

MRS JUSTINA LAM CHENG BO-LING, ASSISTANT SECRETARY
GENERAL

TABLING OF PAPERS

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

Subsidiary Legislation/Instruments	<i>L.N. No.</i>
Building (Construction) (Amendment) Regulation 2011 ..	3/2011
Building (Oil Storage Installations) (Amendment) Regulation 2011	4/2011
Shipping and Port Control (Amendment) Regulation 2011	5/2011
Merchant Shipping (Seafarers) (Fees) (Amendment) Regulation 2011	6/2011
Dangerous Drugs Ordinance (Amendment of First Schedule) Order 2011	7/2011
Control of Chemicals Ordinance (Amendment of Schedule 2) Order 2011	8/2011

Other Paper

No. 58 — Legal Aid Services Council Annual Report 2009-2010

ORAL ANSWERS TO QUESTIONS

PRESIDENT (in Cantonese): Questions. First question.

Section 39E of Inland Revenue Ordinance

1. **DR LAM TAI-FAI** (in Cantonese): *President, some members of the trade have pointed out that although the interpretation and enforcement of section 39E of the Inland Revenue Ordinance (section 39E) by the Inland Revenue*

Department have profound implications on the operation of industrial and commercial enterprises, the Secretary for Financial Services and the Treasury has refused to amend the provision and has not arranged any meeting with me to discuss the issue of section 39E. In this connection, will the Government inform this Council:

- (a) given that despite my letters to the Secretary for Financial Services and the Treasury on 8 and 22 November and 1 December 2010 respectively, as well as the several phone calls from my office to his, to request a meeting to discuss the issue of section 39E, I have never succeeded in securing the arrangement of such a meeting with the Secretary for Financial Services and the Treasury, of the reasons for the Secretary for Financial Services and the Treasury not meeting with me and whether the authorities have assessed if this approach of the Secretary for Financial Services and the Treasury is appropriate and effective for maintaining good communication with Legislative Council Members; if they have assessed, of the conclusion; if not, the reasons for that, and whether they will make such an assessment;*
- (b) given that the Secretary for Financial Services and the Treasury indicated in his reply to the supplementary question of a Member of this Council on 24 November 2010 that he had conducted a lot of communication in great detail with the sectors through different opportunities and had conducted face-to-face communication with the sectors numerous times, yet he has not made any arrangement to meet with me, as the representative of the industrial sector (Industrial (Second)) in the Legislative Council, whether the authorities have assessed if the speech of the Secretary for Financial Services and the Treasury on 24 November has misled Members and was unfair to me; if they have assessed, of the details; if not, the reasons for that; and*
- (c) whether the Government of the current term will consider invoking other mechanisms to review the issue of section 39E so as to develop the local economy and continuously enhance the competitiveness of the small and medium enterprises; if it will, of the details; if not, whether it is going to pass the review exercise to the Government of the next term?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, my replies to parts (a) to (c) of the question are as follows:

In the past year or so, Dr LAM Tai-fai and other Members of the Legislative Council raised repeatedly questions about relaxation of section 39E of the Inland Revenue Ordinance (IRO). I gave replies to these questions on a number of occasions, setting out clearly the position of the Administration. In response to the oral question raised by Dr LAM Tai-fai on 24 November 2010, I have given a very detailed reply, stating categorically that we have already reviewed the relevant issue and our conclusion is that there are no justifiable grounds to relax the current restriction in section 39E. We have also explained the reasons for not relaxing the restriction. During the course of deliberations, we have already taken into consideration the views of the industrial and commercial sector, the accounting sector and tax experts.

All along, President, the Administration attaches great importance to maintaining good relationship between the executive authorities and the legislature. We are very pleased to present to the Legislative Council the Administration's policies in various areas and their respective objectives so as to gauge the valuable views of the Legislative Council Members. Indeed, we have had several rounds of discussions at the Legislative Council Chamber on the proposal of Dr LAM Tai-fai to relax section 39E of the IRO. Regarding the meeting request of Dr LAM Tai-fai, apart from issuing a written reply on 26 November 2010, I also communicated further with Dr LAM Tai-fai upon receipt of his letter dated 1 December 2010 and explained once again our position on section 39E.

In response to the concerns of Dr LAM Tai-fai on this issue, I hereby reiterate that there are no justifiable grounds to relax the existing restriction in section 39E, in the light of the established fundamental principles of Hong Kong's tax system such as "territorial source" principle and "tax symmetry" principle. From the taxation perspective, there are substantive differences between "contract processing" and "import processing" in terms of mode of operation, status of legal person, ownership of goods, manufacturing equipment as well as level of involvement in the manufacturing activities in the Mainland.

Under the "import processing" mode, Hong Kong enterprises engaging in "import processing" only involve in trading activities. As such, they would only

be liable to profits tax in Hong Kong for taxable profits derived from their trading activities. The machinery or plant is solely used by the Mainland enterprises (being separate legal entities) in their manufacturing activities and the profits thus generated are wholly derived from the Mainland and liable to the Mainland tax. Since the Hong Kong enterprises do not take part in the manufacturing activities of the Mainland and have not derived any chargeable profits from the manufacturing activities in the Mainland, the Hong Kong Inland Revenue Department (IRD) would not charge profits tax on the Hong Kong enterprises in relation to the manufacturing activities in the Mainland and would not grant depreciation allowances for the machinery and plant which are solely related to the manufacturing activities. If we were to provide depreciation allowances for such machinery and plant in Hong Kong, we may be perceived as encouraging transfer pricing which would affect the taxing rights of Hong Kong and other tax jurisdictions (including the Mainland). This would violate the international principles and guidelines for handling transfer pricing and Hong Kong may be regarded as a harmful tax competitor.

DR LAM TAI-FAI (in Cantonese): *President, recently, a piece of news on the Mainland reported that at a meeting, the Party Secretary of Guangdong Province, Mr WANG Yang, had criticized some Mainland officials who had no conscience for disregarding public interest and lacking in sincerity in resolving the difficulties of the people, that they had adopted the attitude and tactic of "procrastination, shirking responsibilities, evasion and suppression" in handling social issues. This kind of reports always strikes a chord in me. In fact, for the past couple of years, I have been very unfortunate in encountering some accountability officials who have adopted the Hong Kong version of the tactic of "procrastination, shifting responsibilities, evasion and suppression" in handling matters.*

President, I have this supplementary question. This problem relating to section 39E has seriously affected the competitiveness, upgrading and transformation of the sector. The IRD has looked at past records and gone through old accounts in an attempt to recover taxes, thus making the sector very nervous and live in fear. However, in the past two years, the Secretary has been dragging his feet, not taking the initiative to solve the problem actively. Finally, after a lot of hassles, the responsibility was shifted to the Joint Liaison Committee on Taxation (JLCT), which was given the task of conducting a review. I have

been requesting a meeting with him but he has all along declined to meet with me. Subsequently, the JLCT made its recommendations and published a report. However, the Secretary found that the views were not to his liking, so he said boorishly that the JLCT was not good enough and suppressed its report and views. In fact, he has all along contrived to suppress dissent by various means and prevent people from voicing dissent.

I think that the reply of the Secretary today is entirely irrelevant. I wonder if he has looked at my question closely. Maybe it was a Freudian slip. Secretary, last time, when you gave Mr LEUNG Yiu-chung a reply, you said aloud that a number of meetings had been held with the sector, and they were face-to-face meetings in which detailed discussions were held. This time around, you have debunked your own claim. I have written to you on three occasions and also rung you up a number of times. Why has not a single meeting been arranged so far? Is this a desirable approach in communication? This is my question.

PRESIDENT (in Cantonese): Please put your supplementary question direct.

DR LAM TAI-FAI (in Cantonese): *My supplementary question is: Is this a desirable approach in communication? Also, did the Secretary lie? Do not think that lying is no big deal. It is so difficult to have even one meeting with you. Do you think you are an emperor or the Premier? It cannot be like this. I am the representative of the sector, and I have requested a meeting with you for a long time*

PRESIDENT (in Cantonese): Dr LAM, please come to your supplementary question direct.

DR LAM TAI-FAI (in Cantonese): *My supplementary question is: Is this a desirable approach in communication? Moreover, when he gave a reply to Mr LEUNG Yiu-chung on the last occasion, was he lying?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, I repeat that we attach great importance to communication with Members and the sector. On this issue, we have met and explained to the sector and Members a number of times and used various channels of communication to gain an understanding of their positions. The aim of referring this issue to the JLCT is to conduct a serious study. Last time, in reply to Dr LAM's question, I explained in detail the reasons for not amending section 39E, so I have nothing to add in this regard.

DR LAM TAI-FAI (in Cantonese): *President, he has not answered my question. I am not asking him to explain to me whether or not section 39E can be amended, rather, I am asking him if this is an approach in communication and why he did not meet me. (Laughter)*

PRESIDENT (in Cantonese): Secretary, can you reply as to why you did not meet Dr LAM?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): We have many ways of communication and I believe we are at the government level, we attach great importance to communication and have great sincerity in doing so. We also have great sincerity in studying this issue. Have we conducted any study? We have. Is there any answer? There is. Have we drawn a conclusion? We have also drawn a conclusion.

MR WONG TING-KWONG (in Cantonese): *President, the sector has raised this issue relating to section 39E for a long time. Since it was not strictly enforced in the past, maybe there are some wrong interpretations or misunderstandings, so on and so forth. However, if old accounts were squared now, it would impose an unbearable burden on the sector. May I ask the Secretary if exemptions or greater discretion can be considered in the enforcement of section 39E and if he can refrain from exercising the retrospective power in respect of the relevant exemptions or discretion?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, and Mr WONG, the IRD is an agency that carries out its work in accordance with the law. The law requires that it must act according to the law and this is also the principle of equity trusted by Hong Kong taxpayers. In this regard, on issues relating to law enforcement, the IRD does not have the power to refrain from enforcing the law.

MR VINCENT FANG (in Cantonese): *President, I thank the Secretary for saying just now that reviews would be conducted from time to time. In the past, the Government claimed that the depreciation allowance for machinery offered to Hong Kong enterprises in accordance with section 39E was cancelled because factory owners had switched from "contract processing" to "import processing". In fact, the change from the "contract processing" mode to the "import processing" mode occurred because factory owners wanted to tie in with the restructuring on the Mainland. In view of this, since the "contract processing" mode is eligible for exemptions, can factory owners that have now switched to the "import processing" mode revert to the "contract processing" mode and in that event, will the Government offer such a concession to them again?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, when carrying out tax assessments, we will do so having regard to the status of the legal person and the trading activities. We will handle the assessments in view of the actual arrangements in each case. As regards the retrospective power, this is hard to say indeed as we will carry out tax assessments in view of the arrangements in each commercial activity.

MR VINCENT FANG (in Cantonese): *President, in the past, by virtue of the "contract processing" mode, factory owners were eligible for this concession but after switching to the "import processing" mode, they are no longer eligible. If they revert to the former "contract processing" mode, would the Government offer the same concession to them again?*

PRESIDENT (in Cantonese): Mr FANG did not ask about the retrospective power.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, in this regard, I can only reply that the IRD will act in accordance with the existing law, but regarding the details of how the change will be like or how the change will be dealt with, I cannot give an answer here. I believe the IRD will deal with it in accordance with the powers conferred by the law.

MR VINCENT FANG (in Cantonese): *If the situation reverts to that in which they are eligible for the concession, would the Government offer the past concession again? In the past, the IRD offered such a concession.*

PRESIDENT (in Cantonese): I believe it would be available.

MR VINCENT FANG (in Cantonese): *If the mode reverts to that of "contract processing", would the Government offer the same concession?*

PRESIDENT (in Cantonese): Mr FANG, I think the Secretary understands your supplementary question. Secretary, do you have anything to add?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): I have nothing to add but currently, there is indeed a 50:50 arrangement regarding the "contract processing" mode because the arrangement for the legal person is different, so there is a 50:50 arrangement for the "contract processing" mode.

MR CHAN KIN-POR (in Cantonese): *May I ask the Secretary if the Government's decision on section 39E is final? Is there any appeal mechanism? Why are you unwilling to meet Dr LAM Tai-fai? Are you afraid that he has a tendency for violence? (Laughter)*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Thanks to Mr CHAN for asking this supplementary question. First, has our review been completed? It has been. We have completed the review on this issue and referred our views and decisions to the JLCT. Moreover, we have given an account of our position in the question time of the Legislative Council on the last occasion. Second, I can meet with Dr LAM Tai-fai and dine with him any time. This is not a problem.

DR LAM TAI-FAI (in Cantonese): *I do not want a meeting or a meal. I want a discussion.*

PRESIDENT (in Cantonese): Dr LAM, please sit down.

MR CHEUNG MAN-KWONG (in Cantonese): *President, I have not kept an interest in section 39E in particular, but I am concerned about the integrity of the SAR Government, including that of the Secretary. Secretary, I found this sentence in your main reply to Dr LAM Tai-fai, and I ask you to explain it clearly. In the second paragraph, it is said that after Dr LAM Tai-fai had made the request to have a meeting, you gave him a written reply on 26 November 2010. This means that you gave him a written reply but did not meet with him. Subsequently, you "also communicated further with Dr LAM Tai-fai upon receipt of his letter dated 1 December 2010" and explained once again your position on section 39E. The impression conveyed by this sentence is that after receiving Dr LAM Tai-fai's letter dated 1 December 2010, you met and communicated with him. May I ask if you have ever met Dr LAM Tai-fai in person after 1 December? In the meeting, did you state to each other your views on section 39E directly and clearly? If there was no meeting but it was put down in writing as "communicated further with Dr LAM Tai-fai", this is very misleading and it even gives one the impression that you are lying because you and he did not meet in any way but you have hinted to Members or people having no idea of the actual situation that there was a meeting. Did the two of you actually meet? What I mean is after 1 December 2010. This point is related to the integrity of the Government, so you cannot try to get away by muddying the water.*

PRESIDENT (in Cantonese): Mr CHEUNG, you have already made your supplementary question very clear.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, I think my reply has already conveyed clearly what happened. On this point, after 1 December, it should be the case that I had one telephone conversation with Dr LAM Tai-fai.

MR CHEUNG MAN-KWONG (in Cantonese): *My supplementary question is*

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

MR CHEUNG MAN-KWONG (in Cantonese): *According to what was said just now, Dr LAM Tai-fai's letter was an invitation to have a meeting. It was an invitation to have a meeting but the impression we got was that the Secretary had a meeting with him. At least, the text conveys such an impression.*

PRESIDENT (in Cantonese): Mr CHEUNG, please do not express any more views. The Secretary has already replied that the communication was conducted over the telephone.

MR ABRAHAM SHEK (in Cantonese): *During the past couple of years, "39E LAM" has explained the problems caused by section 39E, and consequently, many Members who originally knew little about this provision have been persuaded to support making amendments to the provision. May I ask the Secretary if he has not heard the problems facing the sector? This is an issue raised not just by Dr LAM, rather, it is a problem relating to the whole Government. After the consultation had been completed, the sector expressed support for amending sector 39E but the Government was bent on having its way and paid no heed to the issues raised by the sector. This is not the first instance, for there have been many such instances. Is it because Dr LAM Tai-fai is a*

Member elected by a small circle that he is ignored and you would only listen to the views of other Members or people who would follow your instructions? Concerning section 39E, the Secretary has heard the demands of Dr LAM Tai-fai. How great an impact do they have on the Government's revenue and on Hong Kong?

PRESIDENT (in Cantonese): Mr Abraham SHEK, is "39E LAM" mentioned by you at the beginning of your question the name of a person?

MR ABRAHAM SHEK (in Cantonese): *It is Dr "39E" LAM.*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, I have great respect for all Members. As an accountability official in the Financial Services and the Treasury Bureau, I greatly respect the views raised by Members in this regard and we equally respect the views expressed by the sector to us. Each time we listened to views relating to taxation or the budget, various sectors would voice a lot of views on amending the IRO. I believe in the debate to be conducted in the afternoon, Members will also raise a lot of views in this regard.

On taxation, many sectors, be they the industrial sector or other business sectors, often express a lot of views to us. Certainly, changes to the IRO will sometimes be helpful to certain sectors and this we understand. However, if the proposed changes to the IRO have far-reaching implications on the entire tax regime, we must think about them further. Although the issues relating to section 39E appear to be very simple, I also understand that some factory owners feel that they are treated unfairly. We have heard such voices and are happy to refer this issue to the JLCT for consideration and serious study. However, we pointed out when we referred this issue to it for study that we had concerns about some areas and asked if solutions could be found.

On the last occasion, I gave a detailed reply to Dr LAM and this time, I also cited several points including *inter alia*, the issue of transfer pricing and the taxing rights of Hong Kong and other tax jurisdictions. Major taxation principles are involved. As an official responsible for protecting the integrity of

public finance, I cannot overlook the situation in this regard. The implications are not confined to individual sectors and they may involve our overall relationships with other tax jurisdictions and the principle of equity in taxation. For this reason, I can only explain the situation in detail to Members and the sector. Of course, I understand that after stating our position and results of study, not all people would agree with or support this decision but sometimes, when formulating policies, our policies and decisions cannot possibly gain the support of all people. So I can only state my position.

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

MR ABRAHAM SHEK (in Cantonese): *President, may I ask how great the financial implications are? If some people have to be sacrificed, we have to tell them*

PRESIDENT (in Cantonese): Please repeat the part of your supplementary question that you think the Secretary has not answered.

MR ABRAHAM SHEK (in Cantonese): *He did not reply as to how great the financial implications of amending section 39E are on the tax revenue of Hong Kong.*

PRESIDENT (in Cantonese): The Secretary has already answered why the Government thinks that amendments cannot be made after conducting the review. Secretary, do you have anything to add about the financial implications?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, we have not conducted any assessment on this.

PRESIDENT (in Cantonese): We have spent more than 22 minutes on this question. Second question.

Obstetrics and Gynaecology Services in Public Hospitals

2. **MR IP WAI-MING** (in Cantonese): *President, it has been reported that the turnover rate of the healthcare staff in obstetrics and gynaecology (O&G) departments of the Hospital Authority (HA) has been extremely high in recent years, directly affecting the O&G services provided in public hospitals. At present, only eight hospitals under the seven hospital clusters of the HA provide O&G hospitalization and delivery care services. In this connection, will the Government inform this Council whether it knows:*

- (a) *the turnover rate of obstetricians and gynaecologists in public hospitals in each of the past 10 years; how the authorities will solve the problem of manpower shortages due to such turnover;*
- (b) *the respective numbers of pregnant women from the North District, Tai Po District and Sha Tin District among those using the O&G hospitalization and delivery care services of the Prince of Wales Hospital (PWH) in the past five years; the respective percentages of the numbers of pregnant women from these three districts in the total number of pregnant women using the O&G hospitalization and delivery care services of the PWH, with a breakdown by year; and*
- (c) *the criteria based on which the authorities decide whether a hospital should provide O&G hospitalization and delivery care services, and the details of such criteria; among the hospitals under the HA, whether there are examples of those hospitals which have not fully met such criteria and yet they still or will offer O&G hospitalization and delivery care services; if there are such examples, the details; given that the O&G department of the North District Hospital (NDH) provides midwifery clinic service only, the utilization rate of such service, and whether the authorities have any plan to provide O&G hospitalization and delivery care services at the NDH; if so, the details; if not, the reasons for that?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, the HA provides services (including O&G services) on a cluster basis. Each hospital cluster under the HA takes account of the demographic profiles of the districts within the cluster and the service utilization pattern of the local residents as well as the service scope of the hospitals within the cluster, in order to plan and provide appropriate services for the residents in the cluster. Each hospital has its own designated role within each cluster and hospitals within the same cluster will complement and provide support to each other.

As regard O&G services, according to the planning reference drawn up based on the recommendation of the HA's expert committee on O&G service, in general a public hospital in a cluster will only provide obstetric services when the number of births is projected to reach 3 000 per year. This reference aims to ensure that the healthcare personnel can accumulate sufficient clinical experience to handle the risk of sudden changes of clinical condition of the pregnant patient. In addition, all public hospitals providing O&G services must be equipped with appropriate supportive facilities both in terms of hardware and software so as to provide the public with safe and cost-effective O&G services. Regarding the hardware, these hospitals are provided with wards, delivery rooms, operating theatres, neonatal intensive care unit, special care unit, and so on. As for the software, these hospitals are required to provide appropriate personnel as well as continuous training and comprehensive clinical guidelines for their O&G specialists, midwives and neonatal specialists. Currently, O&G services and relevant supportive facilities are provided in eight hospitals in the seven hospital clusters under the HA to enable residents of various districts to access such services in the respective clusters. My reply to various parts of the question is as follows:

- (a) Over the past 10 years, the turnover rates (which account for both outgoing and retiring staff) of obstetricians and gynaecologists in the HA are set out in Table 1 at the Annex. Although there was a rise in the turnover rate last year, there has been a net increase of about 10% in the total number of obstetricians and gynaecologists over the past five years, and a net increase of 20% in the total number of Consultants and Associate Consultants in the O&G specialty. The total numbers of obstetricians and gynaecologists in the HA over the past five years are set out in Table 2 at the Annex.

In view of the turnover of obstetricians and gynaecologists, the HA has adopted measures to increase the manpower, retain existing talents and improve the working environment of obstetricians and gynaecologists. While a total of 17 obstetricians and gynaecologists left service in 2009-2010, the HA recruited 18 Residents to receive specialist training in July last year. On staff retention, apart from filling the existing vacancies of Consultant or Associate Consultant, the HA also creates additional posts for internal promotion and reinstates the promotional mechanism for serving senior Consultants. The HA has just extended this week the employment of part-time obstetricians and gynaecologists by inviting departed and retired obstetricians and gynaecologists to serve on a part-time basis to strengthen its manpower.

To improve the overall working environment, the HA has taken various measures which include improving the working hours and roster arrangements of doctors, implementation of support measures to doctors so as to reduce the workload of front-line doctors as well as provision of more training opportunities, such as establishing scholarships to subsidize doctors to undertake overseas training.

- (b) A breakdown by districts of the numbers of pregnant women using the in-patient and delivery service of the PWH over the past five years is set out in Table 3 at the Annex.
- (c) The NDH is providing O&G out-patient service and the utilization rates in the past five years are set out in Table 4 at the Annex. As mentioned above, in order to enable healthcare personnel to accumulate sufficient clinical experience to handle the risk of sudden changes of clinical condition of the pregnant patient, in general a public hospital will only provide obstetric services when the number of births in that hospital is projected to reach 3 000 per year. As the number of new-born babies residing in North District who were delivered in public hospitals has yet to reach the relevant reference number, the New Territories East (NTE) Cluster has no plan at present to provide obstetric in-patient and delivery services at the NDH. Obstetric services in the NTE Cluster are currently provided at the PWH in order to pool together manpower and resources for

effective provision of quality services and ensure patient safety. The PWH has a comprehensive neonatal care and intensive care unit to ensure that immediate support can be provided to the new-born babies in need.

Annex

Table 1: Turnover rate of obstetricians and gynaecologists in HA

<i>Year</i>	<i>2000-2001</i>	<i>2001-2002</i>	<i>2002-2003</i>	<i>2003-2004</i>	<i>2004-2005</i>	<i>2005-2006</i>	<i>2006-2007</i>	<i>2007-2008</i>	<i>2008-2009</i>	<i>2009-2010</i>
Turnover rate	3.8%	2.6%	1.0%	6.6%	7.5%	6.4%	12.7%	8.7%	6.0%	8.3%

Table 2: Number of obstetricians and gynaecologists in HA

<i>Number of doctors</i>	<i>Consultant</i>	<i>Associate Consultant</i>	<i>Resident</i>	<i>Total number of doctors</i>
End of 2005-2006	30	40	119	189
End of December 2010	39	46	120	205

Table 3: A breakdown by districts of the numbers of pregnant women using O&G inpatient and delivery service of the PWH

<i>Year</i>	<i>2005-2006</i>		<i>2006-2007</i>		<i>2007-2008</i>		<i>2008-2009</i>		<i>2009-2010</i>	
	<i>Number of deliveries reported by pregnant women</i>	<i>As a percentage of the total number (%)</i>	<i>Number of deliveries</i>	<i>As a percentage of the total number (%)</i>	<i>Number of deliveries</i>	<i>As a percentage of the total number (%)</i>	<i>Number of deliveries</i>	<i>As a percentage of the total number (%)</i>	<i>Number of deliveries</i>	<i>As a percentage of the total number (%)</i>
Sha Tin	2 500	39%	2 532	38%	2 543	42%	2 820	43%	2 859	45%
North District	1 617	25%	1 550	23%	1 496	25%	1 634	25%	1 605	25%
Tai Po	1 278	20%	1 221	18%	1 165	19%	1 288	19%	1 210	19%
Other districts	954	16%	1 385	21%	860	14%	868	13%	734	11%
Total	6 349	100%	6 688	100%	6 064	100%	6 610	100%	6 408	100%

Table 4: Utilization rate of the O&G outpatient service in NDH over the past five years

<i>Year</i>	<i>Total number of attendances of the Obstetrics specialist outpatient service</i>	<i>Total number of attendances of the Gynaecology specialist outpatient service</i>	<i>Total number of attendances of the O&G specialist outpatient service</i>
2005-2006	1 823	5 313	7 136
2006-2007	1 625	5 458	7 083
2007-2008	1 575	6 645	8 220
2008-2009	1 599	6 603	8 202
2009-2010	1 634	7 902	9 536

MR IP WAI-MING (in Cantonese): *Regarding the Secretary's remark that additional O&G services will be provided only when the number of births is projected to reach 3 000 each year, I do not entirely understand how this reference number has come into being. According to the information provided to us by the Government, the total number of births in the North District and Tai Po in 2009-2010 already reached 2 815, which is actually not far from the reference number mentioned by the Secretary. Hence, I do not understand how this figure of 3 000 has come into being. In particular, we note that the Government will develop Northeast New Territories, such as Kwu Tung, Fanling North and Ping Che, where the population will increase to more than 130 000 in the future. Its population is also estimated to be young and have demands for O&G services. This is why I do not understand why the Secretary should have adopted 3 000 as the reference number.*

Furthermore, President, some residents in the district have complained that women using O&G services at the PWH are currently admitted to the delivery rooms only when they are due to deliver and discharged three days later. Insofar as babies and women are concerned, the risk of delivery is actually very high. But very often, residents in the district consider that proper services are not provided. Despite the Chief Executive's appeal to Hong Kong people to give birth to three children, it appears that the Secretary has failed to make complementary efforts on this front, and the existing services are also severely inadequate. Such being the case, how can we believe the Chief Executive and the SAR Government? His appeal to us to give birth to three

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

MR IP WAI-MING (in Cantonese): *May I ask the Secretary if the reference number of 3 000 babies will be revised and additional O&G services be provided in the North District?*

PRESIDENT (in Cantonese): Are you asking the Secretary whether he will revise the reference number of 3 000?

MR IP WAI-MING (in Cantonese): *Yes.*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, as mentioned by me in the main reply, the reference number of 3 000 was drawn up by the expert committee on O&G service years ago mainly because, without an adequate number of births in a certain district, healthcare personnel there would be unable to accumulate sufficient clinical experience, and neither would special supportive facilities be provided. In particular, we see that the obstetric services provided nowadays are different from the services provided previously by maternity homes. We need obstetricians and a team of healthcare personnel to support them. Most importantly, if a baby requires special care during delivery, including emergency care during delivery in case of breathing problems or delivery difficulties, support must be provided by a neonatal intensive care unit. If healthcare personnel lack sufficient clinical experience, the standard of these services cannot be maintained. Therefore, they have all along insisted on the reference number of 3 000.

Furthermore, we see that the PWH can ensure that all the babies delivered within the NTE Cluster can be given intensive care and other required care expeditiously if such a need arises during delivery. Therefore, the new-born baby and obstetric services in Hong Kong have been able to maintain a relatively high standard. Insofar as Hong Kong is concerned, this is a very important policy, too.

DR LEUNG KA-LAU (in Cantonese): *President, I would like to follow up the last paragraph on the third page of the main reply given by the Secretary. The Secretary said, "To improve the overall working environment, the HA has taken various measures which include improving the working hours and roster arrangements of doctors, implementation of support measures to doctors". However, my colleagues have relayed to me that there has absolutely been no sign of this, and they have been working harder and harder. Can the Secretary provide more detailed data and give us a brief explanation?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): *President, Dr LEUNG has just left the HA. I think he should have an even more personal understanding in this respect. Over the past years, however, we have seen that the HA has indeed made a lot of effort in increasing manpower. We have also discussed with the relevant doctors' representatives. In particular, we have enabled departments where the working hours were relatively long previously to enjoy more flexible working hours to ease the situation in which they are required to work long hours. Of course, the detailed situations in different departments and specialties may vary. Currently, I have no information on the O&G specialty on hand, but we can submit it to Members later. (Appendix I)*

DR LEUNG KA-LAU (in Cantonese): *I would like the Secretary to provide objective data to tell us what changes colleagues in the O&G specialty have experienced over the past few years.*

MR CHAN HAK-KAN (in Cantonese): *President, I agree that diseases involving higher risks or requiring treatment with sophisticated skills or hi-tech equipment should be pooled together for dealing at certain hospitals, as this approach is better insofar as patients and the distribution of HA resources are concerned. However, if services such as delivery, which is relatively simple and less risky, have to be pooled, this gives me an impression that the Government is actually facing a situation of inadequate hardware and manpower.*

I can note from Table 3 in the Annex that the PWH handled a total of 6 400 cases in 2009-2010. Has this exceeded the capacity of the PWH? As

mentioned by Mr IP Wai-ming just now, the total number of births in the North District and Tai Po was approximately 2 800, or close to 3 000. Can the Secretary consider dealing with the two districts jointly by providing them with an O&G service? President, the distance between the North District and the PWH is nearly 20 km, the same as the distance between Central and Ma On Shan in Sha Tin.

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, Members can see in Table 3 in the Annex the figures of the O&G services provided at the PWH over the past five years. The numbers of deliveries in the PWH were 6 300 and 6 400 in 2005-2006 and 2009-2010 respectively. Basically, there has been no substantial increase because we decided in 2007 that, every obstetric hospital in each Cluster under the HA would serve mainly local pregnant women. Therefore, the number of pregnant women coming from the Mainland to Hong Kong for deliveries is now under control to ensure that the quantity of the overall services provided in local hospitals can be maintained within the scope of services they are required to provide. Hence, we can see that over the past five years, the numbers of deliveries were basically maintained at the same level.

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

MR CHAN HAK-KAN (in Cantonese): *President, will the Secretary consider merging the North District and Tai Po in the provision of an O&G specialist service?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, the NTE Cluster will have to consider how its specialties can provide services more effectively. Regarding the remark made by Mr CHAN just now that the risk of the O&G procedure is not too high, while I agree that most pregnant women will have natural delivery, a small number of babies may require emergency care in the course of delivery, and I can say that every emergency case is pretty stressful. Therefore, it is difficult to maintain healthcare standard if the intensive care units

of hospitals do not have a sufficient number of doctors or other supportive facilities.

Many factors have to be taken into consideration if an O&G unit is to be split into two for provision of services. Moreover, doing so might not produce a positive impact on the healthcare standard. Therefore, we must respect the decision made by specialists in this respect.

MR ALAN LEONG (in Cantonese): *President, in order to enable this Council to gain a better understanding of the turnover of obstetricians and gynaecologists, may I ask the Secretary whether he has communicated with resigned obstetricians and gynaecologists? Can he provide this Council with the following information: a comparison of the turnover rates of obstetricians and gynaecologists and doctors in other specialties; their new workplaces after they have left the HA; and the reasons for their departures? Regarding these questions, can the Secretary give us an explanation now?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): *President, the HA will issue a questionnaire to each of its outgoing staff members, and sometimes, it may also ask them the reasons of their departures. Most of the departed doctors, including those who have left service not due to retirement and even a small number who have departed due to retirement, will continue to work in the private sector. As regards the figures, the average turnover of obstetricians and gynaecologists is indeed higher. We see that, since 2007 or even 2004, a relatively large number of obstetricians and gynaecologists have indeed been lured to the private sector as the number of Mainland pregnant women coming to Hong Kong for delivery has continued to grow.*

Of course, we have also seen that, insofar as training is concerned, the number of obstetricians and gynaecologists receiving training has been increasing gradually since 2003-2004. In 2002 and 2003, the number of obstetricians and gynaecologists receiving training was a single digit only, with only two obstetricians and gynaecologists receiving training in the year when the smallest number of obstetricians and gynaecologists received training. Over the past five years, however, the number of obstetricians and gynaecologists receiving training each year has increased to nearly 20. It is thus evident that the number of

obstetricians and gynaecologists is gradually on the rise. Due to the demands for such services, we need to continue to increase the supply of doctors.

We can hardly sum up the reasons for the resignations of individual doctors. Nevertheless, since they will continue to serve in Hong Kong, I believe the quantity of the overall O&G services in Hong Kong will continue to rise. Certainly, the quantity of O&G services required to be required in Hong Kong is our greatest concern. With 40 000 or so new-born babies being delivered locally each year, the number of local births is pretty stable. But we can hardly predict the number of Mainland pregnant women who will opt to deliver in Hong Kong. Over the past few years, their numbers have continued to grow. It was estimated that, in the year 2010, 80 000 babies were delivered in Hong Kong, of which 45% were delivered by Mainland pregnant women. Therefore, we think that the Mainland pregnant women coming to Hong Kong for delivery will certainly exert pressure on the O&G specialty.

PRESIDENT (in Cantonese): We have spent more than 20 minutes on this question. Third question.

Procurement of Policies of Third Party Risks Insurance by Owners' Corporations

3. **MR CHEUNG HOK-MING** (in Cantonese): *President, it was reported that, before the amended section 28 of the Building Management Ordinance and the Building Management (Third Party Risks Insurance) Regulation came into operation on 1 January this year, some insurance companies took advantage of the unfamiliarity of some owners' corporations (OCs) with the contents of the new regulation and claimed that the policies of third party risks insurance already taken out by them did not comply with the requirements of the new regulation and that they were required to take out extra insurance, resulting in such OCs paying excessive insurance premium. In this connection, will the Government inform this Council how the authorities will step up publicizing the new regulation to OCs so as to avoid their taking out unnecessary insurance mistakenly because they are unclear about the contents of the new regulation; how the authorities will follow up on cases in which insurance companies are suspected of having misled OCs into taking out extra insurance, and what measures are in place to*

strengthen the monitoring of the sale practices of the aforesaid insurance companies, and whether the authorities will assist the OCs concerned in recovering the premium for the extra insurance which they were misled into taking out?

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, I wish to thank Mr CHEUNG for his question. The Building Management (Third Party Risks Insurance) Regulation (the Regulation) came into effect on 1 January this year. The Regulation provides for mandatory procurement of third party risks insurance by the OCs, with the objective of seeking to reduce the risks of huge amount of compensation faced by owners in case of accidents and, at the same time, offer better protection for members of the public. The Regulation requires that the third party risks insurance policy should cover liabilities incurred by an OC in relation to the common parts of the building and the property of the OC in respect of the bodily injury to and/or the death of a third party. The minimum insured amount of the policy shall be \$10 million for each event.

In order to enable the OCs and public to have a better understanding of the new legislation, the Home Affairs Department (HAD) has been taking the following measures to actively publicize the content of the new legislation:

First, the HAD has arranged a large number of seminars to introduce and explain the requirements of the Regulation to the public since 2009. The District Offices have also, in collaboration with the Hong Kong Federation of Insurers (HKFI), organized publicity and education activities to elaborate to the OCs the key points on procuring insurance. These activities have been organized for over 100 times so far;

Second, the HAD has produced TV and radio announcements, as well as published leaflets to highlight the key points of the Regulation; and

Third, the HAD convened a joint press conference with the HKFI in early November last year to explain the responsibilities of the OCs to procure third party risks insurance, as well as the points to note and the relevant procedures. The HAD also arranged three regional forums, together with the HKFI, in late

November last year to better understand the progress of OCs procuring insurance and to follow up with the HKFI on the concerns raised by the OCs at the forums.

We understand that the OCs have two major concerns, namely some OCs still being unable to procure insurance and the transition of some existing insurance policies to comply with the new legislation. Regarding the first point, having regard to the spirit of legislation, if the OCs concerned have already made their best endeavour to procure insurance and contacted the District Offices of their respective districts for assistance; or the OCs concerned are not able to obtain the Notice of Insurance in view of renewing or handling the transition of their existing insurance policies before the commencement of the new legislation, the HAD will not immediately prosecute these OCs. Having regard to their specific needs, we will proactively provide the appropriate assistance.

As for the second point, we have noted through communication that the HKFI had already issued a circular to its member companies at the end of last year, stating that when handling the transition of the third party risks insurance policies, member companies should adopt options with flexibility which meet the legislative requirements without charging additional premium if there is no increase in risk exposure. This serves to provide choices for the OCs. Other administrative charges, if any, should be levied on a cost-recovery basis. The HKFI has already requested its member companies to inform their clients (that is, the OCs) of the above matter.

Besides, the HKFI has uploaded a set of frequently asked questions and answers onto its website for the reference of members of the public. The HKFI has also set up a hotline to handle OCs' general enquiries on the procurement of third party risks insurance. As far as we understand, most enquiries concern whether the existing insurance policies comply with the new legislative requirements and whether the OCs have procured duplicate insurance policies. Through the communication between the insurance companies and OCs, most cases have been properly settled. If any OC is misled by the insurance company to procure third party risks insurance, the OC concerned may file a complaint to the Office of the Commissioner of Insurance (OCI). The OCI will carry out investigation and follow-up action.

We will continue to keep close contact with the HKFI regarding the OCs' enquiries, as well as provide necessary assistance to the OCs concerned on the procurement of third party risks insurance in collaboration with the HKFI.

MR CHEUNG HOK-MING (in Cantonese): *President, recently both the Democratic Alliance for the Betterment and Progress of Hong Kong and I have received a considerable number of complaints pointing out that after the new law has come into force, many owners' corporations (OCs) have been misled into taking out extra third party risks insurance and paying more premium.*

With respect to the last sentence in my question, I think the Secretary has not given a clear reply. My question is whether the authorities will assist the OCs concerned in recovering the premium for the extra insurance which they were misled into procuring. The Secretary has replied only briefly, saying that the OC concerned may file a complaint to the Office of the Commissioner of Insurance (OCI) and the latter will carry out an investigation and take follow-up action. May I ask the Secretary if the investigation and follow-up action mentioned in the reply include recovering the premium paid? If yes, what is the number of cases in which action is being taken to recover the premium paid? If no, what are the reasons?

SECRETARY FOR HOME AFFAIRS (in Cantonese): *President, the OCI will consider the results of the investigations and if misleading by the insurance company concerned is involved, it will require the insurance company to follow up and take remedial measures as appropriate, including the reimbursement of premium paid, and so on. Since the relevant legislation has come into force, I understand that some 100 enquiries have been made with the HKFI and most of them are settled. If misleading is really involved, follow-up actions will be taken.*

PROF PATRICK LAU (in Cantonese): *President, I would like to follow this question up as well. In the third last paragraph of his reply, the Secretary has mentioned that the most important thing about charging additional premium is that it should be levied on a cost-recovery basis. As far as I know, when some OCs took out insurance policies in the past, it was in the name of a management*

company. Now when the OC and the management company take out an insurance policy jointly, a higher premium is charged. Why is that so? Why will the taking out of an insurance policy jointly lead to higher premium charged even if the policy only covers buildings and has nothing to do with any company?

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, with respect to each insurance policy, the insurance company concerned will make an assessment according to the different conditions of each building, such as the conditions of repair and maintenance, the risks involved, and so on. Then a premium is set. Each case will be handled specifically. According to the consensus we have reached with the HKFI, if there is no increase in risk exposure, a flexible approach will be adopted so that the policy can continue to be in force without any premium increase.

PROF PATRICK LAU (in Cantonese): *President, he has not answered my question. I once asked the representatives of insurance agents in a meeting of the Subcommittee on Building Safety and Related Issues*

PRESIDENT (in Cantonese): What is your follow-up question?

PROF PATRICK LAU (in Cantonese): *My question is, as I have said, if an OC and a management company take out an insurance policy jointly, the premium charged would be higher. But the Secretary has not told me what the reasons are. I would like to ask the Secretary if he knows the reasons. Would changing the practice and taking out an insurance policy by either one of the abovementioned parties result in less premium charged?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): If the original policy has to comply with the requirements of the new legislation, usually an insurance company will require an endorsement in the existing policy. Some administrative fees are involved, but that does not mean any actual increase in premium.

MR TAM YIU-CHUNG (in Cantonese): *President, I would like to ask the Secretary this question again. If it is proved that an insurance company has misled an OC, would the authorities require the HKFI to penalize the company concerned? This may include the action mentioned by Mr CHEUNG Hok-ming just now, that is, the insurance company should be required to reimburse the additional premium paid or make compensation. I have not heard the Secretary make any response to this earlier. What will the authorities do to penalize such insurance companies which have misled the OCs so that the latter can be on the alert?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): *President, an insurance company must comply with its professional code of practice. If any misleading acts are proved, the OCI will take action to intervene.*

MR KAM NAI-WAI (in Cantonese): *President, we have discussed for a long time matters concerning the commencement of this piece of legislation and the law finally came into force on 1 January this year. At that time, the Government told this Council that more than 90% of the buildings in Hong Kong with an OC had taken out an insurance policy and there were only a few percentage points of buildings which had not taken out any insurance policy and that the Government would strive to make these buildings take out an insurance policy. However, it turns out that the problem is not that simple. It is because those buildings which constitute more than 90% of the total number find that they will still be affected. The situation is chaotic and government work in preparation is inadequate, resulting in the OCs being rendered at a loss in many aspects. President, let me give an example. We learnt that there are two blocks of buildings which are connected to each other. One of them has an OC while the other has not. But there are common staircases and public areas. The reason why one block of these buildings has no OC is because its owner is one single owner and so an OC cannot be formed. Can the Government tell them how to deal with this problem? This may well be a very tricky problem. Had the Government expected this kind of problems to arise before the law was brought into force? What kind of assistance has the Government given to this kind of buildings? Has the Government been in dereliction of its duties?*

PRESIDENT (in Cantonese): Please repeat your supplementary question. You may only raise one question.

MR KAM NAI-WAI (in Cantonese): *President, I was asking about the specific example cited by me. What kind of assistance has the Government given to this kind of buildings? With respect to this event, has the Government actually been in dereliction of its duties?*

PRESIDENT (in Cantonese): Are you asking the Government that with respect to the example you have cited, what kind of assistance has the Government given to the OCs?

MR KAM NAI-WAI (in Cantonese): *The Government has not given any assistance. Can it be said that the Government has been in dereliction of its duties?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, in Hong Kong there are indeed more than 90%, that is, some 10 000 buildings which have an OC and have taken out third party risks insurance. The actual example cited by Mr KAM is indeed a very peculiar and tricky case. With respect to this kind of complicated problems, my colleagues in the HAD and its district offices will study and find a specific solution. Since the relevant law has come into force, the HKFI has set up a hotline and some 100 enquiries have been received so far. Most of the problems in these cases are solved. There are 15 cases in which the problems concerned are not yet solved and are presently being addressed. We will by all means listen to views given and see if any solution can be identified.

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

MR KAM NAI-WAI (in Cantonese): *President, the supplementary question I raised just now is that since this kind of things do not happen all of a sudden but they had existed for some time before the law came into effect, then why did the Government not work beforehand but instead waited until the law has come into force before doing anything? When the problem is not dealt with beforehand, can it be said that the Government is in dereliction of its duties?*

PRESIDENT (in Cantonese): You are asking the Secretary again why these cases were not dealt with in advance.

SECRETARY FOR HOME AFFAIRS (in Cantonese): I think that a lot of time would be needed to deal with these problems because, as Mr KAM said, they are actually very tricky problems that cannot be expected to be solved in a short span of time.

MR CHAN KIN-POR (in Cantonese): *There are bound to be confusions at the initial stages when a law affecting some 10 000 blocks of buildings is enforced. As far as I know, the number of enquiries received by the HKFI has dropped from some 20 to 30 at first, that is, at the end of last year, to four yesterday. May I ask the Secretary if there has been a similar drop in the requests for assistance and enquiries received by the HAD, or that there is a great disparity between the latest figures and the peak?*

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, the enquiries received by the HAD were actually about insurance matters and hence they were referred to the HKFI. I do not have any specific figures now on the rise or drop.

MR IP KWOK-HIM (in Cantonese): *The aim of enforcing this law is to protect the OCs with respect to the issue of public liability. However, in such a process which has lasted for a very long time, I think that the Government may not have dealt with the problems that would possibly arise in a comprehensive manner.*

Or, just as Mr Paul CHAN has said, since more than 10 000 buildings are involved, the problems cannot be hoped to be solved in a short time. However, the greatest problem faced by OCs is their grave concern that once the law has come into effect, they will be prosecuted for non-compliance with the law. This is their greatest concern. Therefore, with respect to the Secretary's remark in the main reply that the HAD will not prosecute the OCs immediately and it will offer assistance at its initiative to those which need it, I have a question about the minimum coverage of \$10 million which is actually the most crucial point. As the situation is still quite confusing, an insurance policy taken out with a coverage of \$10 million will certainly not just cover personal risks but also third party risks. Then can the Government seriously consider explaining the problem to the OCs so that they will know what they should do in order not to contravene the law?

SECRETARY FOR HOME AFFAIRS (in Cantonese): President, I know that Mr IP Kwok-him has referred some 20 enquiries from the Central and Western District. We will talk with the HKFI. As for OCs which have taken out insurance policies with a coverage of \$10 million, actually they can comply with the legal requirements just by signing and endorsing the policies concerned. However, if the policies they have taken out originally are those of public liability, the coverage will include life and safety of properties. But if the coverage is narrowed down to just include personal safety, once there are claims for compensation on the damage of properties, the insurance companies may not assume the liability. Therefore, the OCs should make the relevant considerations and choice. Both the HAD and the HKFI have explained problems in this area to the OCs so that they can make a choice.

PRESIDENT (in Cantonese): Fourth question.

Allocation of Land to Office of the Commissioner of the Ministry of Foreign Affairs in Hong Kong

4. **MISS TANYA CHAN** (in Cantonese): *President, according to a press release issued by the Government on 24 November 2010, the Government will*

allocate a government site of about 2 100 sq m in area on Borrett Road in Mid-levels West to the Office of the Commissioner of the Ministry of Foreign Affairs (OCMFA) in Hong Kong at a nominal premium of \$1,000 for its extension works. In this connection, will the Government inform this Council:

- (a) whether the Government will review its mechanism for allocating land to the offices of the Ministry of Foreign Affairs (MFA) and other consulates in Hong Kong in response to the repercussion caused by this land allocation on the community; if it will, of the details; if not, the reasons for that;*
- (b) given that the Government has pointed out that the land granted to OCMFA was originally zoned for "Government, Institution or Community" (G/IC) use and the Planning Department has also confirmed that the extension to be built by OCMFA on the land in question is of "Government use" and, therefore, it is not required to apply for planning permission from the Town Planning Board (TPB) or conduct public consultation as stipulated in the Town Planning Ordinance, whether "Government" in "Government use" includes offices of the Central People's Government (CPG's offices) in Hong Kong; if so, of the justifications; if not, the reasons for that; and*
- (c) apart from this allocation of land to OCFMA for extension works, whether the Government has allocated other sites, sold or let properties to CPG's offices in Hong Kong (including the former Hong Kong Branch of the Xinhua News Agency, the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region (HKSAR) and OCFMA), or has assisted such offices in their acquisition of land or properties through non-market channels, since 1 July 1997; if it has, of the details, including the premium, property price, rent, time of land allocation, date of purchase or starting date of lease of such properties, as well as the procedures for such transactions, and so on; if the Government cannot provide such information, of the reasons for that?*

SECRETARY FOR DEVELOPMENT (in Cantonese): President, the Government has granted an extension lot to the MFA of the People's Republic of

China in order to meet additional accommodation needs of the OCMFA in Hong Kong. A nominal premium of \$1,000 is charged and this amount is applicable to all cases charging a nominal premium.

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

- (a) The Government does not have a mechanism for allocating land to the offices of the MFA and other consulates in Hong Kong. Generally speaking, most government land available for commercial, industrial or residential development is sold by public auction or tender. Apart from this, we also grant land directly to organizations for specified use in justified circumstances, to comply with approved Government policies and to meet Hong Kong's economic, social and community needs. Such land grant applications are prudently considered based on individual circumstances of each application. All such cases of direct land grant have to be subject to stringent policy scrutiny and are thoroughly considered to be justified in the public interest, with specific approval granted by the Executive Council or by delegated authority exercised in accordance with the approval criteria set by the Executive Council, on a case by case basis.

The policy considerations that the Government will take into account in handling this type of cases include: Whether the development proposal complies with approved Government policies or assists to meet predetermined policy objectives; the assessed economic or other benefits of the proposal, the strategic importance of the proposal; whether it is the right timing to make the proposed application; and the ability of the applicant in financing the implementation of the proposal, and so on. Unequivocal policy support from the relevant bureaux/departments must also be secured before the application for direct land grant can be processed.

The abovementioned policy of direct land grant is long established, and has worked well. It has proven to be effective in ensuring the timely and optimal development of the land resources to keep pace with the social and economic development of Hong Kong, for the purpose of meeting Hong Kong's economic, social and community

needs in a timely and appropriate manner. There is no need for a review.

- (b) The extension lot falls within a "G/IC" zone on the Mid-levels West Outline Zoning Plan (OZP). Both the zoning of the extension lot and the content of its development are the same as those of the parent lot. According to the definition of terms adopted by the TPB, "Government use" means any place, structure or premises used directly in connection with or in support of government administration, or the provision of government services and facilities. The OCMFA is a Government office established by the Central People's Government in Hong Kong and is responsible for the foreign affairs relating to the HKSAR. Since these services directly support the operation of the HKSAR Government, both the existing lot and extension lot of the OCMFA are regarded as "Government use".
- (c) Since 1 July 1997, apart from the extension lot for the construction of additional premises by the OCMFA, the HKSAR Government has not allocated, sold or let other government sites or properties to government offices set up by the Central People's Government in Hong Kong. As already mentioned, Government land available for commercial, industrial or residential development is generally sold in the market by public auction or tender. The Government will also grant land directly for specified use under specified circumstances and through stringent policy scrutiny. However, we do not describe this type of land grant as a "non-market channel". The sale and leasing of private land and buildings is carried out in accordance with market arrangement, or is agreed voluntarily by the purchaser and the vendor, or by the landlord and tenant.

MISS TANYA CHAN (in Cantonese): *President, part (b) of the question asked why the OCMFA is part of the Government. According to Article 13 of the Basic Law, the Central People's Government shall be responsible for the foreign affairs of the SAR and the MFA of the People's Republic of China shall establish an office in Hong Kong to deal with foreign affairs. Maybe I do not quite understand this. May I ask why the OCMFA is part of the Hong Kong*

Government and the allocation of the extension lot is compatible with the "Government, Institution or Community" use in the Mid-levels West OZP?

PRESIDENT (in Cantonese): Which Secretary will reply? Secretary for Development, please.

SECRETARY FOR DEVELOPMENT (in Cantonese): President, I think Miss CHAN did not hear part (b) of my main reply clearly. I did not say that the Central People's Government or the OCMFA is part of the SAR Government. As I said in part (b) of the main reply, according to the definition of terms adopted by the TPB, a "Government, Institution or Community" lot, abbreviated as "GIC" in English, refers to any place, structure or premises used directly in connection with or in support of government administration, or the provision of government services and facilities. There is no doubt that the work and services of the OCMFA are to directly support the operation of the SAR Government. Therefore, the existing lot of the OCMFA (that is, the lot presently used by it) and this extension lot are both considered "Government use".

MISS TANYA CHAN (in Cantonese): *President, the Government means the Hong Kong Government and if the OCMFA is not part of the Hong Kong Government, how can it be considered to fall within the definition of "Government"?*

PRESIDENT (in Cantonese): Miss CHAN, the Secretary has already replied. She has explained that what is called "Government use" does not mean that the OCMFA, which is now using the lot, is part of the Government. If you do not agree with this explanation, please follow it up on other occasions.

MR WONG YUNG-KAN (in Cantonese): *President, since the establishment of the OCMFA in 1997, our sector has received support from it a number of times. For example, when some members of our sector were passing by the Philippines, two of our boats were impounded by the authorities concerned on grounds of environmental protection, and when the boats of some members of our sector*

sank at Nansha and those people drifted to Vietnam, the OCMFA also did its utmost to provide support to us, including rescuing the people concerned. Therefore, I think that after the unification, be it for the Hong Kong public or the SAR Government, the OCMFA has done a lot.

In view of this, may I ask the SAR Government if, when granting the site, the authorities have considered raising the plot ratio in the future? At present, the site is only 2 100 sq m in area and the plot ratio is only two. Would the authorities raise the plot ratio, so that more space can be available and the public can understand the work of the OCMFA better, including the foreign affairs policy of our State?

PRESIDENT (in Cantonese): Which Secretary will reply? Secretary for Development, please.

SECRETARY FOR DEVELOPMENT (in Cantonese): President, before granting the extension lot, we had approached the OCMFA to gain an understanding of its need for additional space. So far, the development project of the OCMFA for the lot complies with the fundamental conditions of this land grant, that is, the plot ratio is limited to two and the height is limited to 130 m above principal datum. The plot ratio and height for the development project are actually below the levels permitted by the statutory OZP. The height restriction under the statutory OZP is 185 m. In addition, there is no specific restriction on plot ratio for government and institution land use. However, I am sure the OCMFA also understands full well that in recent years, the community has some concerns about the size and height of this kind of buildings, so the OCMFA also thinks that it is acceptable for us to set a plot ratio and development parameters that are lower than those permitted by the statutory OZP when granting the lot.

MR WONG YUNG-KAN (in Cantonese): *President*

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

MR WONG YUNG-KAN (in Cantonese): *No. I asked in my supplementary question whether or not the Government would provide assistance in a certain aspect, so that the OCMFA could enhance the understanding of the public of its work. The Secretary did not reply to this part of my supplementary question.*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, I am more than willing to give Members an explanation on this supplementary question raised by Mr WONG Yung-kan. In the past few years, the work of the OCMFA in a number of areas was actually related to the Hong Kong public. Let me give three examples. First, in 2006, the OCMFA launched an activity called "Forum on China's Diplomacy". This activity consists mainly of making arrangements for its Commissioner, the persons in charge of the MFA and the Chinese ambassadors on transit in Hong Kong to explain to the Hong Kong public, in the form of seminars, the work of our State on bilateral relationships or multilateral relationships. Over the past four years, 100 seminars have been organized. Second, the OCMFA has organized "Foreign Affairs Quiz Competitions" since 2007 and in "The 4th Hong Kong Cup Diplomatic Knowledge Contest", 400 primary schools and secondary schools as well as tens of thousands of students and members of the public were attracted to participate in it. Third, an open day is being held by the OCMFA and in the past several years, nine open days were organized and a total of several thousand people took part in them. Apart from these initiatives, in the first half of this year, the OCMFA also organized an activity on the conduct of diplomacy of the Motherland on school campuses to explain to the public the foreign policy of our State. Therefore, we believe that to grant an extension lot on Kennedy Road to the OCMFA will enlarge its working area, so that the younger generation in Hong Kong and the public at large can have more opportunities of gaining a better understanding of our State's foreign affairs policy through participation in this kind of activities.

MR JEFFREY LAM (in Cantonese): *President, as Secretary Carrie LAM said, since the establishment of the SAR in 1997, the OCMFA has all along been responsible for foreign affairs and as Mr WONG Yung-kan said, if Hong Kong residents need assistance in other countries, the OCMFA will also render assistance. In particular, in the incident that happened in the Philippines last year, the OCMFA provided a great deal of assistance to the SAR and I also feel that the Hong Kong public are very grateful to it for its efforts.*

I also understand that the finance of the OCMFA is borne by the Central Authorities, so Hong Kong needs not shoulder any expenses. However, it seems that some members of the public, including some Legislative Council Members, do not have a good understanding of the OCMFA. May I ask the Secretary if, after the completion of the building concerned, she would discuss with the OCMFA the designation of an open day to enable the public to visit it, so as to enhance their understanding of the OCMFA?

PRESIDENT (in Cantonese): Which Secretary will reply? Secretary for Development, please.

SECRETARY FOR DEVELOPMENT (in Cantonese): President, as Mr Stephen LAM said just now, in fact, the OCMFA has done a lot in recent years to present the foreign policy of our State to various sectors of the community. I am sure that with this extension lot and the additional building, the OCMFA can surely do a better job in this regard and I will surely convey the suggestion of Mr Jeffrey LAM to the OCMFA.

DR MARGARET NG (in Cantonese): *President, I notice that although a government land grant usually lasts 50 years starting from 1 July 1997, the land grant on this occasion will last only until 30 June 2047. In fact, in the whole incident, the issue arousing the greatest public concern is why there was no need to carry out a public consultation.*

Some views hold that according to Article 7 of the Basic Law, the land and natural resources within the Hong Kong Special Administrative Region shall be State property and the Government of the Hong Kong Special Administrative Region shall be responsible for their management, use and development and for their lease or grant to individuals, legal persons or organizations for use or development. Since land is State property and the Central Authorities asked for land, the SAR Government, as an agent, does not have the power to refuse the granting of land to the Central Authorities, so there is no need to consult Hong Kong people. However, regarding this view, there are also views holding that according to the laws of Hong Kong, the agent does not have the power to grant land to the original owner — there is no need to talk about the legal viewpoint

because by common sense, the Government also does not have such a power — and the agent can only state that the land cannot be used for other purposes, then reserve the land for use by the original owner.

May I ask the Government what its response to this is? Does the Government agree with this view, that is, under Article 7 of the Basic Law, the Hong Kong Government does not have the power to refuse to grant land to the Central Government and for this reason, there is no need to consult the public? President, if this is so, so long as the Central Government makes a request, it is impossible for us to refuse and in that case, there is no need for us to talk about whether or not the MFA has made any contribution to us, still less is there any need to consult the public.

PRESIDENT (in Cantonese): Which Secretary will reply? Secretary for Development, please.

SECRETARY FOR DEVELOPMENT (in Cantonese): President, the ground cited by Dr Margaret NG just now was not the one on which we granted the extension lot on this occasion, nor is it a ground that the SAR Government has ever used. We have kept explaining that the granting of the extension lot on this occasion is consistent with the long-established practice of making direct land grants in certain circumstances. I have also mentioned such circumstances in the main reply. If the long-established policies of the Government are fully complied with and a case has been vetted by the Executive Council, land can be granted directly and there is no need for the Executive Council to carry out consultations before making a decision. Not only is this approach applicable to the granting of an extension lot to the OCMFA on this occasion, it is also applicable to all cases of this nature. As I said just now, this approach has worked well. I trust Members would remember that some people have also cited some cases of making land grants according to the same policy and procedure in the discussions. For example, five years ago, we granted the site of the former Barracks and Explosives Magazine site in Admiralty to the British Asia Association at a nominal premium, so that this non-profit-making organization can develop the site into an arts and cultural centre. Of course, this development project also carries an element of heritage conservation. Take government buildings as another example, we also lease government buildings at a nominal

premium to the Hong Kong International Arbitration Centre, which Members of the legal sector have high praises for. These initiatives are also part of what I described as our long-established policy just now.

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

DR MARGARET NG (in Cantonese): *The Secretary has not answered my supplementary question. According to Article 7 of the Basic Law, the SAR Government is only an agent and the land belongs to the Central Government. Therefore, if the Central Government asks the SAR Government to grant land to it, the SAR Government has no power to refuse to grant land to the Central Authorities. Since the SAR Government has no power to refuse to grant land, there is no need to consult anyone. However, some opposing views hold that precisely because the SAR Government is an agent, both in law and by common sense, the SAR Government cannot grant land to the original land owner. I wish to ask the Government to respond to these views on Article 7.*

PRESIDENT (in Cantonese): Dr NG is asking about the Government's understanding of Article 7. Secretary, please reply.

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, I believe Dr Margaret NG's understanding is not correct. According to Article 7 of the Basic Law, the SAR Government shall be responsible for the management, use and development of land in Hong Kong and for its lease or grant to individuals, legal persons or organizations for use or development. At present, in granting land to individuals, commercial companies, organizations or relevant departments of the Central Authorities, we always vet the applications in accordance with the Basic Law and the existing laws of Hong Kong. Therefore, on the land use, of course, it has to be compatible with the designated land use of each lot. The relevant departments of the Central Authorities also conduct their business in accordance with the laws of Hong Kong.

In addition, Dr Margaret NG also asked if there might be the case that many departments of the Central Authorities would ask for land grants. In fact, Article 22 of the Basic Law stipulates that if there is a need for departments of the Central Government, or for provinces, autonomous regions, or municipalities directly under the Central Government to set up offices in the Hong Kong Special Administrative Region, they must obtain the consent of the SAR Government and the approval of the Central People's Government. So far, only three departments of the Central People's Government have established offices in Hong Kong and the establishment of offices by these three departments in Hong Kong is compliant with the Basic Law.

PRESIDENT (in Cantonese): We have spent more than 21 minutes on this question. Fifth question.

Duties of Under Secretaries

5. **MR LEUNG YIU-CHUNG** (in Cantonese): *President, the Government, in creating the posts of Under Secretaries, had pointed out that one of their duties was to maintain regular liaison with Members of the Legislative Council. However, recently the requests from myself and some Legislative Council Members to meet with some Under Secretaries to discuss policy matters have been rejected from time to time. In this connection, will the Government inform this Council:*

- (a) *of the Legislative Council Members from whom requests for meetings to discuss relevant policy matters had been received by each Under Secretary last year, the matters to be discussed at the meetings, whether their requests were acceded to, with a breakdown of the requests which were rejected, and the reasons for rejection; and*
- (b) *whether the Government has drawn up any guideline to facilitate Under Secretaries to effectively fulfil their duty of maintaining regular liaison with Legislative Council Members; if it has, of the details; if not, the reasons for that?*

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

- (a) the day-to-day work of the Under Secretaries covers different aspects. Depending on the needs and the actual situation, they communicate and liaise frequently with Members of the Legislative Council, stakeholders in the relevant sectors and the community through various channels, including telephone and meeting, as well as through attending meetings, forums, seminars and consultation sessions.

As the meetings with Legislative Council Members could be proposed through letters, emails, telephone calls or on other occasions and the format of the meetings varies, we could not keep information about all relevant meeting requests and the details of the meetings. If a meeting did not take place eventually, it could be due to a number of reasons, for example, failure to identify a mutually convenient timeslot, or there were other more suitable occasions for exchanging views, or the communication has been undertaken by other persons of the Bureau (for example, the Director of Bureau). In the light of the reasons as set out above, we could not keep information and statistics about whether each of the meeting requests was acceded to.

- (b) The HKSAR Government published in October 2007 the "Code for Officials Under the Political Appointment System", which set out the basic principles which politically-appointed officials should follow in the performance of their duties. In November of the same year, the HKSAR Government also set out the job description for Under Secretaries in a discussion paper submitted to the Establishment Subcommittee of Finance Committee.

In terms of handling Legislative Council-related business, the work of the Under Secretaries includes:

- (i) attending the main meetings, as well as committee, subcommittee and panel meetings of the Legislative Council as assigned by Directors of Bureau;

- (ii) maintaining liaison with Legislative Council Members; and
- (iii) securing the passage of bills, motions and subsidiary legislation as well as public expenditure proposals through the Legislative Council.

With different portfolios, different subject matters and different sectors to liaise with, the work of Under Secretaries is bound to be different. The Under Secretaries will, in accordance with their duties and depending on the needs and the actual situation, communicate and liaise with Legislative Council Members, stakeholders in the relevant sectors and the community through various channels.

MR LEUNG YIU-CHUNG (in Cantonese): *Regrettably, President, the Secretary has not provided any statistics. I do not know whether his failure to do so was due to the lack of specific statistics on meetings between Under Secretaries and Members. Anyhow, the Secretary has made it very clear that Under Secretaries have to maintain liaison with Members. Actually, since the creation of the posts of Under Secretaries, the Secretaries would not meet with Members, as if they had been granted an "ultimate exemption". When we requested to meet with the authorities, the best we could get was to meet with such officials as the Under Secretaries. When we wanted to exchange views with the Under Secretaries, we did not have any opportunity to do so. Undoubtedly, I am aware that some of us did meet with the Under Secretaries. However, through which channels did we meet and exchange views with the Under Secretaries? We did so through the mass media or airwaves. Therefore, I have this question for the Secretary. When he said in his reply just now that they would maintain liaison with Members, did he mean that some Under Secretaries would stick to Chief Executive Donald TSANG's idea of affinity differences and meet with some Members face to face but exchange views with other Members through the telephone, airwaves or the mass media? Is this the case? If yes, will the Secretary please let us know; if not, how will this situation of affinity differences be improved, and how will the Under Secretaries maintain liaison with Members who have a very distant relationship with them, or improve the communication with them?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, I believe Mr LEUNG Yiu-chung has got it wrong. Since they assumed office in mid-2008, our Under Secretary colleagues have all along been actively participating in the work of bureaux in relation to meetings and panels of the Legislative Council. According to the information provided by us last year, as at the end of August 2010, various Under Secretary had attended a few to over 10 Legislative Council meetings since they took office. As for meetings of various committees of the Legislative Council, all the Under Secretaries had attended dozens of them. This is what they do in this Council. Outside this Council, they certainly have also made active efforts to liaise with Members of the Legislative Council, different political parties and groupings and members of different sectors. Besides, regarding Mr LEUNG Yiu-ching's remark in his supplementary question that the Secretaries have reduced their liaison with this Council and Members because of the Under Secretaries, I wish to state that I do not think the situation is as described by Mr LEUNG. I can tell Members, taking the bureau under my charge as an example, I am still striving to attend every meeting of the Panel on Constitutional Affairs and liaise with Members in this Council and canvass for their support outside this Council.

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

MR LEUNG YIU-CHUNG (in Cantonese): *No, President. My question for the Secretary was how the situation could be improved in the future. My question was not only directed at the Secretary for Constitutional and Mainland Affairs, but it was also on the practice of all the other Secretaries and Under Secretaries. He only explained his only situation in the reply. What is the situation of other Policy Bureaux? Besides, by liaison, I do not only mean attending meetings of this Council. Rather, I would only regard communication outside this Council as liaison.*

PRESIDENT (in Cantonese): Please repeat the part of your question which you think the Secretary has not answered.

MR LEUNG YIU-CHUNG (in Cantonese): *Are there any cases of affinity difference now, which have caused some people to be able to meet with the relevant officials direct, while others have to liaise with these officials through the mass media or airwaves? If not, how will the situation be improved?*

PRESIDENT (in Cantonese): Secretary, the Member's question is: Are there cases of affinity difference in relation to meeting with Members? If not, how will the situation be improved?

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, the actual situation is we have to canvass for the support of Members, irrespective of which political party or grouping they belong to. It is precisely because of the support of political parties and groupings and Members from the pro-establishment camp that the 2012 constitutional reform package could be passed in 2010. Therefore, in dealing with the public affairs issues of Hong Kong, we will strive to liaise and explain the relevant details to Members and solicit their support, irrespective of which political party or grouping they come from.

MRS REGINA IP (in Cantonese): *President, the Secretary said just now that the duties of the Under Secretaries include maintaining liaison with Members of the Legislative Council, which means maintaining liaison with them both inside and outside this Council. Then, how about Political Assistants? There are a couple of Political Assistants who have not even been to the Ante-Chamber. I once saw them on the public gallery, but they did not come downstairs to the Ante-Chamber. They did not have much liaison with Members both inside and outside this Council. It is said that they only undertake policy research and serve as the Secretaries' aides, just like staff officers. Can they perform the role of a Political Assistant this way? Will the Secretary for Constitutional and Mainland Affairs or the relevant Secretaries give those Political Assistants some directions?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Mrs Regina IP is right. There are indeed differences between the

duties of Under Secretaries and those of Political Assistants. The duties of Under Secretaries are of a higher level. They can act as Secretaries as well as speak and give explanations and replies to Members' questions on behalf of the Government at Legislative Council meetings here in the Chamber. The duties of Political Assistants are different. One of their duties is to conduct policy researches, and other duties include liaising with different organizations and individuals outside the Government, and assessing how the SAR Government can best respond to some proposals and incidents in the light of the overall political situation to solicit support from all sectors in the community. As far as I know, the Political Assistants will also come to this Council to gain an understanding of the overall situation concerned. However, the level of their duties is different from that of the Under Secretaries.

MS EMILY LAU (in Cantonese): *President, Mr LEUNG's question was: recently the requests from him and some Members of the Legislative Council to meet with some Under Secretaries to discuss policy matters were rejected from time to time. I consider it outrageous. In his reply on why such requests had been rejected, the Secretary said the reasons include failure to identify a mutually convenient timeslot or there were other more suitable occasions for exchanging views — that is, exchanging views through the mass media or other persons of the Bureau, such as the Secretary himself. However, if Mr LEUNG could exchange views with the Secretary, he would not have asked this question. I wish to ask the Secretary something. The main duty of the Under Secretaries is to liaise with Members. There are only 60 Members, and it is very unlikely that all the 60 Members will request exchanges with the Under Secretaries at the same time because some Members belong to the same political parties. However, although there is only a small number of Members, the Under Secretaries have failed to accord top priority to meeting with Members, which has caused some Members' requests to meet with them to be rejected from time to time. What are the reasons for that? I consider this most unreasonable and outrageous. Besides, what are "more suitable occasions for exchanging views"? Does it mean they would not meet Members direct, but would only exchange views with Members through emails or reporters, so that Members have to express their views to reporters, who will then convey those views to the Government for its reply?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): Not really, President. In handling an incident or a policy, whether it is initiated by the SAR Government or Members, we will do so proactively. In dealing with these issues, we will identify the most suitable occasions to deal with them as and when necessary. President, I wish to explain to Ms Emily LAU and various Members that I am not trying to find excuses for the Under Secretaries' not meeting with Mr LEUNG or other Members. I wish to tell Members that we will make active efforts to deal with various matters, whether they are policies proposed by the Government or issues raised by Members. We will also find the most suitable approaches to deal with them in the light of the circumstances.

I also wish to point out something to Ms Emily LAU. Recently, she said at a meeting of the Panel on Constitutional Affairs that she was very interested in the report of a think-tank, the SynergyNet. It is stated in the reports of this organization for the past two years that since the creation of the two additional tiers of political appointment positions of Under Secretaries and Political Assistants, the number of occasions on which politically appointed officials gave an account of certain political issues at the Legislative Council and their number of attendance at committee meetings have increased, while the duration of speeches given by directorate civil servants direct at these meetings have not increased in terms of proportion.

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

MS EMILY LAU (in Cantonese): *President, the Secretary has not answered my question. My question was: Why did they not accord top priority to liaising with some 10 Members or a few dozen Members? Why did they reject Members' requests? Why were they so busy? What is meant by "more suitable occasions for exchanging views"?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, I believe it is very difficult to answer this question out of context. However, insofar as the principle is concerned, I can tell Ms Emily LAU that for colleagues from various bureaux, be they Directors of Bureaux,

Under Secretaries or other colleagues, exchanging views with Members, explaining policies to them and answering their questions are always of top priority. However, if Mr LEUNG Yiu-chung would like to bring up other cases or his requests have not been addressed in a reasonable manner, we will certainly give a further response.

MS CYD HO (in Cantonese): *The Under Secretaries are politically appointed officials. When the relevant system was introduced, the authorities said they would undertake political work. However, in incidents in which the firestorm of public outrage had reached a point which called for crisis management, even though Members of this Council assisted in negotiations and requested to meet with the Under Secretaries, these Under Secretaries did not show up. A more distant example was Mr LEUNG Yiu-chung's request to meet with Under Secretary YAU Shing-mu in the incident in which taxi drivers went on strike at the airport, and a more recent example was the incident involving the acquisition of Tai Shing House in the Central and Western District in connection with the MTR. Back then, I also requested to meet with Under Secretary YAU Shing-mu. A case which is taking place is the erection of hoardings in Choi Yuen Tsuen. In each of these cases, Members requested Under Secretary YAU Shing-mu to engage in negotiations on the scene. However, he did not show up in any of these incidents. At such times when he should be accountable to the public and was most needed to deal with political issues and exercise his power to implement special measures for special times, he took refuge behind civil servants and sent them there to take the flak and the blame. President, why? Why did these politically appointed officials take refuge behind civil servants when they were most needed to assist in negotiations?*

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, I believe the situation is not like the speculation made by Ms Cyd HO. We always acted in accordance with the law, whether it was the taxi incident at the airport, the land acquisition in the Central and Western District or the present case involving the clearance of Choi Yuen Tsuen, and the relevant bureaux and departments made active efforts to handle these matters. We will definitely handle public complaints or listen to public opinions relayed by Members.

However, as for whether matters which occur at different points of time will be handled by directorate civil servants or politically appointed Secretaries or Under Secretaries, it depends on the circumstances of each case. Nevertheless, I wish to point out that, as I said just now, the Under Secretaries attended many Legislative Council meetings and meetings of related panels during the period from the time they assumed office to August 2010. Insofar as the Under Secretary for Transport and Housing is concerned, as at August last year, he attended a total of 11 Legislative Council meetings and 66 meetings of related committees. In terms of the number of attendance at committee meetings, he ranked second among the nine Under Secretaries. Therefore, one cannot say that he does not attach importance to communication with this Council and Members.

MS CYD HO (in Cantonese): *President, first of all, I have to clarify that this is not speculation, but the personal experience of many people, and it is the truth. We did try to approach Under Secretary YAU Shing-mu for many times, but we could not get him. He even did not return our calls. Besides, I wish to follow up the issue about the Secretary*

PRESIDENT (in Cantonese): You may only repeat the part of your supplementary question which has not been answered.

MS CYD HO (in Cantonese): *..... alright.*

PRESIDENT (in Cantonese): If you wish to ask a follow-up question, please wait for another turn.

MS CYD HO (in Cantonese): *Well then, I will repeat. The part which has not been answered by the Secretary is: He said the matters would be handled in accordance with the law and in the light of the circumstances, but*

PRESIDENT (in Cantonese): You only have to repeat the part of your supplementary question not answered.

MS CYD HO (in Cantonese): *Okay. Even if the matters were handled in accordance with the law and in the light of the circumstances, why did those politically appointed officials not show up on the scene of incidents which called for their defusing of public outrage, and only took refuge behind civil servants?*

PRESIDENT (in Cantonese): The Secretary has already given a reply just now. I will see whether the Secretary has anything to add.

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, I can only add that political responsibilities are borne by politically appointed officials. As for civil servants, whether they are directorate or professional grade officers, they are to serve the community and assist politically appointed officials in undertaking the work of various government departments in accordance with government policies.

MR ALBERT HO (in Cantonese): *President, as far as I know, there was a so-called "protocol" during the colonial era which the Governors back then knew very well. Under this protocol, the Governor would meet with any Member of the Legislative Council when there was such a request. The Governors back then would do so. I really do not know why many things seem to have gravely retrogressed after the reunification, and it has become very difficult to arrange for a meeting with officials. Just now, Dr LAM Tai-fai's main question was why he was even unable to arrange for a discussion or a meeting with the Secretary for Financial Services and the Treasury on issues concerning his sector, other than talking to him over the phone only. Just now, some Members even asked whether the officials were afraid that they were prone to violence.*

My supplementary question is very simple. May I ask the Secretary whether he can draw up some protocol and rules, so that the Secretaries or Under Secretaries will, upon Members' request, be duty-bound to endeavour to arrange to meet with Members as soon as possible? As Members may know,

during debates in formal meetings like this, we often focus on giving an account of the relevant matters to the public, which may not facilitate the solving of some specific problems. Face-to-face meetings or discussions outside the Chamber are often more helpful. Will the Secretary, being the Secretary for Constitutional and Mainland Affairs, help draw up some rules, even though they may only take the form of convention, so that the authorities will strive to arrange to meet with Members as soon as possible upon Members' requests?

SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS (in Cantonese): President, under the Basic Law, the SAR Government has to be accountable to the Legislative Council. Legislative proposals and policy initiatives under different policy areas and budgets requiring the support of this Council are subject to the approval of this Council and the support of different political parties and groupings and independent Members. Therefore, under the provisions of the Basic Law and given the practical operational needs of the administrative structure of the SAR Government, we will definitely strive to exchange views with Members. Very often, when Members are attending meetings here in the Chamber on Wednesdays, different officials of various bureaux will wait in the Ante-Chamber for discussions with Members when Members are available. The needs for meetings and communication mentioned by Members are indeed very practical. The management and colleagues of different Policy Bureaux understand this very well, and they will uphold this practice. This is the general direction, but I certainly understand that different cases call for different approaches. Now that Mr Albert HO and other Members have drawn our attention to this situation, I will convey it to colleagues of various Policy Bureaux when I get back to the Government Secretariat.

PRESIDENT (in Cantonese): We have spent almost 21 minutes on this question. Last oral question.

Construction of Waste Incineration Facilities

6. **MR WONG KWOK-HING** (in Cantonese): *President, given that the capacity of the three landfills in Hong Kong will be exhausted one by one in the next few years, the authorities decided last year to construct, at a cost of over \$5.1 billion, Hong Kong's first sludge treatment plant at Tsang Tsui in Tuen Mun*

for treating sludge generated by the Harbour Area Treatment Scheme, in order to properly treat several thousand tonnes of waste in Hong Kong each day. Recently, the Environment Bureau has also intended to construct Integrated Waste Management Facilities (IWMF) with advanced incineration as the core technology at Tuen Mun in New Territories West or Shek Kwu Chau to the south of Lantau Island so as to alleviate the pressure on the landfills. In this connection, will the Government inform this Council:

- (a) given that when the Environment Bureau applied for funds in 2009 for the construction of the incineration facility at Tsang Tsui in Tuen Mun for the treatment of sludge, it had undertaken to actively follow up the 10 compensatory measures proposed by Tuen Mun District Council to improve the image and development of Tuen Mun, of the present progress; whether there is a timetable for the progress of improvement; if so, of the details; if not, the reasons for that;*
- (b) of the present progress of the plan to construct IWMF at Tsang Tsui in Tuen Mun or Shek Kwu Chau; whether the Environmental Impact Assessment (EIA) reports have been completed; if so, when the outcome will be published; if not, when the reports will be completed; the views received by the Government in its consultation with the relevant District Councils (DCs) and local residents on the matters; whether it will first obtain the support of the relevant DCs before making its final decision on the choice of the site; and*
- (c) whether the Government has a set of fair, just and open standards in determining the site of the incineration facility; if so, of the details; if not, the reasons for that; given that New Territories West, particularly Tuen Mun, has already taken the lead in undertaking social responsibility for Hong Kong by not objecting to the construction of Hong Kong's first sludge incineration facility in the district, yet the Government will still construct another incineration facility there, whether the authorities have considered, during the assessment process, if such an act is fair; apart from the incineration facility to be constructed under the plan, whether the authorities have assessed if there is the need to construct more incineration facilities for waste treatment; if they have, of the assessment criteria and details?*

SECRETARY FOR THE ENVIRONMENT (in Cantonese): President,

- (a) In response to the concerns of Tuen Mun DC over the Government's proposed sludge treatment facility, the Environment Bureau set up in March 2009 the Tuen Mun Development Liaison Working Group comprising representatives from relevant Policy Bureaux and departments as well as Tuen Mun DC members to discuss and examine the opportunities of overall development for Tuen Mun. Tuen Mun DC also put forward 10 proposals to improve the image and development of Tuen Mun. The Working Group has so far held six meetings⁽¹⁾.

The 10 proposals of Tuen Mun DC are of different nature. Some of them are major long-term infrastructure projects which require careful and thorough study, such as a rail connecting Tuen Mun and Tsuen Wan. While a decision cannot be made in the short term, the Government has responded positively by including the proposal in the scope of review and update of the Railway Development Strategy 2000. Upon the approval of funding by the Finance Committee of this Council, the study will commence in the second quarter of 2011.

Separately, the Government has responded actively to the implementation of some of the proposals on medium- and short-term improvement measures. For example, the construction of an air quality monitoring station in Tuen Mun is scheduled to begin in 2011. The study of the Greening Master Plan for Tuen Mun will commence in the second quarter of 2011. The Home Affairs Department has co-ordinated with relevant government departments in launching the Tuen Mun River Beautification Project for greening and enhancing the environment in Tuen Mun. The Government has also decided in-principle not to develop a crematorium in Tuen Mun Area 46. Instead, part of the Tsang Tsui Ash Lagoon next to Black Point Power Station in Tuen Mun has been tentatively selected for the development of a columbarium. The proposal has gained

(1) The six meetings of the Working Group were held on 27 March 2009, 4 May 2009, 3 June 2009, 17 August 2009, 3 August 2010 and 6 January 2011.

in-principle support from Tuen Mun DC. The Government is actively carrying out a technical feasibility study for this. When the proposed site is confirmed to be a suitable zone for the development of columbarium in the Outline Zoning Plan (OZP), the use of Tuen Mun Area 46 for the development of crematoria and columbaria will be removed from the respective OZP.

- (b) The Engineering Investigation (EI) and EIA Studies on two potential sites for the IWMF at Tsang Tsui and an artificial island adjacent to Shek Kwu Chau will be completed in the first quarter of 2011. Public views on the EIA reports will be sought under the EIA Ordinance, during which we will discuss the EIA reports and site selection with stakeholders, including the relevant DCs, with a view to developing the first IWMF in Hong Kong as soon as possible.

We have been in contact with the DCs concerned and local residents on the proposed IWMF. For instance, from February to May 2008, we briefed Tuen Mun DC and Islands DC on the Site Selection Report. In 2009, we made a study visit to Tokyo and Osaka with 26 Councillors of Tuen Mun DC and Islands DC to see how waste and sludge were treated with advanced incineration technologies in Japan. In the recent discussion about the disposal of municipal solid waste triggered by the extension of the Tseung Kwan O Landfill, we have noted that the public generally recognize that Hong Kong must change its current sole reliance on landfill for waste disposal and need to adopt modern incineration or other effective advanced technologies to treat the non-recyclable waste.

- (c) The Government has drawn up a comprehensive strategy and specific implementation proposals to tackle the current waste treatment problem in Hong Kong. The proposals include a number of measures to reduce waste at source. They will be implemented in parallel with the provision of modern waste treatment facilities and extension of landfills to solve the urgent waste problem with a multi-pronged approach.

We have conducted a detailed site selection study on the construction of modern incineration facilities, and a comprehensive

and objective EIA is underway. The process is highly transparent and open. Specifically, in 2007-2008 we conducted the detailed site selection study to identify potential sites throughout Hong Kong for developing the IWMF. The assessment covered factors such as environment, ecology, planning, transport, technology/engineering works, financial viability and community. We identified suitable sites across Hong Kong and, having considered all the factors, selected Tsang Tsui in Tuen Mun and the artificial island adjacent to Shek Kwu Chau for further consideration. In 2008, we briefed the Legislative Council, the relevant DCs and the Advisory Council on the Environment on the Site Selection Report and explained to them in detail the proposed treatment technologies and emission standards. At present, we are conducting detailed EI and EIA studies on these two potential sites by objective standards. The assessment covers environmental impacts (such as noise, air quality, water quality, ecology and landscape), engineering works (such as site formation and reclamation, geology and wastewater treatment), transportation of waste and ash, construction period, expenses and costs.

The first IWMF is estimated to have a capacity of treating 3 000 tonnes of municipal solid waste per day. We plan to seek funding approval from this Council in early 2012. Subject to the final outcome of site selection, the IWMF is expected to be completed for commissioning in 2016 or 2018, alleviating considerably the pressure on landfills. When the planning of the first IWMF reaches a more mature stage, subject to the effectiveness of the waste reduction measures, we will conduct a study on a second IWMF.

MR WONG KWOK-HING (in Cantonese): *President, I am most dissatisfied with part (c) of the Secretary's reply today, because his reply is irrelevant to the question. Part (c) of my question asked whether the Government has at all a set of fair, just and open standards in determining the site? Has it or has it not? If it has, what are the details? If not, what are the reasons? The Secretary has not it answered at all.*

President, when I met with the Secretary as early as last month — the Under Secretary might also be there; I do not remember clearly — I made it

clear that, among the districts in Hong Kong, Tuen Mun in New Territories West was the first to construct an incinerator, and this incinerator is intended for incinerating the most stinky waste discharged from all the sludge treatment plants in Hong Kong. In other words, all the sludge of Hong Kong will be shipped to Tuen Mun for incineration. Has the Government considered this factor? Does it want to construct one more waste incinerator in Tuen Mun? Is this fair and just? I wish to ask the Secretary via the President to tell us how this factor is gauged, and how a fair, just and open attitude in dealing with this problem can be ensured. Is this practice unjust and unfair to the residents of Tuen Mun?

SECRETARY FOR THE ENVIRONMENT (in Cantonese): President, our site selection exercise is completely open and transparent, and based on objective criteria as well.

First, insofar as site selection is concerned, we set up as early as 2002 an advisory group with public engagement. In this group, we proposed potential sites for the future construction of incineration facilities. At that time, the advisory group had already eliminated 23 sites that were considered unsuitable. Having regard to the group's advice and considered whether the future incineration facilities would have an impact on land planning, traffic, as well as the social and economic environment of the peripheral areas, we chose eight out of 34 locations across the territory for in-depth study. After studies, we finally selected two locations to undergo the EIA process.

As we all know, all relevant environmental protection facilities have to undergo the same assessment procedures in the EIA process, during which we will examine the impact of the facility on the environment, such as air quality and noise, and then collect scientific data. Subsequent to the EIA, the process also mandates public consultation. Our site selection process was conducted this way in the past, and will also be so in future. Firstly, we establish scientific and objective criteria. Secondly, we will continue to discuss with the DCs, the Legislative Council and its Panel on Environmental Affairs.

For the consultation on incineration facilities, we conducted a total of 59 consultation meetings and briefings targeted at, among others, the Legislative Council and local organizations. Therefore, we believe the process has fully engaged the public. We will do the same in future.

As regards the EIA, the outcome will be available in the first quarter of this year. Upon receipt of the outcome, we will continue to engage the relevant DCs in discussion on the EIA outcome and the site selection issue. As usual, we will also work with the DCs to find a solution acceptable to the majority public.

PRESIDENT (in Cantonese): Mr WONG, which part of your supplementary question has not been answered?

MR WONG KWOK-HING (in Cantonese): *President, the Secretary is still acting like a "human tape recorder". She has not answered why it is necessary to construct one more incinerator in Tuen Mun while there is already another? She has not answered this question at all. I wish to ask the Secretary via the President to answer this question.*

PRESIDENT (in Cantonese): Mr WONG, the Secretary has already replied on the Government's existing policies and measures that have been implemented. If you are not satisfied with it, you can only follow up through other channels.

DR PRISCILLA LEUNG (in Cantonese): *President, part (c) of the Secretary's reply mentioned that it is necessary to consider in the long term a number of measures to reduce waste at source. However, we all know that a distant solution is unable to solve a pressing problem. After our rejection of the proposal on landfill extension, the public also hopes that the Administration would consider the use of high-tech incinerators. Meanwhile, the Secretary mentioned that a study visit to Tokyo and Osaka had been conducted. I eagerly wish to know how much resource will be devoted to the concrete planning and future construction of incinerators, as well as how much advanced technology will be adopted. Will the highest and latest technology be used to ensure that harms are minimized?*

Secondly, in fact, all Hong Kong people First of all, I would like to thank the residents of Tuen Mun for their contribution In terms of policy, how can we As certainly the Government will not construct only one incinerator, but rather inevitably more, so after determining the district to

construct an incinerator, will the Administration draw up more detailed plans to compensate those residents who are willing to accept the construction of an incinerator in their district, that is, by a give-and-take approach where more community facilities will be built for them? How can such planning be implemented in Tuen Mun? Secretary, Tuen Mun will be a very important role model.

PRESIDENT (in Cantonese): Dr LEUNG, you have raised two different questions.

DR PRISCILLA LEUNG (in Cantonese): *Right, regarding concrete planning*
.....

PRESIDENT (in Cantonese): Please raise one question only.

DR PRISCILLA LEUNG (in Cantonese): *It has been raised. It is about concrete planning. How would the Administration make use of the highest and latest incinerator technology to minimize the impact on the district concerned?*

SECRETARY FOR THE ENVIRONMENT (in Cantonese): President, careful consideration, we have selected among various processing technologies the one with incineration as its core, which has gained support from relevant professional bodies and the ACE, because it is a technology applicable in Hong Kong and with the highest reliability and lowest cost. This technology also outperforms others in terms of generating capacity. After considering a number of factors, we have opted for this technology.

I would also like to respond to the viewpoint raised earlier by Dr Priscilla LEUNG. We very much agree that Hong Kong can not rely solely on landfills to dispose of our waste. Our past discussion on the extension of the Tseung Kwan O Landfill brings out an issue: While extending the landfills, we have to construct incineration facilities and food waste processing centres. We also need to reduce waste at source, with a view to further raising the recovery rate

from the present 49% to 55%. We believe a multi-pronged approach is indispensable in dealing with our waste disposal problem.

On the technical front, we are confident that the future incineration facilities will meet European Union emission standards. In fact, emission-related tests conducted in many countries can already give us a reliable basis. I believe we are able to work it out.

MS MIRIAM LAU (in Cantonese): *President, in Japan, Taiwan and Singapore, half of the waste is disposed of by incineration, and only less than 10% is transported to the landfills, but in Hong Kong, we still remain in a "zero incineration" status. It is estimated that in ideal circumstances, the first IWMF fitted with incineration equipment would be constructed only around 2016 or 2018.*

In the past, the Government has long held that the public is resistant to the construction of incinerators. However, in part (b) of today's main reply, the Government said it had noted that the general public considered it necessary to adopt other types of facility, and therefore the latest incineration technology or other effective advanced technologies should be introduced for the disposal of waste.

May I ask the Government whether it has grasped some information indicating that the public's resistance to incinerators does not exist anymore or has subsided? Does the Government need to do anything to enable members of the public to better understand the safety level and environmental performance of modern incinerators? If the Government considers it necessary to make efforts in this regard, what implementation plans does it have?

SECRETARY FOR THE ENVIRONMENT (in Cantonese): *President, in fact, there has already been a lot discussion on incineration facilities within the community. Not long ago, the extension of a landfill sparked much discussion, and inside the Legislative Council Chamber we also heard different Members point out that we could not rely solely on landfills and consideration had to be given to adopting the method of incineration. We believe there has already been a lot of discussion within the community.*

Of course, we have not made any final decision on the construction of incineration facilities, because we have to wait for the EIA outcome to be published in the first quarter of this year. Only then are we able to make a decision on site selection. After determining the site, we will discuss with the Council, its Panel on Environmental Affairs and the communities concerned to figure out how to do the best with incineration facilities.

We can safely say that the sludge incineration facility in Tuen Mun is in fact a very good example to show that within the community concerned, we can discuss together different aspects such as design, associated facilities, corresponding concessions to the community, and so on, working hand in hand to find out a solution acceptable to all parties. Therefore, we believe the future incineration facilities will also eventually, like the sludge incineration facility, come out as the best solution as a result of discussions among all parties.

MS MIRIAM LAU (in Cantonese): *The Secretary may have misunderstood my question. I did not ask where the incinerator will be constructed. My question is whether the Government has grasped some information and learnt that the public's resistance to incinerators does not exist anymore. If the public concerns over the incinerator still exist, will the Government brief the public to enhance their understanding of the incinerator's safety and environmental friendliness, in order that they can accept the incineration facilities?*

SECRETARY FOR THE ENVIRONMENT (in Cantonese): President, I thank Ms LAU for her views. Of course, we know that members of the community indeed hold different views on incineration facilities. We know that a number of Members, including DC members from two districts, have paid study visits to Japan or other places in order to draw reference from their practices. We also know that incineration facilities have been constructed in places neighbouring Hong Kong, including Macao, Japan, Taiwan and Mainland cities such as Shanghai. Therefore, Hong Kong is not the first place to construct incineration facilities. Certainly, the Government also needs to step up publicity efforts. We will reach out to the community to conduct publicity, and explain to members of the public the incineration technology and its safety. I also believe that Honourable Members, professors and experts will work with us to promote understanding of the reliability and stability of such technology.

PRESIDENT (in Cantonese): We have spent almost 24 minutes on this question. Six Members are still waiting for their turns to ask questions. Although the Secretary has answered three supplementary questions only, I hope the additional views and information given by the Secretary in his reply are helpful to addressing the doubts of those Members who did not have a chance to ask supplementary questions. Oral questions end here.

WRITTEN ANSWERS TO QUESTIONS

Claims Submitted by Employees Under Part VIA of Employment Ordinance

7. **MR LEE CHEUK-YAN** (in Chinese): *President, will the Government inform this Council, among the claims made by employees under Part VIA of the Employment Ordinance (Cap. 57) on employment protection handled by the Labour Tribunal in each year since 1998, of the respective numbers of cases which had been settled by mutual agreement between employers and employees, withdrawn by the claimants, awarded reinstatement or re-engagement, awarded terminal payments or compensation, and dismissed?*

CHIEF SECRETARY FOR ADMINISTRATION (in Chinese): President, the Administration has consulted the Judiciary on the question and has received the following information.

Among the claims made by employees under Part VIA of the Employment Ordinance (Cap. 57) on employment protection handled by the Labour Tribunal, the data sought in respect of the number of cases which had been settled by mutual agreement between employers and employees, withdrawn by the claimants, awarded reinstatement or re-engagement, awarded terminal payments or compensation, and dismissed are only available from 2003 onwards. These are set out at Annex. For the sake of completeness, the breakdown at Annex also shows the number of cases involving award of alternative claim (for example, severance payment) and cases transferred to High Court/District Court/Small Claims Tribunal.

Claims made by employees under Part VIA of
the Employment Ordinance (Cap. 57) from 2003 to 2010

	2003	2004	2005	2006	2007	2008	2009	2010
Cases settled by mutual agreement	1 822	1 148	714	748	622	514	840	655
Cases withdrawn by claimants	370	195	160	148	124	93	147	126
Reinstatement awarded	2	1	0	0	0	1	1	0
Re-engagement awarded	1	0	0	0	0	0	0	0
Terminal payments awarded	56	43	19	9	4	8	12	12
Compensation awarded	6	7	12	12	14	9	9	6
Cases dismissed	162	105	55	45	33	29	40	14
Alternative claim awarded (for example, severance payment)	473	233	152	162	138	112	156	109
Cases transferred to High Court/District Court/Small Claims Tribunal	13	7	4	9	8	6	7	3
Total number of cases disposed of	2 905	1 739	1 116	1 133	943	772	1 212	925

Pneumococcal Conjugate Vaccine

8. **MR ALAN LEONG** (in Chinese): *President, recently there has been a spate of local cases of invasive pneumococcal infection among children and two of them were in critical condition at one time. Some parents have pointed out that the Government is duty-bound to examine the current policy at all times and provide children with the necessary preventive vaccines, so as to provide them with adequate health protection. In this connection, will the Government inform this Council:*

- (a) *of the average number of isolates of serotype 3 Streptococcus pneumoniae recorded in Hong Kong in each of the years from 2007 to 2010; whether the cases of infection caused by this type of pneumococcus bacterium have shown an upward trend, and whether there is a potential risk of an outbreak in the community;*
- (b) *given that invasive pneumococcal diseases are not statutory notifiable infectious diseases at present, and that the Centre for Health Protection (CHP) under the Department of Health (DH) had only confirmed and made public the serotype 3 Streptococcus pneumoniae infection in question more than one month after occurrence of the aforesaid cases, of the current notification mechanism for pneumococcal infections; whether the authorities have plans to review the mechanism in future;*
- (c) *whether the authorities have collected information on the respective use of 7-, 10- and 13-valent Pneumococcal Conjugate Vaccine (PCV) by various countries for protection against pneumococcus bacteria; if so, the countries currently using 7-, 10- and 13-valent PCVs (set out in table form); if not, of the reasons for that; and*
- (d) *what criteria have been adopted by the Scientific Committee on Vaccine Preventable Diseases (SCVDP) under CHP in introducing vaccines against pneumococcus bacteria; whether the authorities will make reference to the practices of the United Kingdom, the United States or other places in Asia; if so, of the details; if not, the reasons for that?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, pneumococcus may cause invasive pneumococcal diseases such as bacteraemic pneumonia, meningitis and septicaemia. More than 90 serotypes of pneumococcus have been identified so far. Three types of PCV are available on the market for infant vaccination which respectively confer protection against seven serotypes (7-valent PCV), 10 serotypes (10-valent PCV) and 13 serotypes (13-valent PCV) of pneumococcus. Currently, neither the World Health Organization nor the SCVDP under the CHP has made any recommendation on which PCV is to be used as a priority.

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

- (a) On average, there are about 20 to 30 cases of serotype 3 invasive pneumococcal infection in Hong Kong each year. According to the laboratory surveillance system on pneumococcus bacteria, 27, 21, 25 and 31 isolates of serotype 3 pneumococcus bacteria have been recorded in each of the years from 2007 to 2010 (as at 16 December) respectively. As the surveillance system did not cover all microbiological laboratories in public and private hospitals prior to 2009, the aforementioned figures for 2007 and 2008 might have been lower than the actual number of isolates.

The DH has investigated into the four cases of children with serotype 3 pneumococcal infections recorded in November and December last year. It was revealed that there was no epidemiological linkage among these cases and their family contacts were not infected. Laboratory analysis also showed that these cases were of different genetic makeup. Hence, they did not constitute an outbreak from the same clone of organism.

- (b) From the perspective of public health, an analysis of the trend of various serotypes of pneumococcus is of considerable importance for understanding the overall epidemiological profiles of pneumococcus and for deciding which vaccine is to be used. In this connection, the DH has set up a laboratory surveillance system for analysis and surveillance on invasive pneumococcal infections. This laboratory surveillance system now covers all the microbiology laboratories in public and private hospitals.

The DH received a report from Queen Mary Hospital on 9 December on three cases of children with invasive pneumococcal infection caused by serotype 3 pneumococcus. Under the special circumstance that these might have been suspected cluster cases, an investigation was launched immediately and a press release was issued in the evening on the same day to inform the public of the preliminary investigation findings. When notified of another case of a child with serotype 3 pneumococcal infection on 16 December, the DH also issued a press release on the same day.

Pneumococcus is commonly and widely found in the community (as in the case of influenza), and the releasing of statistics on individual infection cases is not of particular significance to the overall control and prevention of the disease. Therefore, in general, the DH does not make announcements on individual cases of invasive pneumococcal diseases. The DH will keep the surveillance system and its functions under constant review and provide regular updates on invasive pneumococcal infections. A recent example is the publication of the biweekly *Communicable Diseases Watch* (Number 22 and Number 27 in 2010) by the CHP.

- (c) The DH has all along kept in view the use of PCV overseas. At present, most of Hong Kong's neighbouring countries and territories have not included PCV in their childhood immunization programmes (CIPs). In the countries and territories that have included PCV in their CIPs, 7-valent PCV, 10-valent PCV and 13-valent PCV have been used.

Asia Pacific Region	<p>Mainland China, Taiwan, Japan, Korea: PCV not yet included in their respective CIPs</p> <p>Singapore: parents may pay for children's PCV using their medical expense accounts</p> <p>Australia: 7-valent PCV (South Australia, Western Australia, Queensland, New South Wales, Victoria, Tasmania) and 10-valent PCV (Northern Territory)</p> <p>New Zealand: 7-valent PCV at present; announced that 10-valent PCV will be adopted in early 2011</p>
Europe	<p>United Kingdom, France: 13-valent PCV</p> <p>Ireland: 7-valent PCV</p> <p>Germany: the type of PCV used not specified</p> <p>Italy: 7-valent PCV</p> <p>Spain, Portugal: PCV not yet included in their respective CIPs</p>
America	<p>United States of America: 13-valent PCV</p> <p>Canada: 7-valent PCV (Prince Edward Island, Yukon, Nunavut), 10-valent PCV (Newfoundland and Labrador, Quebec), 13-valent PCV (British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Northwest Territories, Nova Scotia, Ontario, Quebec)</p>

- (d) In making recommendations on pneumococcal vaccination, the SCVPD under the CHP will take into account a number of scientific factors, including:
- local epidemiology (such as incidence and mortality rates);
 - changes in the serotype replacement of pneumococcus;
 - disease burden;
 - the safety, efficacy, side effects and cost-effectiveness of the vaccine;
 - supply in the market; and
 - the acceptance of the vaccine by the public, and so on.

Owing to a range of factors, the type of vaccine eventually chosen by a country or territory may vary. The DH will take into account the recommendations of SCVPD for procurement of a suitable vaccine to safeguard public health.

Measures to Improve Congested Road and Pedestrian Walkway Conditions in Mong Kok

9. **DR PRISCILLA LEUNG** (in Chinese): *President, as Mong Kok District is overcrowded with people and the roads are narrow, coupled with heavy traffic flows, congestion and dangerous conditions of vehicle-pedestrian conflicts frequently occur. For many years in the past, District Council members of the district and community members have repeatedly asked the Government to monitor the problem of large numbers of pedestrians gathering in the district because of narrow pedestrian walkways and over concentration of bus stops. In this connection, will the Government inform this Council:*

- (a) *of the criteria currently adopted by the authorities in vetting and approving bus companies' applications for erecting bus stops in busy*

areas; and whether they will consult the District Council concerned beforehand;

- (b) whether there is at present any restriction on the number of bus routes having buses stopping along the same road section; if there is no such restriction, whether it will consider imposing restrictions by legislation;*
- (c) of the progress of the relocation plan of the offices of the Water Supplies Department (WSD) and the facilities of the Food and Environmental Hygiene Department (FEHD) at Sai Yee Street, and when the relocation is expected to commence formally;*
- (d) given that some members of the Yau Tsim Mong District Council and community members have suggested that the sites vacated after the relocation of the facilities of the WSD and FEHD in part (c) should be used as a transport interchange for locating bus terminus, red minibus stands and green minibus stands in one place, so as to reduce the number of vehicle stops and ease congestion on roads, of the Government's position on the proposal, and whether it has conducted a feasibility study and the outcome thereof; and*
- (e) how the authorities will improve the overcrowding conditions of the pedestrian walkways in Mong Kok at present; of the latest progress of the works to extend the footbridge system in Mong Kok, and when the works are expected to complete?*

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

(a) and (b)

In vetting applications from the franchised bus companies for designation of bus stops, the Transport Department (TD) will consider the physical environment and other factors of the proposed site, such as the number of alighting/boarding passengers, the width between the bus stop and the pavement, the pedestrian and vehicular flows, as well as the potential impact of the proposal on nearby residents and shop operators. Taking all the above into account, the

TD will decide whether to approve the applications and, if so, the location and size of the bus stop.

Furthermore, the TD has limited the number of bus routes stopping along the same road section, having regard to the actual traffic conditions. The TD also keeps a close watch on the utilization of bus stops, including the numbers of and the changes in the bus routes and alighting/boarding passengers, and relocate the bus stops if necessary.

The TD will continue to optimize the utilization of buses on busy corridors through rationalization of bus routes and reduction of bus frequencies. Where practicable, the number of buses running along and the frequency of stopping at the busy corridors will also be reduced. The Administration will consult and discuss with relevant District Councils or the locals on specific proposals as necessary.

- (c) According to the information provided by the Development Bureau, the WSD is exploring the relocation of its Sai Yee Street office in Mong Kok to a suitable industrial building in New Territories West. At the same time, the FEHD is studying the feasibility of relocating its Sai Yee Street facilities to West Kowloon, and preliminary planning of the facilities in West Kowloon is underway. After they have decided on the new sites, the WSD and FEHD will work closely with the various government departments concerned, in particular the respective District Offices, on the relocation timetable so as to tie in with the overall redevelopment of the existing site in Mong Kok.
- (d) The Planning Department (PlanD) completed a study on the "Area Improvement Plan for the Shopping Areas of Mong Kok" in July 2009. The Study recommended the accommodation of a Public Transport Interchange (PTI) in the future redevelopment of the WSD office/FEHD facilities site at Sai Yee Street. The PlanD has been working with concerned government departments, including the TD, on the feasibility and details of the recommendation. The preliminary concept includes commercial development above the PTI, as well as provision of public open space and preservation of the existing mature trees at the site. Upon completion of the

planning proposal later this year, the PlanD will submit it to the Yau Tsim Mong District Council for consultation.

The TD will study the possibility of relocating the services of some of the green minibus, red minibus or cross-boundary bus routes in the area to the proposed PTI, and draw up the corresponding planning and technical requirements for the transport facilities. The TD will work with the relevant departments in the planning process.

- (e) The Administration has always paid attention to the pedestrian environment in Mong Kok and has put in place appropriate improvement measures such as pedestrianization schemes. Furthermore, the TD engaged a consultant earlier to conduct a preliminary study of improvement to the pedestrian links in Mong Kok. The key recommendation is the phased construction of a footbridge system along the section of Argyle Street between Tong Mi Road and the redevelopment at the FEHD's depot and WSD's office at Sai Yee Street. It will connect the two MTR stations in the district with the vicinity of Tai Kok Tsui area. During the course of the study, apart from consulting the relevant District Councils and Area Committees, the Legislative Council Panel on Transport and the Transport Advisory Committee were also consulted on the proposed initial options on 22 January and 5 February 2010 respectively. The Administration is now preparing for a feasibility study on the schematic design recommended by the consultant. Upon confirmation of the feasibility of the proposed works, the Administration will consider how to take forward the project.

As regards the extension of the Mong Kok Road footbridge system, the Administration has issued the road closure order and notice in accordance with the Roads (Works, Use and Compensation) Ordinance (Cap. 370) to tie in with the commencement of the works. The consultant of the developer concerned has largely completed the preparatory work required for the commencement of works, and has arranged with the utility undertakings to proceed with the diversion of underground public utilities. Under the current programme, the utility diversion works are expected to take about 3.5 years, and the subsequent construction of the footbridge extension will take about 2.5 years.

Manpower Planning for Nurses

10. **DR JOSEPH LEE** (in Chinese): *President, the Government's introduction of medical reform to balance the public and private healthcare services, as well as its efforts to promote the development of medical services, have made the development of private healthcare services a major trend, coupled with the demands for nursing services generated by community-based rehabilitation, the elderly care policy of ageing in place and psychiatric services, and so on, hence the manpower of nurses is very tight. In this connection, will the Government inform this Council:*

- (a) *of the overall demand for nurses in each of the coming 10 years, together with a breakdown set out in the table below;*

<i>Year</i>	<i>Type of nurses</i>	<i>Hospital Authority (HA)</i>	<i>Department of Health</i>	<i>Private hospitals</i>	<i>Non-governmental organizations</i>	<i>Subsidized, subvented and private residential care homes for the elderly and persons with disabilities</i>	<i>Others</i>	<i>Total</i>
<i>2011-2012</i>	<i>Enrolled nurses (ENs)</i>							
	<i>ENs (psychiatric)</i>							
	<i>Registered nurses (RNs)</i>							
	<i>RNs (psychiatric)</i>							

- (b) *of the anticipated number of places for the training of nurses in each of the coming 10 years, together with a breakdown set out in the table below;*

Year	Type of nurses	Universities	HA	Private hospitals	Total
2011-2012	ENs				
	ENs (psychiatric)				
	RNs				
	RNs (Psychiatric)				

(c) whether it knows the breakdown of the turnover figures of nurses in the HA in each of the past five years (set out in the table below);

Year	Type of nurses	Experience			
		0 to 3 years	4 to 6 years	7 to 10 years	Over 10 years
2005-2006	ENs				
	ENs (psychiatric)				
	RNs				
	RNs (psychiatric)				

(d) given that for the purpose of achieving savings, the HA formulated in 2002 a policy under which newly recruited nurses will not be granted any increment within the first two years of their employment, whether it knows the number of the HA nurses who were not granted any increment within the first two years of their employment each year since 2002; of the amount of savings achieved as a result; whether the HA will consider removing the requirement that newly recruited nurses will not be granted any increment within the first two years of their employment, in order to reduce the wastage of nursing staff; if the HA will do so, of the details and the time to remove the requirement; if not, the reasons for that;

(e) given the HA's indication that it will offer nursing staff better opportunities for promotion in order to retain nursing staff, whether

it knows the breakdown of the number of the HA nurses who were promoted to the following ranks in each of the past five years; and

<i>Rank</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>
<i>Nursing Officer</i>					
<i>Advanced Practice Nurse</i>					
<i>Nurse Specialist</i>					
<i>Senior Nursing Officer</i>					
<i>Ward Manager</i>					
<i>Department Operations Manager</i>					

- (f) *given the HA's indication that Nurse Consultant positions have been created since 2008, whether it knows if the HA will plan to create more Nurse Consultant positions in the coming five years; if the HA will do so, of the specific timetable for creating such positions, as well as the specialties and hospital clusters involved (set out in table form); if not, the reasons for that?*

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

- (a) and (b)

It is the practice of the Food and Health Bureau to conduct assessment on the manpower requirements for healthcare professionals (including nurses) in tandem with the triennial planning cycle of the University Grants Committee (UGC). The Government also gives advice to the UGC on the number of publicly-funded places in future for reference by the tertiary institutions in making their academic planning.

In projecting the long-term manpower requirements, we will take into account the projections on manpower needs of major healthcare providers, who in their projections would have regard to the trend of retirement and wastage of healthcare personnel, the assessment on population ageing, demographic changes, special needs of the community for particular areas of services, and so on. The

Government will also take into account the implications on manpower requirements arising from the healthcare service delivery model and other related policies such as the development of primary care services, promotion of private hospital development, the Health Protection Scheme, and so on.

Manpower assessment and planning is an ongoing process subject to adjustments from time to time in light of changes of demand in the community. We in general expect a substantial increase in the demand for healthcare practitioners in future. As announced in the 2010-2011 Policy Address by the Chief Executive, the Government will ensure an adequate supply of healthcare personnel (including ENs and RNs in the general and psychiatric streams) for the provision of services through various measures, which include encouraging tertiary institutions to increase student places and strengthening training programmes provided by the HA.

We will continue to closely monitor the manpower requirements for healthcare personnel.

- (c) Below is a breakdown of the turnover figures of nurses in the HA (including retirees and other departed staff) in the past five years:

<i>Year</i>	<i>Type of nurses</i>	<i>With 0-3 years' experience</i>	<i>With 4-6 years' experience</i>	<i>With 7-9 years' experience</i>	<i>With 10 years' experience or more</i>	<i>Turnover Rate</i>
2005-2006	EN	6	0	11	30	1.62%
	EN (Psychiatric)	0	0	1	8	1.61%
	RN	59	5	43	168	2.37%
	RN (Psychiatric)	0	0	2	7	0.91%
2006-2007	EN	4	0	12	51	2.45%
	EN (Psychiatric)	0	0	0	10	1.82%
	RN	118	20	48	275	3.92%
	RN (Psychiatric)	0	0	0	8	0.79%
2007-2008	EN	1	4	7	70	3.23%
	EN (Psychiatric)	0	0	0	8	1.56%
	RN	180	33	44	381	5.46%
	RN (Psychiatric)	2	1	0	10	1.22%

<i>Year</i>	<i>Type of nurses</i>	<i>With 0-3 years' experience</i>	<i>With 4-6 years' experience</i>	<i>With 7-9 years' experience</i>	<i>With 10 years' experience or more</i>	<i>Turnover Rate</i>
2008-	EN	7	7	5	78	4.16%
	EN (Psychiatric)	1	0	0	8	1.83%
2009	RN	207	40	19	372	5.58%
	RN (Psychiatric)	2	5	0	16	2.13%
2009-	EN	13	3	0	60	3.54%
	EN (Psychiatric)	1	0	0	13	2.92%
2010	RN	222	39	19	281	4.91%
	RN (Psychiatric)	5	2	0	15	2.07%

The HA has all along filled the vacancies of nurses (including turnover vacancies and newly created nurse positions to cope with service and operational needs) through external recruitment and internal promotion. On the whole, the number of vacancies filled exceeds the turnover. From April 2010 to the end of November 2010, the HA recruited a total of 997 nurses whereas the number of departed nurses was 684. As at the end of November 2010, the nursing manpower of the HA showed a net increase of 784 as compared with that of three years ago (that is, at the end of March 2007), representing an increase of 4.1%.

Meanwhile, in order to train more nurses, the HA reopened its nursing schools in 2008 and organized a three-year RN High Diploma Programme and a two-year EN Programme. The number of enrolled nursing students increased from 580 in 2008-2009 to 650 in 2009-2010 and 2010-2011.

- (d) The policy of not granting any increment to new recruits within the first two years of their employment applies to all HA staff who joined the HA on or after 15 June 2002, including doctors, nurses, allied health practitioners and staff of other grades. The number of newly recruited nurses in each of the financial years from June 2002 to 31 March 2010 is shown below:

	2002- 2003*	2003- 2004	2004- 2005	2005- 2006	2006- 2007	2007- 2008	2008- 2009	2009- 2010
Number of nurses	252	489	327	485	528	671	869	950

Note:

* June 2002 to 31 March 2003

Given that the abolition of this policy will bring substantial and long-term financial burden to the HA and that in the allocation of resources, the first and foremost priority of the HA is to enhance the provision of services to its patients, it is the strategy of the HA to improve the working environment of staff, enhance promotion prospects and increase the manpower for nurses and supporting staff in an effort to retain staff and address the staff shortage problem.

To strengthen the retention of nurses, the HA has implemented various measures to improve the working arrangements of nurses, including reducing the non-clinical work handled by nurses, improving the equipment frequently used by nurses to alleviate their workload, as well as increasing the flexibility in recruitment and employing more part-time nurses, and so on.

The HA has introduced a new career development structure for nurses by phases from June 2008 to broaden their promotion pathway. The relevant initiatives include the creation of the post of Nurse Consultant to broaden the clinical career development pathway of nurses; adjustment of the management duty allowance granted to Department Operations Managers; establishment of additional Advanced Practice Nurse positions in clinical departments to provide more supervisory support; provision of more flexible terms of employment; extension of the contract period of RNs to six years; and provision of permanent employment terms to eligible full-time contract RNs, and so on.

- (e) Below is a breakdown of the number of nurses who were promoted to the following ranks in each of the past five years:

	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
Nursing Officer	1	1	0	6	0
Advanced Practice Nurse	129	121	231	687	237
Nurse Specialist	0	0	0	0	0
Senior Nursing Officer	2	4	8	10	5
Ward Manager	43	39	27	239	52
Department Operations Manager	15	12	12	17	17
Nurse Consultant	0	0	0	7	0

- (f) The HA launched a Nurse Consultant Pilot Scheme in 2008 with the creation of Nurse Consultant posts in five areas of specialty, namely, diabetes, wound care, nephrology, continence and psychiatry. Upon evaluation of the effectiveness of the pilot scheme, the HA plans to create additional Nurse Consultant posts in 2011-2012, and will determine the actual number of posts and the areas of specialty having regard to the assessment on the service demands.

Marriage Ceremonies at Marriage Registries

11. **MR JEFFREY LAM** (in Chinese): *President, it has been reported that quite a number of people in Hong Kong have chosen to get married on dates with special symbolic meanings (for example, 8 August 2008, 9 September 2009, 10 October 2010, and so on). It is anticipated that 11 November 2011, 4 March 2012 and 4 January 2013, and so on, will be favourite wedding dates for prospective wedding couples. On the other hand, some members of the public have pointed out that the current arrangements for booking and holding marriage ceremonies at government marriage registries lack flexibility. In this connection, will the Government inform this Council:*

- (a) *of the number of couples who got married in each of the past three years, and among them, the respective numbers of couples who used the services of the marriage registries and those of civil celebrants of marriage;*
- (b) *whether it has assessed, from 2011 to 2013, on which special dates the marriage registries will need to increase their service hours; of*

the respective numbers of couples that can be accommodated on these dates for their marriage registration; whether marriage registration fees for these dates will be adjusted;

- (c) *whether it will increase the flexibility of marriage registries' services by, for example, further advancing the current three-month period before the planned date of marriage as the earliest appointment date of giving notice of intended marriage for online appointment booking, and extending the current 15-minute time limit for each wedding couple to use the marriage hall at the marriage registry; and*
- (d) *whether more government venues will be opened for wedding couples to hold special marriage ceremonies?*

SECRETARY FOR SECURITY (in Chinese): President,

- (a) At present, members of the public may celebrate their marriages at marriage registries or licensed places of worship (for example, churches or other religious venues). They may also celebrate their marriages in other places before civil celebrants of marriages. The number of marriages conducted over the past three years and the relevant breakdown are set out in the following table:

	2008	2009	2010
Marriages celebrated in marriage registries	26 000	26 300	25 900
Marriages celebrated in other places before civil celebrants of marriages	18 500	22 000	23 900
Marriages celebrated in licensed places of worship	2 800	2 800	2 800
Total number of marriages	47 300	51 100	52 600

- (b) The Immigration Department (ImmD) has five marriage registries, located at the City Hall, Cotton Tree Drive, Tsim Sha Tsui, Sha Tin and Tuen Mun respectively.

All five marriage registries are open from Monday to Friday and on Saturday mornings. In light of the demand for holding marriage ceremonies during weekends, in addition to opening the City Hall Marriage Registry on Saturday afternoons for public use, four marriage registries which are relatively more popular, namely the City Hall Marriage Registry, the Cotton Tree Drive Marriage Registry, the Tsim Sha Tsui Marriage Registry and the Sha Tin Marriage Registry, are open by the ImmD on Sundays. The five marriage registries can provide service for a total of 42 900 marriage ceremonies in a year during its open sessions. The current venue arrangements and service hours together with that provided by civil celebrants of marriages should be able to meet the current level of demand.

For marriage ceremonies held from Monday to Friday and on Saturday mornings, a fee of \$715 is charged for each ceremony. For other sessions (Saturday afternoons and Sunday mornings and afternoons), a fee of \$1,935 is charged. The ImmD has no plan to adjust the fees at the moment.

- (c) As stipulated by the Marriage Ordinance (Cap. 181), a marriage must take place within three months from the date of giving a "notice of intended marriage", which should be given to the Registrar of Marriages by the applicant in person or through a civil celebrant of marriages. To facilitate the giving of a "notice of intended marriage" by a wedding couple, an appointment can be made through the Internet or by telephone as early as within 14 days before the three-month period from the planned date of marriage. The couple may also check the quota for marriage ceremonies at various marriage registries through the GovHK website, as well as to enquire, change or cancel an appointment therein.

The duration of each marriage ceremony held in a marriage registry is 15 minutes. As any extension in the duration of marriage ceremonies will affect the chance of using the service by other wedding couples, the ImmD presently does not have any plan to extend the duration of marriage ceremony. Nonetheless, the

Department will review practical arrangement from time to time and consider feasible measures to cope with actual service needs.

- (d) In addition to the abovementioned venues, the Leisure and Cultural Services Department has provided, since 2007, certain venues for public booking for holding marriage and related ceremonies. The venues are the assembly hall of Lei Yue Mun Holiday Village in Eastern District; the beach, seaside pavilion and small garden of the Repulse Bay Beach; the Bauhinia Garden of the Kowloon Tsai Park; the Six Arts Terrace and Bamboo Pavilion of the Kowloon Walled City Park; the amphitheatre and lawn of the Tai Po Waterfront Park; and the platform of the Sai Kung Waterfront Park.

In the past year, an average of about 20 marriage and related ceremonies were held in each of the above venues. Hence the current provision should be able to meet public demand. The Government will review from time to time the venue arrangement having regard to the public need.

Drug Abuse Problem in Hong Kong

12. **MR CHAN HAK-KAN** (in Chinese): *President, as the number of drug abusers has increased in recent years, the demand for the services provided by the Counselling Centres for Psychotropic Substance Abusers (Counselling Centres) has become bigger. Some front-line counsellors have indicated that since the Counselling Centres need to handle a large number of requests for assistance, the problem of shortage of manpower and resources has emerged. The problem has deteriorated particularly after the Government's introduction of the voluntary Trial Scheme on School Drug Testing in Tai Po District (Trial Scheme), which has prevented the Counselling Centres from further developing other services, for example, sending staff to boundary control points to reach out to those who go to the Mainland to take drugs. In this connection, will the Government inform this Council:*

- (a) *of the respective numbers of cases seeking assistance received by the 11 existing Counselling Centres in the past three years, and the*

number of cases which needed to be followed up, as well as the age group and gender of the assistance seekers (set out in table form);

- (b) of the number of cases involving Hong Kong residents being arrested on the Mainland for taking drugs that the Mainland law-enforcement agencies had notified Hong Kong law-enforcement agencies in the past three years, the age group and gender of the arrested, in which provinces/municipalities and locations they were arrested, and the penalties imposed by the Mainland authorities (set out in table form);*
- (c) given that quite a number of people choose to take drugs over the weekends and during public holidays, whether the number of students to be tested and the frequency of the tests under the Trial Scheme will be increased after classes resume; if so, of the details; if not, the reasons for that;*
- (d) focusing on the problem concerning Hong Kong residents taking drugs in entertainment venues on the Mainland, apart from arranging for government officials and members of the Action Committee Against Narcotics to distribute publicity leaflets at boundary control points on an irregular basis, what specific measures and plans the Government has put in place to assist counselling agencies to launch relevant services; and*
- (e) how the Government tracks the situations of those who return to Hong Kong after taking drugs on the Mainland, especially those who have already left school, so as to provide them with appropriate counselling and assistance?*

SECRETARY FOR SECURITY (in Chinese): President, to address the drug problem which has deteriorated in recent years and to help those troubled by the problem to pull themselves out of the drug trap, the Government has substantially increased the provision of resources to enhance treatment and rehabilitation work.

As far as Counselling Centres are concerned, the number increased from the original five to seven in December 2008 and to the current 11 in October

2010, an increase of 120%, with a view to strengthening the community-based drug treatment and rehabilitation services. Furthermore, all Counselling Centres have been provided with additional resources since October 2009 for the provision of elementary on-site medical support services and enhancement of multi-disciplinary co-operation between the healthcare and the social service sectors in a bid to render support to those in need in a holistic manner. Counselling Centres are committed to serving the occasional or habitual psychotropic substance abusers and at-risk youths. They may prioritize their work having regard to the actual service demand.

To implement the Trial Scheme on School Drug Testing in Tai Po District (the Scheme), the Government has provided additional resources through the Beat Drugs Fund to the Counselling Centre serving the district to enable it to conduct testing in schools, formulate support programmes for students who are identified, volunteer themselves for help or are referred by other parties and help them get back on the right track through counselling. We will continue to provide adequate resources to handle cases arising from school drug testing. The provision of other services on the part of Counselling Centres will not be undermined as a result of the implementation of school drug testing.

Apart from Counselling Centres, the Government has also provided additional resources to other service units to enhance various types of services to cater for the different needs of the assistance seekers. These include the District Youth Outreaching Social Work Teams, overnight outreaching teams, drug treatment and rehabilitation centres, substance abuse clinics, psychiatric medical social work services, probation offices, and so on.

Moreover, we will encourage and support non-governmental organizations, schools and various sectors of the community to launch different types of anti-drug programmes through effective use of the Beat Drugs Fund. We also plan to step up school social work services in all secondary schools by a 20% increase in professional manpower so as to fight the anti-drug war in a focused manner.

My replies to the questions raised by Mr CHAN Hak-kan, in *seriatim*, are as follows:

- (a) The number of cases seeking assistance received by the Counselling Centres in the past three financial years and the number of cases which needed to be followed up are set out below:

<i>Financial year</i>	<i>2008-2009⁽¹⁾</i>	<i>2009-2010⁽²⁾</i>	<i>2010-2011 (as at the end of September 2010)⁽³⁾</i>
Number of newly received/re-opened cases ⁽⁴⁾	595	997	378
Number of follow-up cases ⁽⁴⁾	1 681	2 079	1 833

Notes:

- (1) Two new centres came into service in December 2008, bringing the total number of centres from five to seven.
 - (2) Seven centres in full operation.
 - (3) Four new centres came into service in October 2010, bringing the total number of centres from seven to 11.
 - (4) The Social Welfare Department does not require the Counselling Centres to provide on a regular basis figures on the age group and gender of the assistance seekers.
- (b) The number of Hong Kong residents arrested in Shenzhen for taking drugs that the Mainland law-enforcement agencies had notified Hong Kong law-enforcement agencies from 2008 to the third quarter in 2010 are set out in the tables below:

Table 1: By age and sex

<i>Sex</i>	<i>2008</i>				<i>2009</i>			<i>First three quarters in 2010</i>		
	<i>Below 21</i>	<i>21 and above</i>	<i>Age Unknown</i>	<i>All ages</i>	<i>Below 21</i>	<i>21 and above</i>	<i>All ages</i>	<i>Below 21</i>	<i>21 and above</i>	<i>All ages</i>
Male	4	40	6	50	40	280	320	16	171	187
Female	0	1	2	3	15	30	45	2	18	20
Total	4	41	8	53	55	310	365	18	189	207

Table 2: By punitive measures

<i>Punitive measures</i>	<i>2008</i>	<i>2009</i>	<i>First three quarters in 2010</i>
Compulsory drug treatment	1	31	44
Administrative detention/ Security detention	41	166	163
Fine	3	0	0
Details unknown	8	168	0
Total	53	365	207

- (c) Under the Scheme, drug testing work is performed by a Student Drug Testing (SDT) team. A basket of factors, including holidays, class schedules, manpower deployment, differences among schools, and so on, has been taken into consideration when designing the testing arrangements. Except school holidays or the dates on which special activities are held by the schools, the SDT team will conduct visits to different participating schools every day and fully utilize the time slots allowed by such schools to carry out drug testing. Each of the 23 participating schools will allocate one to two days per month for the school visits with the aim of randomly selecting about 3% to 5% of the participating students for the test. The dates of drug testing of each school are not predetermined, so as to enhance randomness and effectiveness. We hope that with the Scheme, students will maintain constant vigilance and stay away from drugs during both holidays and school days.
- (d) In addition to the provision of drug treatment and rehabilitation services, the Counselling Centres also organize anti-drug preventive education and publicity activities. In 2009-2010 and the first two quarters of 2010-2011, two Counselling Centres serving Yuen Long and the North District have organized a total of 115 education and publicity programmes, 25 of them addressing the problem of cross-boundary drug abuse, which include arranging staff to boundary control points to reach out to young people travelling to and from the Mainland.

Apart from Counselling Centres, outreaching teams and other youth organizations are also committed to combating the cross-boundary drug abuse problem. The enforcement agencies at the boundary control points have been working closely with such organizations to provide assistance. Specific measures include providing support to the organizations in setting up mobile counters and holding anti-drug exhibitions at the boundary crossing points to disseminate anti-drug messages and reach out to the cross-boundary travellers in need. Social workers will provide on-the-spot counselling and follow-up services, anti-drug information, body co-ordination tests, cognitive tests, academic and career counselling services as well as general counselling services to the needy youngsters. Part of their work is sponsored by the Beat Drugs Fund. Five projects were involved in the past three years, and an amount of about \$1.7 million was granted.

To enhance the effectiveness of anti-drug efforts, the law-enforcement agencies have stepped up publicity at the land boundary control points by displaying anti-drug banners and posters as well as showing anti-drug videos. Officers of the law-enforcement agencies pay greater attention to cross-boundary travellers and will refer appropriate cases to social workers for follow-up where necessary. The law-enforcement agencies will continue to combat cross-boundary drug abuse and trafficking activities in earnest. In addition to deploying more manpower and drug detector dogs, they have stepped up random checks on young travellers and drug enforcement work at boundary control points with a view to deterring cross-boundary drug trafficking. Besides, there are frequent exchanges of intelligence with their Mainland counterparts which have also stepped up inspections at entertainment venues and youth drug abuse black spots on the Mainland.

- (e) The Counselling Centres and outreaching teams have reached out to occasional or habitual psychotropic substance abusers and youths at risk at boundary control points or in the community, including those who have cross-boundary drug abuse problem, taking into account the actual service needs. The service units concerned will, having regard to the circumstances of individual cases, provide appropriate

counselling and assistance, including case assessments, referrals for drug treatment, individual or group counselling, medical support, and so on.

Development of Diesel Commercial Vehicles, LPG Vehicles and Electric Vehicles

13. **MR LEE WING-TAT** (in Chinese): *President, regarding the development of diesel commercial vehicles, liquefied petroleum gas (LPG) vehicles and electric vehicles (EVs), will the Government inform this Council:*

- (a) of the respective numbers of LPG taxis and LPG public light buses in Hong Kong at present, their average life expectancy and service years upon retirement, and the levels of emissions (including respirable suspended particulates, nitrogen oxides, monoxides and hydrocarbons) of the aforesaid two types of vehicles introduced in each of the past 10 years, and the percentages of such levels of emissions in the total emissions in Hong Kong;*
- (b) of the number of diesel commercial vehicles in Hong Kong at present, their average life expectancy and service years upon retirement, and of the levels of emissions of diesel commercial vehicles in the past 12 months and the percentages of such levels of emissions in the total emissions in Hong Kong, together with a breakdown by vehicle type and model;*
- (c) whether the authorities had, in the past two years, studied using different ways to assist LPG taxi owners in switching to more environment-friendly vehicles or EVs; if they had, of the contents of the studies, as well as the estimated expenditure involved, vehicle replacement rate and impact on air quality of the vehicle replacement scheme; if not, the reasons for that;*
- (d) given that in his Policy Address delivered on 14 October 2009, the Chief Executive announced that the Government would supply around 200 EVs to the local market in the 2010-2011 financial year and work with the two power companies to launch an EV leasing*

scheme by the end of 2010, of the progress of the two schemes and, among them, the progress of promoting the use of commercial EVs; given that in reply to a question raised by a Member of this Council on 19 May 2010, the Secretary for the Environment indicated that a British manufacturer of commercial EVs was planning to introduce various models of commercial EVs to Hong Kong in the second half of 2010, of the present progress of the plan concerned; and

- (e) *given that in reply to a question raised by a Member of this Council on 19 May 2010, the Secretary for the Environment also indicated that the Government and the two power companies would set up charging stations for EVs at 25 other locations by mid-2010, whether such charging stations have been set up; if not, of the reasons for that; whether there are plans to increase the number of charging stations; if so, of the details and timetable of the plan; if not, the reasons for that?*

SECRETARY FOR THE ENVIRONMENT (in Chinese): President,

- (a) and (b)

As of 4 October 2010, there were 18 135, 3 255 and 123 705 licensed LPG taxis, LPG light buses and diesel commercial vehicles respectively. We do not have data on their life expectancy or service years before retirement. However, over 10% of the LPG taxis, LPG light buses and diesel commercial vehicles are 11, nine and 19 years or above of age respectively. Please refer to Annex 1 for the requested emission data of these three categories of vehicles.

- (c) On the market, EVs are now the vehicles that are more environmentally-friendly than LPG taxis. EVs can not only solve the roadside air pollution problem completely, but also reduce carbon emission and may help reduce the expenditure on fuel. As for the local taxi trade, one of the important factors of its consideration in adopting electric taxis is whether they can meet the local operation requirements, especially their driving range per battery charge and the frequency of recharging their batteries. To

understand the suitability of EVs for use as local taxis, the best way is to encourage the taxi trade to use the "Pilot Green Transport Fund (the Fund)", which is being set up by the Government, to purchase electric taxis for trial. Once the Fund is set up, we will actively encourage the taxi trade to use the Fund to try out electric taxis or other more environmentally-friendly vehicles available on the market. Based on the trial results, we will examine how to push the taxi trade to use greener taxis.

- (d) To promote the wider adoption of EVs in Hong Kong, the Government has been exploring with different EV manufacturers the supply of their EVs to Hong Kong. Three EV models, including EuAuto's "MyCar", Mitsubishi's "i-MiEV" and Tesla's "Roadster", have already been launched in the Hong Kong retail market. Nissan has also agreed to advance the supply of its EVs, "LEAF", to Hong Kong, and will set aside some vehicles in the first batch of production of "LEAF" for supply to corporate users in Hong Kong. Subject to market response, this batch of EVs is expected to arrive in Hong Kong in February to April 2011 at the earliest. The Government will continue to promote EVs and encourage every sector of the community to adopt this green mode of transportation.

In addition, the two local power companies have already launched their EV leasing scheme respectively since October 2010. At this stage, they have procured more than 10 EVs for leasing by corporate users.

As regards the supply of electric commercial vehicles from Smith, a British manufacturer, the Transport Department is processing relevant type approval. These EVs can be launched in the market once the type approval has been obtained.

- (e) By mid-2010, the two power companies had already installed 61 charging facilities all over the territory. The Administration has then been in close collaboration with the property development, property management and car park operation sectors, encouraging them to install charging facilities for EVs. As at end 2010, power companies and relevant sectors had set up about 180 charging points for use by members of the public free of charge. The locations of

these charging facilities have been uploaded onto the website of the Environment Bureau.

Regarding future plans, the Administration is actively working with the relevant trades to set up more EV charging facilities. On the other hand, the Administration announced in October 2010 a package of measures to foster a quality and sustainable built environment. One of them is that gross floor area concession for newly built car parks will be granted only if the car park will put in place the infrastructure and conditions for charging EVs. This arrangement will be applicable to new developments with their building plans submitted to the Buildings Department for approval on or after 1 April 2011. These measures will help boost the number of EV charging facilities.

Annex 1

LPG Taxi, LPG Light Bus and Commercial Diesel Vehicle Emission Data*

Year	<i>LPG Taxi Emission Data</i>							
	<i>Emission (tonnes)</i>				<i>Percentage of Total Emission</i>			
	<i>RSP</i>	<i>NOx</i>	<i>VOC</i>	<i>CO</i>	<i>RSP</i>	<i>NOx</i>	<i>VOC</i>	<i>CO</i>
2001	<100	300	400	5 600	<1%	<1%	1%	6%
2002	<100	700	800	11 100	<1%	<1%	2%	12%
2003	<100	900	1 000	13 500	<1%	<1%	3%	15%
2004	<100	1 000	1 300	15 600	<1%	1%	3%	18%
2005	<100	1 200	1 500	16 700	1%	1%	4%	21%
2006	<100	1 300	1 700	16 700	1%	1%	5%	22%
2007	<100	1 300	1 800	16 200	1%	1%	5%	23%
2008 [#]	<100	1 400	1 900	15 900	1%	2%	6%	24%
2009 [#]	<100	1 400	2 000	15 600	1%	2%	7%	24%

Year	<i>LPG Light Bus Emission Data**</i>							
	<i>Emission (tonnes)</i>				<i>Percentage of Total Emission</i>			
	<i>RSP</i>	<i>NOx</i>	<i>VOC</i>	<i>CO</i>	<i>RSP</i>	<i>NOx</i>	<i>VOC</i>	<i>CO</i>
2002	<100	<100	<100	200	<1%	<1%	<1%	<1%
2003	<100	<100	<100	600	<1%	<1%	<1%	<1%
2004	<100	<100	<100	1 300	<1%	<1%	<1%	2%
2005	<100	<100	<100	2 400	<1%	<1%	<1%	3%
2006	<100	<100	<100	3 400	<1%	<1%	<1%	5%

Year	<i>LPG Light Bus Emission Data**</i>							
	<i>Emission (tonnes)</i>				<i>Percentage of Total Emission</i>			
	<i>RSP</i>	<i>NOx</i>	<i>VOC</i>	<i>CO</i>	<i>RSP</i>	<i>NOx</i>	<i>VOC</i>	<i>CO</i>
2007	<100	<100	<100	3 900	<1%	<1%	<1%	5%
2008 [#]	<100	<100	<100	3 900	<1%	<1%	<1%	6%
2009 ^{#~}	<100	<100	200	3 200	<1%	<1%	<1%	5%

Vehicle Class	<i>2009[#] Commercial Diesel Vehicle Emission Data</i>							
	<i>Emission (tonnes)</i>				<i>Percentage of Total Emission</i>			
	<i>RSP</i>	<i>NOx</i>	<i>VOC</i>	<i>CO</i>	<i>RSP</i>	<i>NOx</i>	<i>VOC</i>	<i>CO</i>
Public Light Bus	<100	200	<100	100	2%	<1%	<1%	<1%
Private Light Bus	<100	<100	<100	<100	<1%	<1%	<1%	<1%
Private car and Light Goods Vehicle	400	2 900	400	1 100	7%	4%	1%	2%
Medium and Heavy Goods Vehicle	700	9 700	700	2 600	15%	12%	2%	4%
Non-franchised Bus	100	1 300	100	300	2%	2%	<1%	<1%
Franchised Bus	<100	2 100	<100	300	2%	3%	<1%	<1%

Notes:

* The above emission data have taken account of the emissions from vehicles under normal ageing. Some of the vehicles could emit more due to poor maintenance. Making reference to the relevant international development, we are studying the use of roadside remote sensing emission data and portable emission measurement systems to estimate the excessive emissions.

** From August 2002, the Government started to accept the applications for the grant for replacing diesel light buses by LPG light buses.

The 2008 and 2009 emission figures are preliminary estimates, and the 2010 figures are still under estimation.

~ From August 2004, the Transport Department changed the gross vehicle weight limit of light buses from 4 tonnes to 5.5 tonnes. From 2009, we have updated the emission estimation for LPG light buses accordingly.

Notes:

RSP = Respirable Suspended Particulates
 NOx = Nitrogen Oxides
 VOC = Volatile Organic Carbons
 CO = Carbon Monoxide

Education Allowances Granted to Senior Government Officials

14. **MS EMILY LAU** (in Chinese): *President, I have recently received complaints from members of the public that the Government has spent huge amounts of public money on subsidizing children of civil servants to study abroad or in local international schools, yet it has refused to put in more resources to enhance the quality of local education. According to the 2010-2011 Budget, the funds earmarked for providing education allowances (including the Local Education Allowance (LEA), Overseas Education Allowance (OEA) and School Passage Allowance) for civil servants amounted to nearly \$1 billion, among which, the estimates for OEA amounted to \$300 million, benefiting around 3 000 students. In this connection, will the executive authorities inform this Council:*

- (a) how many directorate civil servants, who at present are receiving various education allowances, have arranged for their children to study in schools overseas or in local international schools; and*
- (b) whether it has conducted any study to find out the reasons why the senior government officials in part (a) have not arranged for their children to study in local mainstream schools, and whether it is directly or indirectly related to the authorities' lack of drive to actively enhance the quality of local education as alleged in the aforesaid complaints; if such a study has been conducted, of the conclusions?*

SECRETARY FOR THE CIVIL SERVICE (in Chinese): *President, OEA and LEA were introduced in 1964 and 1972 respectively to eligible officers as part of their terms of employment. The Government conducts reviews on allowances payable to civil servants from time to time to ensure that these allowances are in line with present-day circumstances. Following detailed reviews, we have ceased the payment of OEA and LEA to new recruits from 1996 and 2000 respectively.*

According to existing policy, only those eligible civil servants who were offered appointments to the Civil Service on local terms before 1 August 1996 may claim OEA for their children's education in the United Kingdom. Those appointed on overseas terms may claim OEA for their children's education in

their countries of origin. An eligible civil servant may claim OEA from the beginning of the term in which his/her child reaches the age of nine up to the end of the term in which the child becomes 19.

Eligible civil servants who were offered appointment to the Civil Service before 1 June 2000 may claim LEA for their children's primary and secondary education in a school included in the Approved Schools List issued by the Permanent Secretary for Education⁽¹⁾. LEA is payable to the end of the accounting period in which the child reaches the age of 19.

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

- (a) In 2010-2011 Financial Year, up to 31 December 2010, there are 3 317 eligible civil servants who have claimed OEA, with 125 of them being directorate officers. For LEA, there are 16 238 eligible civil servants who have claimed the allowance, with 295 of them being directorate officers. Among those directorate officers, 64 have children studying in local international schools.
- (b) We have not conducted any survey on civil servants claiming LEA and OEA to ascertain the reasons why they are arranging their children to receive education abroad or in Hong Kong. As Hong Kong is an international metropolis, it is natural for some parents in Hong Kong (including civil servants) to arrange their children to study or pursue further education abroad or in local private schools, direct subsidy schools or international schools, and so on. This should not be taken as a lack of confidence by parents in the quality of education in Hong Kong. The fact that Hong Kong students are admitted by schools overseas reflects that the education standard in Hong Kong is recognized by overseas education institutions.

The Administration always values the views of different stakeholders, and has regularly and systematically collected feedback on the education reform (including the new academic structure for senior secondary education and higher education) so

(1) The Approved Schools List is available at the Civil Service Bureau homepage <<http://www.csb.gov.hk/english/admin/benefits/81.html>>.

that improvements can be made, such as reforming the curriculum of mainstream schools in Hong Kong in line with the global trend of curriculum development. As reflected in relevant survey findings, parents and members of the public generally support the direction and initiatives of the education reform since its implementation. With the support of the community, the new academic structure has been implemented at Secondary Four since September 2009, which indicates the beginning of a new chapter of the education system in Hong Kong. Through a broad and balanced New Senior Secondary curriculum with diversified choices, students could develop their potential to the full, with a smooth articulation to multiple pathways for further studies and employment. Indeed, Hong Kong students have demonstrated outstanding performance in a number of international education researches in recent years, which reflects that our education reform is bearing fruit. In the "Programme for International Student Assessment" (PISA) in 2006 and 2009, "Progress in International Reading Literacy Study" (PIRLS) in 2006 and "The Trends in International Mathematics and Science Study" (TIMSS) in 2007, Hong Kong students excelled in reading, mathematics and science, and their performance was consistently well above the international standards.

Payment of Government Fees

15. **MR LEUNG KWOK-HUNG** (in Chinese): *President, quite a number of groups for elderly people and persons with disabilities have complained to me that while members of the public can at present pay their telephone, electricity and gas bills and even public rental housing (PRH) rent at convenience stores near their residence, government bills for water charges, rates and Government rent can only be settled at post offices or other designated places. These groups have pointed out that since the places designated for payment of such government fees are not as numerous in number as convenience stores, members of the public, particularly the elderly and persons with disabilities, have found it very inconvenient to pay these bills. In this connection, will the Government inform this Council:*

- (a) *whether the Government will immediately include all convenience stores in the list of places for payment of water charges, rates and Government rent, so as to facilitate members of the public (particularly the elderly and persons with disabilities) to pay such bills; if so, when it will do so; if not, of the reasons for that;*
- (b) *whether the Government will, for the sake of facilitating members of the public to pay various bills, immediately increase the number of post offices in various districts to put it on a par with the number of convenience stores; if it will, when it will do so; if not, of the reasons for that;*
- (c) *of the numbers and percentages of members of the public who paid water charges, rates and government rent at post offices and other designated places in each of the past five years; and*
- (d) *of the number of convenience stores in Hong Kong through which the Hong Kong Housing Authority collects PRH rent at present, as well as the existing number of places designated for payment of water charges, rates and government rent?*

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

- (a) To make it more convenient for members of the public to pay bills, the Government plans to extend the network for collecting payment of water charges, rates and government rent, and so on, to include collection points run by private operators. The Treasury is preparing for the tender exercise which is expected to commence in the first half of this year. Upon completion of the tender procedures, the bill-issuing departments (such as Water Supplies Department (WSD) and Rating and Valuation Department) and payment collection service providers (including convenience stores and other designated collection points) will have to align the computer systems concerned within six months. It is anticipated that the extended service can be introduced in early 2012. Collecting payment through collection points run by private

operators is a new government initiative. That apart, as the initiative involves a number of government departments and service providers, and that these departments have different operational needs, the new service will be rolled out on a trial basis in one department first. Subject to the smooth operation of the system, we would extend the new service to other departments.

- (b) The existing 126 post offices and the two mobile post offices can generally satisfy public needs for postal services. In deciding whether or not a new post office is required, Hongkong Post will make reference to the guidance set out in the Hong Kong Planning Standards and Guidelines and take into account factors such as the overall development of the district concerned, its demand for postal service types and levels as well as the need for effective use of resources.
- (c) Statistics on the number of water bills as well as rates and Government rent bills paid at post offices, and water bills paid at the WSD Customer Enquiry Centre in the past five years are as follows:

<i>Year</i>	<i>Water charges</i>		<i>Rates and government rent</i>	
	<i>Total number of bills issued (million)</i>	<i>Percentage of bills paid at post offices and WSD Customer Enquiry Centre (%)</i>	<i>Total number of bills issued (million)</i>	<i>Percentage of bills paid at post offices (%)</i>
2006	3.1	48	3.6	44
2007	3.2	47	3.0	43
2008	3.1	46	2.4	41
2009	3.2	46	2.6	41
2010	3.2	46	2.7	40

- (d) Currently, public housing tenants can pay rent at 965 convenience stores throughout the territory and the Customer Service Centres at 83 Mass Transit Railway stations. As for water charges, rates and Government rent, the public can make payment at 126 post offices.

They can also pay water charges at the WSD Customer Enquiry Centre in Mong Kok.

Civil Service Pension Schemes

16. **MR CHEUNG KWOK-CHE** (in Chinese): *President, currently, there are two civil service pension schemes, namely, the Old Pension Scheme (OPS) and the New Pension Scheme (NPS) which require civil servants in civilian grades serving on pensionable terms to retire at 55 and 60 respectively, and those who have joined OPS may even opt for early retirement. Some civil servants have relayed to me that with longer life expectancy of the population and diversified medical and health services in Hong Kong, most civil servants who have reached their retirement age are still physically fit and capable of giving full play to their strength and expertise at work. In this connection, will the Government inform this Council:*

- (a) of the respective numbers of civil servants who are under OPS and NPS at present;*
- (b) whether the authorities have measures in place to extend the retirement age of civil servants; if so, of the measures concerned; if not, the reasons for that; and*
- (c) whether the authorities have any mechanism in place to enable civil servants who are currently under OPS to join NPS; if so, of the mechanism concerned; if not, the reasons for that?*

SECRETARY FOR THE CIVIL SERVICE (in Chinese): *President, the existing statutory pension schemes for civil servants appointed on pensionable terms are the OPS and the NPS. Governed by the Pensions Ordinance (Cap. 89), the OPS is applicable to civil servants appointed before 1 July 1987. The normal retirement age for all civil servants under the OPS is 55, but those having attained the age of 45 may apply for early retirement (on medical, adequate compassionate or personal grounds) in accordance with the pensions legislation and Civil Service Regulations. Governed by the Pension Benefits Ordinance (Cap. 99), the NPS is applicable to civil servants appointed from 1*

July 1987 to 31 May 2000 as well as those appointed before 1 July 1987 and have opted to join the NPS. Under the NPS, the normal retirement age for civilian civil servants is 60, but those appointed before 1 July 1987 and have opted for this scheme may retire at the age between 55 and 60. Under the NPS, the prescribed retirement age for disciplined grades civil servants is 55/57, but they may retire between 50/55 and 55/57, depending on their ranks.

My reply to the question is as follows:

- (a) As at 1 January 2011, the numbers of civil servants on the OPS and the NPS were about 9 000 and 118 000 respectively.
- (b) Extending the existing retirement age will affect the Government's absorption of new blood into the Civil Service for a period of time. It will also reduce civil service job openings in the labour market and impact on the promotion prospects of serving civil servants. The Civil Service Bureau has no plan at this juncture to change the retirement age of civil servants, but will continue to follow closely discussions on this front in the community.
- (c) The NPS is governed by the Pension Benefits Ordinance. In accordance with the provisions of the Ordinance, the Civil Service Bureau issued a circular in 1987, announcing that civil servants on the OPS who were eligible to opt for the NPS had to submit their applications within the specified option period if they wished to join the NPS. According to the circular, eligible civil servants who opted to join the NPS must submit their applications by the end of 1995. As civil servants on the OPS have been given ample time to opt for the NPS and the option period has long expired, we cannot accept any application to join the NPS now.

Development of Sha Tau Kok Town

17. **MR LAU KONG-WAH** (in Chinese): *President, in 2008, the Government announced its plan to further reduce the coverage of the Frontier Closed Area (FCA), but due to security concerns about smuggling activities and illegal immigration, Sha Tau Kok Town (STK) was not excluded entirely from FCA.*

Some residents of STK have relayed to me that while they are disappointed that STK cannot be opened up for development concurrently with other FCAs, Government's plan of pushing the new FCA boundary up to the entrance to STK will also affect their daily lives. In this connection, will the Government inform this Council:

- (a) given that the area around STK and Chung Ying Street is still within FCA, and the authorities have not provided any timetable for opening up the area for development, whether the authorities have any plan to improve the residents' living environment and the community facilities in the area; if they have, of the details;*
- (b) given that some residents have pointed out that Sha Tau Kok Chuen, the only public housing estate in STK at present, only provides a total of 662 housing units, and while the residents have been living in the estate for over 20 years, their children, who have reached marriageable ages, have to rent flats on the Mainland because they are unable to rent flats in the area, whether the authorities will identify sites within STK for construction of more public housing units to meet the needs of population growth in the area and to address the problem of overcrowded households there; if they will not, the reasons for that;*
- (c) given that some residents have pointed out that the Closed Area Permits (CAPs) issued to STK indigenous residents at present are valid for five years and printed on ordinary paper which is not durable and easily torn, whether the authorities will switch to using more durable material, such as that for the Hong Kong Identity Cards or the Hong Kong and Macao Residents Entry and Exit Permits (commonly known as "home return cards"), to print these CAPs, and consider issuing CAPs of 10 years' validity to indigenous residents to save them the need to apply for renewal once every five years; and*
- (d) given that some residents have relayed that the existing community facilities in STK are inadequate, for example, not having fresh meat stalls in the area, which has caused much inconvenience to the residents who want to buy fresh meat, as they seldom go to the North*

District to buy meat due to the high transport fares, and if they travel to markets on the Mainland via Chung Ying Street to buy meat, the meat will be confiscated by the Customs and Excise Department when they bring it back to Hong Kong, whether the authorities will consider exercising discretion in handling cases of FCA residents bringing fresh meat back to Hong Kong, or providing new facilities such as markets or shopping malls in the area to improve the livelihood of the residents in the district?

SECRETARY FOR SECURITY (in Chinese): President, the Administration announced in January 2008 that the coverage of the FCA could be substantially reduced from about 2 800 hectares to about 400 hectares. The reduced FCA will comprise a narrow strip of land covering the re-aligned boundary patrol road and areas to its north, together with crossing points along the boundary (that is, the Boundary Control Points and STK). Sheung Tam Shui Hang Village, Ha Tam Shui Hang Village, Muk Min Tau Village, Tsiu Hang Village, Tong To Village, San Tsuen Village, Nga Yiu Tau Village, Tong To Ping Tsuen Village, Lin Ma Hang Village, and so on, in the Sha Tau Kok area will be released from the FCA. With regard to parts (a) to (d) of the question, our reply is as follows:

- (a) On the basis of the Hong Kong Planning Standards and Guidelines and the local requirements of Sha Tau Kok, the Administration has reserved sufficient land under the Sha Tau Kok Area — Layout Plan for various community facilities. At present, facilities such as community hall, library and market, and so on, have been provided in STK. In respect of local improvement works, the Civil Engineering and Development Department completed the construction of the Sha Tau Kok Public Pier in 2006, with the provision of a 280-metre long cat walk with roof cover, two additional berths and viewing platforms for enjoyment by the locals. The works incurred a cost of \$45.0 million. Further, the Leisure and Cultural Services Department refreshed its leisure venues in STK, including Sha Tau Kok Square, Sha Tau Kok Recreation Ground and Sha Tau Kok Children's Playground, in the past two years. The works done included resurfacing the ground surface and improvement of minor facilities in the venue such as arbours and fences. The amounts spent on the three venues were \$3 million,

\$0.5 million and \$2 million respectively. The Home Affairs Department also upgraded facilities in the Sha Tau Kok Community Hall in 2010 by providing new audio-visual equipments in its hall and conference room. The works incurred a cost of \$478,000.

- (b) The Government's current housing policy is to provide public rental housing (PRH) to low-income families who cannot afford private rental accommodation. The Government and the Hong Kong Housing Authority (HA) aim to maintain the average waiting time for general PRH applicants at around three years to meet the housing need of low-income families. As at end 2010, there were about 140 000 applications on the Waiting List for PRH. Provision of PRH involves the use of public resources, which must be distributed in a fair and reasonable manner. As such, PRH flats should be open to all Waiting List applicants as appropriate. At present, the HA does not have a policy of building PRH exclusively for a designated population in a specific location. Sha Tau Kok residents who have housing needs and are eligible for PRH may apply to the HA for PRH under the Waiting List according to the established mechanism.
- (c) We understand the concern of Sha Tau Kok residents about the materials being used for the CAPs, and are examining the feasibility of adopting more durable materials, including the consideration of providing plastic laminated CAPs in the short term. As for the proposal to issue CAPs of longer validity to indigenous Sha Tau Kok residents, the Administration will give serious consideration to the proposal after the FCA is substantially reduced, having regard to the long-term usage pattern, the size of population that require access to the FCA and the actual operation of the FCA.
- (d) Regulation 4 of the Imported Game, Meat and Poultry Regulations (Cap. 132AK) requires meat or poultry to be imported with an official certificate issued by a competent authority recognized by the Director of Food and Environmental Hygiene (DFEH), except with the permission of DFEH in writing. To safeguard food safety and minimize the risk of disease infection posed by consuming illegally imported game, meat or poultry, it is necessary for DFEH to strictly

enforce Cap. 132AK to prosecute illegal importation of game, meat and poultry by travellers.

At present, there is a public market managed by the Food and Environmental Hygiene Department in the Sha Tau Kok FCA, namely the Sha Tau Kok Market. The market has a total of 66 stalls, of which 60 are currently let out. These stalls provide a variety of goods and food items, including 23 fish stalls and three frozen meat stalls. As for fresh meat stalls, there were two stalls originally designated for selling fresh meat in the Sha Tau Kok market. One of them has long been vacant as there is no bidder for this stall while the business of the other has been suspended as the stall tenant has applied for change of trade in view of slack business. We will continue to monitor the need of Sha Tau Kok residents for market facilities but consider that there is no need at this stage to increase the provision of such facilities in the area.

Facilities in MTR Stations and Design of Train Compartments

18. **MR WONG SING-CHI** (in Chinese): *President, regarding the design of train compartments and other facilities of the MTR Corporation Limited (MTRCL), as well as the project of retrofitting platform screen doors and automatic platform gates (APGs) at stations, will the Government inform this Council:*

- (a) *given that in reply to a question raised by a Member of this Council on 9 June 2010, the Secretary for Transport and Housing indicated that:*
 - (i) *the MTRCL has encountered the problem of additional platform dwell time and some technical difficulties in the installation of automatic Mechanical Gap Fillers (MGFs) at station platforms of East Rail Line (EAL) stations, and had to continue to study the matter, whether it knows the progress of the study conducted by the MTRCL in respect of the operation of MGFs at present; and*

- (ii) *amongst the 84 stations of the MTRCL, public toilets are already available in 38, and except for Ngau Tau Kok, Prince Edward and Quarry Bay Stations, public toilets are available within a 200-metre distance of stations, whether it knows if the MTRCL will plan to retrofit toilets at those stations where toilets are not available at present; if the MTRCL will do so, the details and timetable; if not, the reasons for that; whether the MTRCL still requires passengers to use public toilets available within a 200-metre distance of stations at present; if so, the reasons for that; the respective progress of projects to retrofit toilets at Ngau Tau Kok and Quarry Bay Stations, as well as the feasibility study on retrofitting toilets at Prince Edward Station currently conducted by the MTRCL; the estimated completion time of the projects concerned;*
- (b) *given that in reply to a question raised by a Member of this Council on 3 November 2010, the Secretary for Transport and Housing indicated that there were in total 375 passenger-on-track cases at stations without platform screen doors in the past five years, of the stations at which such cases occurred; whether it knows if the MTRCL has set out any specific timetable to retrofit platform screen doors or APGs for the EAL and Ma On Shan Line; if so, the details; if not, the reasons for that;*
- (c) *of the number of sex crimes which occurred within the area of MTR stations in the past five years, and among such cases, the respective numbers of victims, persons being charged and persons convicted, broken down by the nature of crime;*
- (d) *of the measures implemented by the Government and the MTRCL to prevent sex crimes from occurring within the area of MTR stations in the past three years, and whether they had reviewed the effectiveness of such measures; if they had, of the details; if not, the reasons for that; whether there are plans for enhancing such measures and introducing other new measures; if there are, of the details; if not, the reasons for that;*

- (e) *given that the MTRCL has already removed entire rows of seats in quite a number of train compartments and replaced them with additional handrails and perch seats, whether it knows the reasons why the MTRCL has conducted such conversion works, and when the aforesaid works commenced; at present, the number of trains on which such works have been completed and the percentage of such number in the total number of trains; the lines served by those trains and the percentage of the number of such trains in the total number of trains of the lines concerned (listed by the name of the lines); the number of additional passengers that each train may carry upon the completion of the aforesaid conversion works as estimated by the MTRCL;*
- (f) *given that the MTRCL launched the Priority Seats trial scheme in 2009 to encourage passengers to offer seats to those people in need, whether it knows if the MTRCL has reviewed the effectiveness of the aforesaid trial scheme; if the MTRCL has done so, the details; if not, the reasons for that; given that many pregnant women have relayed to me that they have encountered difficulties in boarding or alighting from trains when using rail services during rush hours, of the measures of the Government and the MTRCL to assist those pregnant women;*
- (g) *whether it knows if all MTR stations (including every street-connecting entrances and exits in the stations) are equipped with stair lifts at present; if not, the reasons for that, and list by the name of the lines, the number and names of the stations which are not equipped with stair lifts; whether the MTRCL will retrofit stair lifts at the entrances and exits of every stations; given that at present, users of stair lifts have to contact MTRCL staff an hour before using the stair lifts, so as to facilitate the relevant arrangements, of the reasons for imposing such a requirement, and whether the MTRCL will remove the requirement;*
- (h) *given that it was reported that at present the maximum loading capacity of stair lifts installed along the handrail of stairs at stations is 250 kg, whether it knows the arrangements to be made by the MTRCL for passengers exceeding such maximum loading capacity;*

whether the MTRCL has considered retrofitting lifts at all stations to facilitate wheelchair users; and

- (i) *given that it was reported that the MTRCL will place three-coloured recycling bins in its 84 MTR stations in the first quarter of this year, whether it knows the specific timetable?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, for the various parts of the question, our reply is set out below:

- (a) (i) The MTRCL carried out a trial in three phases to test the use of MGFs at the Lo Wu Station. The third phase of the trial at four platforms of the Lo Wu Station tested a total of 98 MGFs and was completed at the end of 2009.

Outside Hong Kong, MGFs are only used in the indoor environment. These indoor designs had been adapted for the trial at the Lo Wu Station. However, they were found to stall and jam persistently in adverse weather, and the trial had to be suspended during typhoons.

Even looking only at the data collected during the days with better weather, the trial results were not satisfactory. The performance of the MGFs was poor in availability and reliability with a high number of failures. Regular MTR passengers would be expecting MGFs to be available and not pay heed to the platform gap. As such, when a MGF fails to function, it would be a safety hazard for passengers with an increased risk of stepping into the platform gap.

Due to the limitations of the existing EAL signalling system, the operation of MGFs at stations would also lead to longer dwell times at stations. This would in turn mean longer journey times. The MTRCL estimated that this would be equivalent to a reduction of about two train journeys per hour during peak periods.

It is concluded that the MGF system in its current form is not suitable for use on EAL as it would adversely affect passenger safety, train service reliability and passenger service level. The MTRCL has issued a paper to the Subcommittee on Matters Relating to Railways under the Legislative Council Panel on Transport in January 2011 to report the results of the trial on MGFs.

- (ii) Amongst the 84 stations in the MTR system, public toilets are already available in 38. The MTRCL also built public toilets at the public transport interchanges at four stations along the Tseung Kwan O Line. At other stations, passengers may request to use staff toilets in the stations. The MTRCL has also agreed to provide public toilets within, or adjacent to, stations of new lines and extensions in future.

As most pre-merger MTR stations were built in the 1970s and 1980s, in view of the short travelling time and the availability of public toilets in the vicinity of most commercial buildings or shopping arcades located in the urban areas, public toilets were not a built-in feature for those stations. Substantial technical difficulties have been identified by the MTRCL in retrofitting public toilets at existing underground stations. These difficulties include limitation in the capacity of the sewage system, high voltage equipment nearby and limitation in providing separate ventilation system, and so on. As such, the MTRCL would not retrofit public toilets at existing underground stations.

The MTRCL has conducted a survey on the location of public toilets in the vicinity of stations within a walking distance of 200 m (that is, an approximately four-minute walk). It ascertained that, with the exception of Ngau Tau Kok, Prince Edward and Quarry Bay Stations, public toilets are available within a 200-metre distance of all other stations within the MTR system.

The MTRCL has started to work on retrofitting toilets in the vicinity at the street level at the three abovementioned stations. The toilets for the Ngau Tau Kok and Quarry Bay Stations would be situated at the ground level of the stations. Construction work is now in progress and it is anticipated that the toilets will come into operation in the first quarter of 2011. For the plan to provide public toilets in the vicinity of Prince Edward Station, the MTRCL previously proposed two street-level locations (near entrance B1 and Mong Kok Police Station; and near entrance C2 at the junction of Prince Edward Road West and Portland Street) and had submitted initial design proposals to the relevant government departments for consideration and consultation with the local community. However, the proposals were rejected by the relevant government department, local community and residents nearby. As the Government will implement the Area Improvement Plan for the Shopping Areas of Mong Kok, which includes a greening project for Nullah Road, the MTRCL is making initial contact with the Urban Renewal Authority which is responsible for the greening project to explore the feasibility of providing a public toilet under the project.

- (b) Regarding the reply on 3 November 2010 to the Legislative Council on the cases of passenger falling onto tracks at stations without platform screen doors in the past five years, the stations involved are set out in Annex 1.

The MTRCL has submitted a paper to the Subcommittee on Matters Relating to Railways under the Legislative Council Panel on Transport in January 2011 to report the results and conclusion of technical studies conducted on the retrofitting of APGs at EAL stations. According to the MTRCL's technical studies, retrofitting APGs at EAL stations have to be considered from the perspectives of passenger safety, reliability of train operation and maintenance of service levels, and so on.

As the MTRCL has proposed that the signalling system and trains of EAL have to be replaced to permit the operation of the North-South

Line under the Shatin to Central Link (SCL) project, the MTRCL is of the view that the retrofitting of APGs at EAL stations in tandem with the SCL project would achieve synergy, as well as reduction in abortive works and adverse impact on passengers.

In parallel to studying the retrofitting of APGs at EAL, the MTRCL also examined the feasibility of retrofitting APGs at Ma On Shan Line.

Ma On Shan Line is currently using four-car trains. When SCL comes into operation, Ma On Shan Line would change to allow operation of eight-car trains. Suitable platform modification would be necessary. In order to achieve synergy and minimize the inconvenience to passengers, the MTRCL would consider retrofitting APGs at Ma On Shan Line stations in tandem with the East-West Line of SCL.

- (c) According to the information provided by the police, the number of indecent assault and "under skirt photo-taking" cases that occurred in railway premises (excluding Light Rail) from 2006 to 2009 and during the first 10 months of 2010 is as follows:

Indecent assault cases

<i>Year</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i> <i>(January to October)</i>
Cases Reported	98	121	135	110	126
People Arrested	62	87	92	75	96

"Under skirt photo-taking" cases

<i>Year</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i> <i>(January to October)</i>
Cases Reported	67	88	117	80	75
People Arrested	55	78	104	73	68

The police do not keep record of the numbers of victims, persons prosecuted and persons convicted in the cases concerned.

- (d) The security in the MTR network is looked after by the Railway District of the police and staff of the MTRCL.

Over the past three years, the police have taken targeted preventive and enforcement measures by strengthening patrols at black spots and encouraging passengers not to remain silent but report crimes immediately to the police or station staff should they encounter such incidents. Furthermore, the Railway District of the police and the MTRCL regularly hold joint anti-crime campaigns, maintain close liaison, as well as review and formulate measures to combat offences in the railway premises. MTRCL staff are also trained on crime prevention in order to support the police in combating offences.

In respect of educating the public on crime prevention, the police have produced short videos in the television programme "Police Magazine" on crimes that happened frequently in the railway premises. In addition, the police work with the MTRCL from time to time to disseminate anti-crime messages, including the production of a series of posters titled "Don't be a Silent Victim, Report Indecent Assault". The posters are displayed in the railway premises and inside train compartments to encourage victims to report offences. They also organize "Stay alert, watch out!" anti-crime campaigns to remind the public to stay alert and avoid becoming victims of indecent assault and "under skirt photo-taking" cases.

In future, the police would continue to work closely with the MTRCL on preventing indecent assault and "under skirt photo-taking" cases from happening in the railway premises as far as possible.

- (e) The MTRCL is committed to enhancing the quality of service provided to passengers, including persons with disabilities. With an aim to providing more convenience to passengers in wheelchair and those travelling with baby prams and luggage, the MTRCL launched a trial to introduce additional multi-purpose areas on three trains on the Island Line in May 2008. The increase in multi-purpose areas allowed four passengers in wheelchair to travel together in the same train car. After the launch of the trial, the MTRCL interviewed about 360 passengers in July 2008. The

results of the interviews showed that 90% of the respondents were satisfied with the additional multi-purpose areas while 95% were of the view that the multi-purpose areas offered more convenience to passengers in wheelchair as well as those travelling with baby prams and luggage.

The MTRCL announced at the end of 2008 that it would add three more multi-purpose areas in the middle four train compartments in each of the 106 trains operating on the Island Line, Tsuen Wan Line, Kwun Tong Line and Tseung Kwan O Line. This would bring the total number of multi-purpose areas to 20 on each train.

The MTRCL interviewed 584 passengers in October 2010 to collect passengers' views on the new facility again. The results showed that some 80% of the respondents were supportive of the increase in multi-purpose areas and more than 80% indicated that they would like to see more multi-purpose areas installed for the needy.

At present, the MTRCL has already introduced additional multi-purpose areas to 29 trains on the Island Line, accounting for 27% of the total 106 trains operating on the Island Line, Tsuen Wan Line, Kwun Tong Line and Tseung Kwan O Line.

The MTRCL has been closely monitoring the use of the new multi-purpose areas. It is observed that they are able to meet the needs of passengers, with smooth passenger flow being maintained while passengers in wheelchair have found it easier to move around inside train compartment. For the convenience of other passengers, leaning ledges and straphangers would also be retrofitted in the multi-purpose areas as part of the programme. With regard to the capacity of each train after the increase in number of multi-purpose areas, as the multi-purpose areas are for the convenience of passengers in wheelchair and those in need, the capacity of the train is almost the same.

The MTRCL will gradually introduce the additional multi-purpose areas to the trains on the Tsuen Wan, Kwun Tong and Tseung Kwan O Lines. The enhancement programme is expected to be completed within 2011.

- (f) The MTRCL has been organizing promotional campaigns to encourage passengers to offer their seats to those in need. The MTRCL kicked off a "priority seats" trial scheme in October 2009 with designated priority seats on trains. The results of a survey on the "priority seats" scheme conducted in early 2010 showed that 95% of the 1 049 passengers interviewed welcomed the priority seat arrangement and believed that it was effective in promoting the message of offering seats to those in need. At the same time, 74% of the respondents preferred the priority seats to be painted in a different colour to make them stand out.

Regarding the abovementioned comments, starting from 26 October 2010, seats painted in red and featuring the popular Smiley®World characters on the seat back have been gradually appearing on MTR trains to encourage passengers to offer their seats to anyone in need. Three trains on the Island, Tsuen Wan, and Kwun Tong Lines are decorated as theme trains for priority seats featuring Smiley®World characters in different poses bringing out the virtue of offering seats to others and encouraging passengers to do so. The theme trains are designed to remind passengers to "offer your seat to anyone in need" — those to whom you offer your seat will be grateful for your kindness. The new priority seats are being gradually introduced to other MTR trains.

As an extension of the promotion of "priority seats", the MTRCL launched "Thanks for offering me your seat" campaign to promote offering seats to the elderly in November 2010. Meanwhile, another campaign titled "Pregnant Mothers Need Your Seat" was launched in January 2011 to promote offering seats to pregnant mothers. These campaigns aim to encourage passengers to offer their seats to the needy.

- (g) As a public transport operator, the MTRCL has been striving to improve access and facilities for persons with disabilities and passengers with special needs. The MTRCL has continuously made improvements to the railway system and devoted resources to

improving and upgrading its facilities to facilitate passengers in need in using its railway service. These improvements include retrofitting lifts, stair lifts, wheelchair aids, ramps and wide gates wherever practicable. In the past decade, the MTRCL has spent over \$635 million and has committed another \$200 million in the next five years (that is, 2011 to 2015) to improve those facilities. The MTRCL would continue to study and provide more facilities for passengers in need according to local development and needs.

At present, there is at least one barrier-free access at each station⁽¹⁾ to provide convenience to passengers in need to enter or leave the station. The access is equipped with a lift, a stair lift, a wheelchair aid or a ramp. All the barrier-free access was built after consultation with the organizations of persons with disabilities to ensure that the facilities suit their needs.

In order to shorten the waiting time of passengers, the MTRCL welcomes passengers in wheelchair to contact station staff in advance such that staff can be arranged to provide immediate assistance when the passengers arrive at the station. Otherwise, when passengers in wheelchair arrive at the station, they can still make use of the station communicators at station entrances to ask for assistance. This could involve longer waiting time as station staff might be engaged with other tasks or passengers at the time.

The station-by-station system accessibility facilities (by railway line) are tabulated at Annex 2 and the latest progress of retrofitting lifts at stations is set out at Annex 3.

- (h) Stair lifts adopted by the MTRCL have been approved by the Electrical and Mechanical Services Department, and are under the maximum loading category. If the weight of a passenger in a motor-driven wheelchair is over the limit, station staff would use an ordinary wheelchair to deliver the passenger with disabilities to the station concourse or street level and then deliver the motor-driven wheelchair back to the passenger afterwards. Due to the

geographical and structural constraints of station, it is not technically feasible to retrofit a lift connecting to street/concourse level at all MTR stations. At present, there is at least one barrier-free access at each station⁽¹⁾ to provide convenience to passengers in need to enter or leave the station.

- (i) The MTRCL conducted a trial scheme on recycling from mid-2008 to mid-2010. Three-colour bins for recycling of paper, aluminium cans and plastic were placed at the Tung Chung Line Hong Kong Station Concourse and the In-town Check-in Concourse at Hong Kong Station to encourage passengers to recycle and reduce the waste going to the landfills. The trial received enthusiastic support from passengers with about 200 kg of materials that can be recycled collected each month during the trial. As a result, the MTRCL has decided to provide bins for recycling at all 84 MTR and Airport Express Stations in the first quarter of 2011.

- (1) Excluding Racecourse Station of the EAL.

Annex 1

Number of passengers fell onto tracks from 2006 to September 2010
(Categorized by stations)

Island Line	
Hang Fa Chuen	13
Chai Wan	7
Kwun Tong Line	
Kowloon Bay	13
Ngau Tau Kok	8
Kwun Tong	12
Tsuen Wan Line	
Kwai Fong	6
Kwai Hing	8
Tsuen Wan	8

EAL	
Hung Hom	8
Mong Kok East	14
Kowloon Tong	33
Sha Tin	9
Tai Wai	12
Fo Tan	11
University	7
Tai Po Market	6
Tai Wo	8
Fan Ling	12
Sheung Shui	31
Lok Ma Chau	3
Lo Wu	28
Ma On Shan Line	
Tai Wai	8
Che Kung Temple	2
Heng On	1
Ma On Shan	2
West Rail Line	
Hung Hom	1
Light Rail	
Light Rail	70
TOTAL	341

Note:

The above figures excluded 34 cases involving trespassing or attempted suicide between stations on different rail lines.

Annex 2

Station-by-station System Accessibility Facilities

<i>Stations</i>	<i>Street/Concourse</i>	<i>Concourse/Platform</i>
Airport Express		
Hong Kong	Public lift	Public lift
Kowloon	Public lift	Public lift
Tsing Yi	Public lift	Public lift
Airport	Arrivals Hall leads direct to platform using side walkways	
AsiaWorld-Expo	Public lift via AsiaWorld-Expo	Public lift

<i>Stations</i>	<i>Street/Concourse</i>	<i>Concourse/Platform</i>
Disney-land Resort Line		
Sunny Bay	Ramp at entrance A	Public lift
Disneyland Resort	Same Level	Public lift
EAL		
Hung Hom	Same level	Public lift
Mong Kok East	Same level	Public lift
Kowloon Tong	Same level/Public lift	Public lift
Tai Wai	Same level	Public lift
Sha Tin	Same level/Ramp	Public lift
Fo Tan	Same level/Public lift	Public lift
University	Same level/Public lift	Public lift/Ramp
Tai Po Market	Same level	Public lift
Tai Wo	External lift via Tai Wo Shopping Centre	Same level/Public lift
Fan Ling	Same level	Public lift
Sheung Shui	Same level	Public lift
Lo Wu	Same level/Lift with staff assistance	Public lift
Lok Ma Chau	Same level/Lift with staff assistance	Public lift
Island Line		
Sheung Wan	Wheelchair Aid with staff assistance through entrance A1 for exit and E3 for entry	Public lift
Central	Public lift	Public lift
Admiralty	Stair lift at entrance D	Public lift
Wan Chai	Public lift	Public lift
Causeway Bay	Public lift	Public lift
Tin Hau	Stair lift at entrance A1	Public lift
Fortress Hill	Wheelchair Aid with staff assistance through entrance B	Public lift
North Point	Public lift	Public lift
Quarry Bay	Ramp at entrance A	Public lift
Tai Koo	Public lift and ramp	Public lift
Sai Wan Ho	Wheelchair Aid with staff assistance through entrance A	Public lift
Shau Kei Wan	Wheelchair Aid with staff assistance through entrance A3	Public lift
Heng Fa Chuen	External lift via Paradise Mall	Public lift
Chai Wan	External lift via New Jade Commercial Complex	Public lift

<i>Stations</i>	<i>Street/Concourse</i>	<i>Concourse/Platform</i>
Kwun Tong Line		
Shek Kip Mei	Stair lift access with staff assistance at entrance C	Public lift
Kowloon Tong	Public lift	Public lift
Lok Fu	Ramp at entrance A	Public lift
Wong Tai Sin	Stair lift at entrance C1	Public lift
Diamond Hill	Stair lift at entrance A1	Public lift
Choi Hung	Ramp at entrance C2 and C4	Public lift
Kowloon Bay	Public lift and ramp from Telford Plaza	Public lift
Ngau Tau Kok	Ramp at entrance B	Public lift
Kwun Tong	Public lift	Public lift
Lam Tin	Ramp at entrance C	Public lift
Light Rail		
Pui To	Public lift/Ramp	NA
Tuen Mun	Public lift	NA
All other Light Rail stops	Ramp	NA
Ma On Shan Line		
Tai Wai	Same level	Public lift
Che Kung Temple	Ramp	Public lift
Sha Tin Wai	Ramp	Public lift
City One	Ramp	Public lift
Shek Mun	Ramp	Public lift
Tai Shui Hang	Public lift	Public lift
Heng On	Ramp/Public Lift	Public lift
Ma On Shan	Same level	Public lift
Wu Kai Sha	Same level	Public lift
Tseung Kwan O Line		
LOHAS Park	Public lift	Public lift
Po Lam	Ramp at entrance C	(on the same level)
Hang Hau	Street level access from drop off area	Public lift
Tseung Kwan O	Street level access from drop off area	Public lift
Tiu Keng Leng	Street level access from drop off area	Public lift
Yau Tong	Public lift	Public lift

<i>Stations</i>	<i>Street/Concourse</i>	<i>Concourse/Platform</i>
Tsuen Wan Line		
Tsuen Wan	Ramp at entrance A1 and C	Public lift
Tai Wo Hau	Public lift	Public lift
Kwai Hing	Ramp at entrances B and C	Public lift
Kwai Fong	Ramp at entrance D	Public lift
Lai King	Public lift	Public lift
Mei Foo	Public lift	Public lift
Lai Chi Kok	Wheelchair Aid with staff assistance through entrance C	Public lift
Cheung Sha Wan	Stair lift at entrance A3	Public lift
Shum Shui Po	Stair lift at entrance A1	Public lift
Prince Edward	Stair lift at entrance B1	Public lift
Mong Kok	Public lift	Public lift
Yau Ma Tei	Stair lift at entrance A1	Public lift
Jordan	Stair lift at entrance B2	Public lift
Tsim Sha Tsui	Stair lift at entrance A1	Public lift
Tung Chung Line		
Hong Kong	Public lift	Public lift
Kowloon	Public lift	Public lift
Nam Cheong	Public lift	Public lift
Olympic	Public lift	Public lift
Lai King	Public lift	Public lift
Tsing Yi	Public lift	Public lift
Sunny Bay	Ramp at entrance A	Public lift
Tung Chung	Ramp at entrance A	Public lift
West Rail Line		
East Tsim Sha Tsui	Public lift	Public lift
Austin	Public lift	Public lift
Nam Cheong	Public lift	Public lift
Mei Foo	Public lift/Ramp	Public lift
Tsuen Wan West	Public lift	Public lift
Kam Sheung Road	Ramp	Public lift
Yuen Long	Public lift/Ramp/Stair Lift at entrance F	Public lift
Long Ping	Public lift/Ramp	Public lift
Tin Shui Wai	Public lift/Ramp	Public lift
Siu Hong	Public lift/Ramp	Public lift
Tuen Mun	Public lift/Ramp	Public lift

Latest progress of retrofitting lifts at stations

<i>Station</i>	<i>Progress Update</i>
Wong Tai Sin	In progress
Lai Chi Kok	To start in mid 2011
Cheung Sha Wan	In progress
Sham Shui Po	In progress
Shek Kip Mei	To start in early 2011
Yau Ma Tei	MTRCL is now co-ordinating with Transport Department on the temporary traffic arrangements
Jordan	In progress
Tsim Sha Tsui	Works integrated with the Tsim Sha Tsui North Subway and Entrance Modification Works
Sai Wan Ho	To start in the second half of 2011

Vetting and Approval of Investment Products

19. **MRS REGINA IP** (in Chinese): *President, I have learnt that since the Lehman Brothers went bankrupt in September 2008, the Securities and Futures Commission (SFC) has substantially tightened the vetting and approval of retail investment products. There have been criticisms that although the SFC should enhance its protection for investors, it should not overdo things as to affect the normal market development of Hong Kong as an international financial centre. In this connection, will the Government inform this Council:*

- (a) *whether it knows the average number of applications received annually by the SFC before September 2008 for launching investment products, the number approved among such applications and the average time for vetting and approving an application, with a breakdown by product type (including but not limited to unit trust, mutual fund (Fund), investment-linked assurance schemes (ILAS) and unlisted structured investment products (SIP));*
- (b) *whether it knows the total number of applications received by the SFC to date since September 2008 for launching investment products, the number approved among such applications and the*

average time for vetting and approving an application, with a breakdown by product type (including but not limited to unit trust, Funds, ILAS and unlisted SIP);

- (c) whether it has studied, when a comparison between the figures in parts (a) and (b) reveals that after September 2008, there has been a significant reduction in the proportion of applications approved by the SFC for launching investment products and/or a substantial increase in the average time for vetting and approval:*
 - (i) the reasons for this;*
 - (ii) how long this situation or trend will last; and*
 - (iii) whether prolonged continuation of such situation or trend will have any adverse impact on Hong Kong as an international financial centre; and*
- (d) given that I have received complaints from front-line bank staff that:*
 - (i) for various investment products, inadequate disclosure of information (for example, management fees, trustee fees and custodian fees, and so on, not being stated in prominent positions in offer documentation and marketing materials) may confuse investors, and the SFC decided in May 2010 to introduce product key facts statements (KFSs) to address the problem, whether it knows if this measure has been fully implemented; if so, the market response and effectiveness of the measure; if not, when the SFC plans to implement the measure fully; and*
 - (ii) the Hong Kong Monetary Authority or the SFC has imposed restriction on front-line bank staff or intermediaries providing some materials, from issuers/distributors of investment products, which are potentially useful reference for investors (for example, previous dividend records and annual interest rates of bond funds), of the reasons for imposing the restriction, and whether there is plan to review the existing measure?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Chinese): President, replies to the sub-questions are as follows:

(a) and (b)

The SFC has provided the number of new applications for authorization of investment products it received and approved respectively from 2007 to 2010, as set out at Annex.

As regards the actual time taken from application to authorization of an investment product, it depends on the level of compliance, the quality of the submission, the response time of the applicant and often the response of overseas regulators, which is outside the control of even the issuers themselves. For example, for a new sub-fund that sought to be authorized under an SFC-authorized structure in 2010, the processing time was five weeks. However, a new fund application in the same year from a new management company which involved checking with the overseas regulator had taken as long as approximately 10 months. The above has not taken into account situations where the whole process is lengthened due to applicants' initiatives in changing product features and documentation, which is very prevalent. It may therefore not be very meaningful to calculate the average time for vetting and approving an application.

(c) The SFC continues to process authorization applications for unit trusts and Funds, ILAS and unlisted SIP despite the onset of the financial crisis. Nonetheless, there was a downward trend in the number of applications submitted to the SFC after the collapse of Lehman Brothers.

It is product issuers' commercial decision as to whether they would submit new applications or would prefer to shelf their applications. Their decisions would understandably be driven by a number of factors including the prevailing market sentiments and investor interest. For instance, there was a general lack of market demand after the collapse of Lehman Brothers. Also, some product issuers took time to review and bring up to date their product disclosure in light of the latest circumstances and concerns in the market.

In order to enhance investor protection, the SFC, after having consulted the market, published on 25 June 2010 a new consolidated products handbook comprising revised codes on Funds and ILAS as well as a new code on SIP (Handbook). The Handbook has enhanced transparency and disclosure requirements, raised qualification requirements for collateral, as well as updated the regulatory framework for retail funds and ILAS. As of 31 December 2010, 14 applications had been authorized under the revised or new product codes in the Handbook.

While the industry has been working through these new requirements, the SFC has since June 2010 organized 11 workshops and seminars (attended by a total of 650 persons) to explain the revised/new product codes and to give practical guidance on the implementation of the requirements therein, and has published up to date application forms, checklists, templates and Frequently Asked Questions for industry participants to facilitate their compliance with the relevant codes and guidelines.

We trust that the SFC will continue to adopt appropriate initiatives and work closely with the industry with a view to assisting their compliance with the new requirements.

- (d) (i) The Handbook, which requires issuers of publicly offered Funds, ILAS and SIP to prepare a product KFS was gazetted and became effective on 25 June 2010. All new applications in respect of Funds, ILAS and SIP submitted after 25 June 2010 are required to have KFS, and this requirement will be extended to all existing Funds, ILAS and SIP that are being marketed to the public upon expiry of the transitional period on 25 June 2011. Since KFS is yet to be fully implemented, it is premature to comment on its effectiveness at this stage.

The SFC has maintained a close dialogue with the industry regarding the implementation of KFS on the one hand, and conducted comprehensive investor education on KFS, on the other hand, to help investors know how to read a KFS. The SFC has developed, with industry involvement, KFS templates as reference/guides for commonly available publicly offered investment products. Recently, the SFC held briefing

sessions for the industry to provide guidance about the preparation of KFS. These briefing sessions were well attended by industry participants, industry bodies' representatives and their legal advisers (total attendance of more than 240).

- (ii) The SFC and the Hong Kong Monetary Authority advised that neither of them had imposed any specific restrictions on the type of information that an intermediary can provide to its clients. Indeed, the SFC's Frequently Asked Questions on "Suitability Obligations of Investment Advisers" have stipulated that investment advisors should help each client make informed decision by, among others, providing each client with recommended investment products' prospectuses or offering circulars and other documents relevant to the investments.

Annex

The Number of New Applications for Authorization of Investment Products
SFC Received and Approved Respectively from 2007 to 2010

Table 1 Number of New Applications Received Each Year from 2007 to 2010

	2007	2008		2009	2010
		(Q1-Q3)	(Q4)		
Unit trusts and Funds	358	535 (479)	(56)	196	224
ILAS	29	19 (18)	(1)	10	17
Unlisted SIP	85	62 (61)	(1)	6	42

Notes:

- The above includes new applications received by SFC that may eventually be withdrawn or put on hold at the request of the applicants.
- For unlisted SIP, the above represents the number of offering documents in respect of new products only.

Table 2 Number of New Applications Approved Each Year from 2007 to 2010

	2007	2008		2009	2010
		(Q1-Q3)	(Q4)		
Unit trusts and Funds	257	404 (334)	(70)	195	147
ILAS	29	18 (18)	(0)	7	7
Unlisted SIP	79	64 (64)	(0)	7	17

Note:

- The applications approved during the relevant period may not necessarily be submitted in the same period (for example, an application may be submitted in 2008 and authorized in 2009).

Source: Securities and Futures Commission

Implementation of Nutrition Labelling Scheme

20. **MR FREDERICK FUNG** (in Chinese): *President, the legislation on nutrition labelling has come into force since July 2010. Regarding the implementation of the legislation, will the Government inform this Council:*

- (a) *whether the authorities have conducted surveys to ascertain the public's level of awareness of nutrition labelling and change in attitude to the choice of food products since the implementation of the aforesaid legislation, so as to find out if the public know how to choose food products and develop healthy diets; and whether the authorities have reviewed the effectiveness of the publicity and education work on nutrition labelling conducted in the past; if so, of the outcome; if not, the reasons for that;*
- (b) *given that it was reported that the Centre for Food Safety (CFS) had uncovered that, among some 240 food samples it tested earlier to verify nutrition information, one out of every eight pre-packaged food products had inaccurate information, of the details of the inaccuracies and breaches uncovered, together with a list*

of non-compliant food products, items on their labels with inaccurate information, the number of prosecutions instituted, and the rectifications made; and

- (c) *whether the authorities will increase the number of food samples to be inspected to verify nutrition information and step up efforts on enforcement and prosecution, so as to ensure that the public can choose food products according to accurate nutrition labels, thereby developing healthy eating habits?*

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

- (a) Since the passage of the Food and Drugs (Composition and Labelling) (Amendment: Requirements for Nutrition Labelling and Nutrition Claim) Regulation 2008 by the Legislative Council in mid-2008, the Government has employed various publicity and education means to enhance consumers' understanding of the benefits brought about by the Nutrition Labelling Scheme (the Scheme), with a view to building up a healthy diet.

The CFS has launched a three-year Publicity and Education Campaign (the Campaign) in this respect since June 2008, implemented in three phases:

- (i) to raise public awareness in Phase I (June 2008 to July 2009);
- (ii) to enhance understanding of the Scheme in Phase II (August 2009 to June 2010); and
- (iii) to motivate behavioural changes in Phase III (July 2010 to June 2011).

The CFS evaluates the Campaign by means of two large-scale surveys. The first one was conducted at an early stage of the Campaign in mid-2008, called the "Survey on Public Knowledge, Attitude and Practice regarding Food Safety and Nutrition Labelling". The findings revealed that:

- (i) the majority of the public covered in the survey recognized the importance and benefits of nutrition labels;
- (ii) while they had developed some basic understanding of nutrients and nutrition labelling, there was still room for improvement; and
- (iii) more than half of them always read the nutrient label or usually read the nutrition label when they bought a prepackaged food product for the first time. Among all nutrients, "trans fats" and "saturated fat" received the least attention.

The above findings were released through a press conference.

Since the legislation came into force on 1 July 2010, the Campaign has entered Phase III, which encourages the public to make reference to the nutrition labels when buying prepackaged food and make healthier food choices. The CFS plans to conduct another survey in the second half of 2011 to evaluate the changes in public knowledge, attitude and practice regarding nutrition labelling.

To sustain the efforts, the CFS plans to launch a two-year enhancement programme on nutrition labelling after the completion of the above three-year Campaign, focusing on motivating behavioural changes among the general public.

- (b) Earlier on, the CFS tested 240 prepackaged food products to verify the accuracy of their nutrition labels and nutrient claims. Test results revealed discrepancies between the actual nutrient content and that stated on the nutrition labels in 30 samples. The 30 samples involved different categories of food, including beverages, snack, soya bean sauce, milk and dairy products, meat products, cereal and grain products, and so on. Among the samples in which discrepancies were found, four were related to total fat, seven to saturated fat, one to trans fat, four to sugars, one to protein, six to sodium, two to calcium and five to multiple nutrients.

If the test result of a food sample shows discrepancy between the actual nutrient content and that stated on the nutrition label, the CFS will issue a letter to the retailer/manufacturer/importer concerned requiring an explanation within 21 days. If the explanation is not accepted, a warning letter will be issued requiring actions to comply with the relevant statutory requirements within 60 days. For traders who fail to rectify the irregularities within the 60 days, the CFS will initiate prosecution procedures against them.

Among the concerned food products of the 30 samples, the laboratory data of two provided by the concerned manufacturer and importer respectively have been accepted by the CFS. The nutrition label information of four products has been amended by the retailers/manufacturers/importers concerned while the sale of five has stopped. In addition, warning letters in respect of nine products have been issued to the concerned retailers/manufacturers/importers for rectification. As regards the remaining 10 products, replies from the concerned retailers/producers/importers are awaited and information already provided by them is being processed. At this stage, no retailer/manufacturer/importer has been prosecuted.

- (c) The CFS plans to check the food labels of 55 000 prepackaged food products in 2011 to ascertain that the labels contain information including food name, ingredients, information on the manufacturer or packer, expiry date and weight/volume, and so on, as required by the law. Among these products, around 5 000 will be checked to ascertain whether they carry nutrition labels that comply with the statutory requirements. Among them, the nutrient content of 500 food samples will be analysed for verifying the accuracy of the nutrition labels and nutrition claims. Items for analysis will include different nutrients such as carbohydrates, sugars, protein, total fat, trans fatty acids, saturated fatty acids, sodium, cholesterol and calcium, and so on, to ensure that food products sold in Hong Kong comply with the statutory requirements so as to protect public health.

The Scheme came into force on 1 July 2010. Information on the arrangements for enforcement action by the CFS in the first year of the Scheme in cases where test results show discrepancies between

the actual nutrient content and that stated on the nutrition labels has been provided in part (b) of the reply. The CFS will step up enforcement and prosecution action in the future.

MOTIONS

PRESIDENT (in Cantonese): Motion. Proposed resolution under the Pharmacy and Poisons Ordinance to approve the Pharmacy and Poisons (Amendment) (No. 5) Regulation 2010 and the Poisons List (Amendment) (No. 5) Regulation 2010.

I now call upon the Secretary for Food and Health to speak and move the motion.

PROPOSED RESOLUTION UNDER THE PHARMACY AND POISONS ORDINANCE

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, I move that the motion under my name, as printed on the Agenda, be passed.

Currently, we regulate the sale and supply of pharmaceutical products through a registration and monitoring system set up in accordance with the Pharmacy and Poisons Ordinance. The Ordinance maintains a Poisons List under the Poisons List Regulations and several Schedules under the Pharmacy and Poisons Regulations. Pharmaceutical products put under different parts of the Poisons List and different Schedules are subject to different levels of control in regard to the conditions of sale and keeping of records.

For the protection of public health, some pharmaceutical products can only be sold in pharmacies under the supervision of registered pharmacists and in their presence. For certain pharmaceutical products, proper records of the particulars of the sale must be kept, including the date of sale, the name and address of the purchaser, the name and quantity of the medicine and the purpose for which it is required. The sale of some pharmaceutical products must be authorized by prescription from a registered medical practitioner, dentist or veterinary surgeon.

Arising from an application for registration of four pharmaceutical products, the Pharmacy and Poisons Board proposes to add the following four substances to Part I of the Poisons List and the First and Third Schedules to the Pharmacy and Poisons Regulations:

- (a) Besifloxacin; its salts; its esters; their salts
- (b) Eltrombopag; its salts; its esters; their salts
- (c) Enrofloxacin; its salts; its esters
- (d) Pazopanib; its salts

Pharmaceutical products containing the above substances must then be sold in pharmacies under the supervision of registered pharmacists and in their presence, with the support of prescriptions.

In addition, the Pharmacy and Poisons Board proposes to amend the Chinese translation of an existing substance under Part I of the Poisons List of the Poisons List Regulation (PLR) and the First and Third Schedules to the Pharmacy and Poisons Regulation (PPR) "Bupropion; its salts" from "苯丙胺; 其鹽類" to its correct translation "安非他酮; 其鹽類".

We propose that these amendment regulations take immediate effect upon gazettal on 21 January this year to allow early control and sale of the relevant medicine.

The two Amendment Regulations are made by the Pharmacy and Poisons Board, which is a statutory authority established under the Ordinance to regulate pharmaceutical products. The Board comprises members engaged in the pharmacy, medical and academic professions. The Board considers the proposed amendments necessary in view of the potency, toxicity and potential side-effects of the medicine concerned.

With these remarks, President, I move the motion.

The Secretary for Food and Health moved the following motion:

"RESOLVED that the following Regulations, made by the Pharmacy and Poisons Board on 28 December 2010, be approved —

- (a) the Pharmacy and Poisons (Amendment) (No. 5) Regulation 2010; and
- (b) the Poisons List (Amendment) (No. 5) Regulation 2010."

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

(Members raised their hands)

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

(No hands raised)

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

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Members' motions. Proposed resolution under the Interpretation and General Clauses Ordinance to extend the period for amending the Minimum Wage (Criteria for Approved Assessors) Notice and the Minimum Wage (Assessment Methods) Notice.

I now call upon Mr Paul CHAN to speak and move the motion.

PROPOSED RESOLUTION UNDER THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

MS MIRIAM LAU (in Cantonese): President, at the House Committee meeting on 14 January 2011, Members resolved to establish a subcommittee to study the two items of subsidiary legislation as set out in the motion.

To allow the Subcommittee ample time for scrutiny, Members also agreed that I shall move a motion in my capacity as Chairman of the House Committee to extend the scrutiny period of the two items of subsidiary legislation to 2 March 2011.

President, the details of the motion are set out on the Agenda. I implore Members to support the motion.

Ms Miriam LAU moved the following motion:

"RESOLVED that in relation to the —

- (a) Minimum Wage (Criteria for Approved Assessors) Notice, published in the Gazette as Legal Notice No. 1 of 2011; and
- (b) Minimum Wage (Assessment Methods) Notice, published in the Gazette as Legal Notice No. 2 of 2011, and laid on the table of the Legislative Council on 12 January 2011, the

period for amending subsidiary legislation referred to in section 34(2) of the Interpretation and General Clauses Ordinance (Cap. 1) be extended under section 34(4) of that Ordinance to the meeting of 2 March 2011."

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

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Two motions with no legislative effect. 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 movers of amendments to amendments 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: Reviewing public finances policies.

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

I now call upon Mr Paul CHAN to speak and move the motion.

REVIEWING PUBLIC FINANCES POLICIES

MR PAUL CHAN (in Cantonese): President, one month from now the Financial Secretary will deliver the 2011-2012 Budget. The motion debate today is meant to provide a platform for Members to engage in a thorough and in-depth debate on public finances in Hong Kong, thus fostering a greater understanding of the views held by Members while making suggestions to the Government before the Budget is finalized. I hope that in the Budget, the Government can heed our views and take on board the key points raised in this debate. Let me first thank the Secretariat for preparing the Reference Note for this debate. This Reference Note has highlighted the problems found in the major areas of concern, though it must be admitted that the analysis has not gone into great depth.

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

All along the consultation conducted for the budgets has been in a one-way manner. We met with the Financial Secretary sometime ago together with a number of Members and we had only 45 minutes to present our views on the Budget. After we have done so, there is no response whatsoever from the authorities. Even if our views are not accepted, no explanation would be offered. I think this kind of practice is most undesirable. For irrespective of what views are expressed by Members or groups, the Government should state clearly the reasons for not accepting the views, thus enabling a debate between the parties concerned. If Members can know clearly the reasons why their

suggestions are not accepted, they would not have to go over the same things again year after year and repeating the views already rejected.

Deputy President, as Members of this Council, we represent the public from all strata and sectors and the views we put forward would inevitably come from our own sectors or voters. The motion I seek to move today is focused on the philosophy and policies concerning public finance management in Hong Kong. Public officers and Members alike should have a macro perspective and look at the full picture. They should explore the issues concerned and debate in a rational and objective manner. Only by doing so can it be good to Hong Kong.

For many years the budgets have given people an impression that they are monotonously repeating the same old tune, lacking any vision. There is no rosy picture painted for the future society of Hong Kong. The Budget Consultation Comic Book from the Financial Secretary this year runs on the theme "embrace tomorrow and believe in a sunny day". Deputy President, to embrace the future would require hope and vision for a better future, or else how can one embrace it? As for the belief in the sunny days, in retrospect, last year saw the GDP grow at 6.5% and the jobless rate fall to nearly 4%. It is estimated that the public coffers will be inundated this year, with public revenues hitting record highs. It is estimated that the surplus this year would be as much as \$80 billion. Then can we not say that this year is not a boom year and a year of good harvest? If today is not a sunny, then when will a sunny day come? Why is it that despite the boom in our economy, there are so much discontents and grievances in society? This is really something which public officers should ponder seriously over.

Last week, in the Question and Answer Session of the Chief Executive, the Chief Executive mentioned that public resources should be put to the best use and when the economy fared well, fiscal reserves should be accumulated and money should be put to its best use. For if not, if there is overspending in the good times, when a recession sets in, we will be caught at our wits' end and there is no money at our disposal. We even have to borrow. That is why fiscal discipline is vital.

However, putting stress on fiscal discipline does not mean that we should stick to the same old rut and never change. The authorities should suit changes and adjustments to the dictates of the times and the prevailing conditions. There

must not be any disregard of the poor grassroots, the disabled, the elderly and the vulnerable in our society. Nor should there be any callous insensitivity to their plight. Many Honourable colleagues in this Council have urged the Government to do more for the poor, the elderly and the vulnerable. Yesterday, I joined a meal marking the 16th day in the lunar calendar of the last month before the Chinese New Year. The event was hosted by a small and medium enterprise (SME). During the meal, I asked my friends about their views on the coming Budget and what their hopes for it were. I can now relay their views here. The friends who replied, that is, the boss and some people in their thirties and forties who belonged to the middle class, all had a common answer. They hoped that the Government could do more for the poor people. If we are to devise and carry out some comprehensive and long-term measures for these poor, elderly or vulnerable people, does it mean that there is a lack of fiscal discipline in us? Deputy President, I do not want to present my arguments against this idea without any proof. We can just look at the facts and figures to determine if our Government can really do more and do better, and whether doing more would result in violation of fiscal discipline. Please listen to my points as follows:

- (a) Some people say that Hong Kong is not very rich, because we have to bear the expenditure incurred by the pensions of civil servants.

However, let us look at the accounts of the Government as at end March 2010. According to this set of accrual-based accounts, the Government has set aside close to \$470 billion for the purpose of civil service pensions. After this sum is deducted, the net assets of the Government are still worth \$1233.3 billion. When this sum is deducted by \$300 billion being fixed assets like buildings and facilities, there is still \$930 billion (including money in the Exchange Fund) at the disposal of the Government. When this sum is added to the surplus this year, the total will definitely be more than \$1,000 billion.

- (b) Some of the assets owned by the Government can be cashed in without affecting public policies. For example, the shares owned in the MTR Corporation Limited (MTRCL) can be reduced from 77% to 50%, or to list the Airport Authority while the Government still holds 50% of its shares. If the Government keeps its shareholding

at 50%, it will not affect the interest of consumers and the public while the Government can cash in \$100 billion. On top of this, we have not yet counted the assets owned by the Government in the form of bridges and tunnels. Deputy President, if this sum of \$100 billion is used to provide services to the elderly badly in need of social security or to launch universal retirement protection, this will serve to show instantly the Government's commitment to solving the problems of population ageing and universal retirement protection.

- (c) The Government always says that there should be fiscal reserves, but just at what level it should be kept to enable us prepared for the rainy days and ready to resist any impacts on the linked exchange rate?

The Government always says and reminds the people that during the five years when Hong Kong was weathering the Asian financial turmoil, that is, from 1999-2000 to 2003-2004, the accumulated deficits were \$200 billion. But the Government falls short of telling us the other side of the fact and, that is, during the four years that followed, that is, from 2004-2005 to 2007-2008, the accumulated surpluses of the Government were more than \$210 billion. This sum of money is enough to offset the deficits for the previous years. We can see that during the past few years, there were abundant surpluses and hence there were tax cuts and handing out of candies. Besides, in the Exchange Fund, at the end of the year of reunification in 1997, that is, on 31 December 1997, though the balance sheet date falls on December instead of March, there were \$190 billion of surplus in the Exchange Fund. Do we know that as at end December 2009, the Exchange Fund had accumulated \$553 billion and in end September 2010, the sum accumulated was \$595 billion? At the close of this year, the sum will definitely be more than \$600 billion. In the last decade or so, the Exchange Fund has doubled. In other words, the Government has saved up more than \$400 billion. And for the purpose of fending off attacks on the linked exchange rate, do we need such a huge amount of reserves? Facts show that on the last occasion when the Hong Kong dollar was under attack, we had revised the mechanism and

there is now the strong-side Convertibility Undertaking to buttress the linked exchange rate. More than one year ago, Hong Kong joined the Chiang Mai Initiative multilateral accord to enhance our capacity in fending off attacks on our currency. When added to the strong support given by the Mainland, should we continue to accumulate our reserves in such a blinded manner?

- (d) That the Government has accumulated such a large amount of reserves is because there is income from investments which amounts to more than \$100 billion every year. This forms an important part of public revenue. Deputy President, so the whole thing is simply a joke of putting the cart before the horse.

Owing to the time constraints, I will not go on with the list.

The Government has always said that fiscal discipline must be observed and there must not be any operating deficits. But the question is that the high land-price policy has for many years led to a very large part of public revenue coming from land sale proceeds. Over the past seven years, the average annual income from land was as much as \$31.7 billion. If we extend the time frame a bit to 10 years, the average annual income from land was \$27.4 billion. However, the Government enters this item into its capital accounts instead of the operating accounts. This greatly undermines our spending power in respect of services for the elderly, education, health and welfare. The Government justifies this way of accounting by saying that the sale of land is like selling assets and so the income thus derived is a kind of capital income and non-recurrent income. But as I reflect on this, if land is sold every year and there is income from land sales every year, can the income thus derived not be considered as recurrent income? If I as an ordinary person sell my home, the income so derived is non-recurrent income; but for developers who sell properties every year, the moneys obtained are considered operating income. What I mean is that should we classify the income from land sales so simplistically as capital income? Should the Government not undertake a review of that and change its practice?

Some people would say that there will come a day when all the land would have been sold and so the moneys obtained from land sales are capital income. Come to think about this. More than 80% of the land in Hong Kong are

undeveloped. It is out of our love for the Victoria Harbour that we do not undertake any reclamation there. But should the need arise, can we not undertake reclamations in the waters off Lantau Island or other remote areas? Is land in Hong Kong that limited? Deputy President, I am an accountant, and I understand that economic conditions will lead to great fluctuations in the income from land sales. If we enter all the income from land sales in such a simplistic manner into the operating accounts, at times it may be difficult for us to make any estimates. Should we then not undertake a review and reflect on the situation to see if it is possible to classify a portion of the income from land sales as operating income and enter it as operating income? In this way, it would better reflect the kinds of things which the Government is financially capable of doing in the medium range and in the long run.

Earlier on, the *Asian Wall Street Journal* and the *Wall Street Journal* of the United States called on the Hong Kong Government to cut taxes because its reserves are excessive. I would think that this view is totally biased indeed. It is because the problems of poverty and population ageing in Hong Kong are all neglected. It also fails to see certain shortcomings in our tax regime that fail to catch up with the times and warrant improvement.

Deputy President, I am afraid I would not be able to talk more on this because of the time constraints. I would just like to point out that we do not need to worry about being less competitive than Singapore. Enhancing our competitiveness does not mean adjusting one or two percentage points in our tax regime. Rather, we should address its shortcomings and undertaking a review for that purpose. Such shortcomings include section 39E mentioned in a previous discussion. We may also examine issues like tax-loss carry back and concessions for group losses. All these are things that should be done.

Deputy President, we need an administration leader in Hong Kong who has vision, who is willing and committed to upholding justice, who really cares for the people and who is humble enough to examine himself. We do not need a bunch of misers who only know sticking to the old rut.

With these remarks, Deputy President, I move the motion printed on the Agenda.

Mr Paul CHAN moved the following motion: (Translation)

"That in the Budgets of the HKSAR Government in recent years, there have been big discrepancies in the forecasts of government revenue, budget surpluses and fiscal reserves, resulting in the incessant accumulation of fiscal reserves, but there are no clear criteria on what an appropriate level of fiscal reserves should be; at the same time, there are substantial accumulations in the Exchange Fund year over year, and the Government has set up, in different forms (e.g. fund), quite a number of 'small vaults' and owns many valuable assets (e.g. the shares of the MTR Corporation Limited and the Airport Authority), and that the financial strength of the Government can be described as enormous; however, despite the sustained economic growth of Hong Kong in the past decade or so, quite a number of low-income earners and the grassroots are completely unable to enjoy the benefits, giving rise to the phenomenon of the poor getting poorer and even the emergence of 'three have-nots' and 'five have-nots' in the society; in the past, the Government usually adopted across-the-board and one-off measures to return part of the surpluses to members of the public, but the relevant measures lacked long-term policy objectives and specific focuses, resulting in those who need help finding the measures insufficient to address their needs, and those who do not need help simply treating the measures as nice-to-haves and not caring at all; the increasing hardship of the livelihood of low-income persons has created social grievances and conflicts; with the Mainland's acceleration of full scale opening up and intensification of reforms as well as economic globalization, the economy of Hong Kong needs to be restructured, but the tax policy of Hong Kong has lagged behind the changes in business and competitive environment, thus threatening Hong Kong's competitiveness as an international financial, commercial and trade centre; moreover, Hong Kong's narrow tax base and the Government's over-reliance on land-related revenue poses the risk of instability to public finances; in this connection, this Council urges the Government to conduct a comprehensive and in-depth review of Hong Kong's policies and measures on taxation, social welfare and public finances, to clearly set an appropriate level of fiscal reserves, and to set up within the government structure a tax policy group with the employment of full-time tax experts to study the use of tax measures to dovetail with the Government's policies on economy and industries, upgrade Hong Kong's

competitiveness as an international financial, commercial and trade centre, address the problem of poverty and eradicate social and economic inequalities."

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

DEPUTY PRESIDENT (in Cantonese): Three Members will move amendments to this motion. This Council will now proceed to a joint debate on the motion and the three amendments.

I will call upon Mr WONG Kwok-hing to speak first, to be followed by Mr CHEUNG Kwok-che and Mr Ronny TONG respectively; but no amendments are to be moved at this stage.

MR WONG KWOK-HING (in Cantonese): Deputy President, I very much welcome and commend Mr Paul CHAN from the accountancy profession and the business sector moving this motion. This motion is rare for it is progressive and it speaks out for the grassroots leading a life that is the hardest. This kind of motion is not often seen. So I commend Mr Paul CHAN for moving this motion. My amendment is only meant to add and supplement his motion.

Next month the Government will announce its Budget for the new financial year. All eyes in Hong Kong are set on how the Government will plan to use its reserves in the Budget. Although there is still more than a month before the Budget is announced, the Financial Secretary already stated a long time ago that he would not hand out any candies this time. I am sure I am not the only one in Hong Kong who feel disappointed. All the people in Hong Kong are disappointed. The popularity ratings of the Financial Secretary will plunge instantly. This will be a readily and instantly seen result. It can be seen that if the Government still does not do anything to help the poor and ease their hardships against this backdrop of a severe inflation with its devastating impact on the people, I do not think it will get any support from the people.

Now the fiscal reserves in Hong Kong total more than \$500 billion, but it is not possible for the people of Hong Kong to benefit from it. When coupled with

economic restructuring and the failure of government policies in taxation and expenditure to keep abreast of the times, there is no change to cope with these new circumstances. What is the situation now? It is one of the poor getting poorer and the rich getting still richer. This polarization of the rich and the poor is getting more and more serious. I therefore would like to present my reviews on this occasion of the motion debate and urge the Government to undertake a review of its financial management philosophy and role in the economy which are excessively conservative and obsolete. Through the redistribution of wealth effected in the Budget, it is hoped that society can develop in a more balanced manner, the wealth gap can be narrowed and both the grassroots and the disadvantaged can benefit.

Now a phenomenon has emerged in Hong Kong and it is getting more and more obvious. I do not know if the Secretary has ever noticed it or not. And that is ever since the reunification in 1997, the number of poor people has always been on the rise. Although there has been a 40% growth in our GDP during the period, the number of poor people has been rising continuously. The problem is deteriorating. In 1997, the size of the poor people was about 1 million and that took up 15.6% of the total population at that time. According to government statistics, the number of poor people in the first half of last year reached 1.26 million. The increase was 260 000 persons and the size of the poor population took up 18.1% of the total population of Hong Kong.

Despite this strong growth in the GDP, there is no narrowing of the wealth gap. The number of poor people is rising. For these poor people, the monthly income of a one-person household is less than \$3,275. In such circumstances, should a responsible government not ponder over the question of whether or not its income and expenditure is out of touch with the reality? Though the Government always says that it has put in a lot of efforts over the years on poverty alleviation, I think that many of these government measures are adopted in an across-the-board manner, not aimed at solving the wealth gap problem specifically. So I hope that the Government can effect a complete redistribution of social resources and make narrowing the wealth gap as its major objective in public finances.

Deputy President, we from the Federation of Trade Unions (FTU) have met with the public officers and handed to them our submission which is entitled "protecting people's livelihood and countering inflation". There are 18

proposals in our submission. The focus of these is on the fundamental objective raised just now. I hope that the Government can change the existing tax regime. Currently, the major source of income for Hong Kong is salaries tax, properties tax and profits tax. The present profits tax rate is only 16.5% and it ranks as the lowest in the Asia-Pacific Region. The tax rate on Mainland China is 25%. It is 17% in Singapore, 25% in Taiwan, 22% in South Korea and 40.69% in Japan. Compared with our neighbours, the profits tax paid by companies in Hong Kong is very much on the low side. So I think there is a need for the Government to consider changing the present tax regime to a progressive one.

Moreover, the salaries tax payable by wage earners in Hong Kong is progressive, that is, those earning more will need to pay more. Then why should wage earners and enterprises not be subject to the same uniform standard? I hope later on when the Secretary speaks, he can answer this question. Why can the vertical equity principle not be adopted for our profits tax? By that we mean a progressive tax regime in which the more capable will pay more and those with a greater income will pay more. This will make the rich shoulder more responsibility and the poor can pay less tax relatively. Some of the latter may even not be required to pay any tax. I hope the Government can give serious thoughts to solving this dichotomy between the rich and the poor in society by adopting this policy.

On narrowing the wealth gap. To address the increase in the size of the poor population, the Government launched in 1993 the Comprehensive Social Security Assistance (CSSA) Scheme. But I think that this system is too rigid and a labelling effect is easily caused. Only those with a low income or those with an income lower than the prescribed level can obtain such assistance. In the view of the FTU, this system warrants a complete overhaul. We hope that the CSSA can be renamed "minimum living standard security system". The Government should undertake a complete review of the existing CSSA system, consolidate it and remove the negative label so that the disadvantaged groups can become self-reliant while being assisted. We hope that various allowances can be offered under the new system to help the low-income people. Such allowances may include those for infant day-care service. This can ease the hardships faced by the people while offering them a greater incentive to return to the labour market. It is really able to achieve a number of objectives in society.

Meanwhile, we think that the fundamental reason for the increase in the poor population is the absence of universal or comprehensive retirement

protection system in Hong Kong. Given the problem of a constantly ageing population, in 20 to 30 years from now, there may be a need for every few people to support the living of one person in Hong Kong. But so far the Government has not given any comprehensive consideration to the infrastructure for social development. It is still talking about the three pillars. They are in fact three rotten sticks that are not reliable at all. The Mandatory Provident Fund (MPF) system among them is fraught with problems.

It has been 10 years since the MPF was launched. But it is infested with problems, such as excessively high management fees, oligopoly, and so on. I would not spend time dwelling on the details of the many problems here. I just want to point out the most fundamental problem of all and, that is, under the existing system, the MPF contributions can be offset by long service payment and severance pay. When this is coupled with the prevalent employment form of a contract system, every time after employees have completed a contract, they have to sign a new one. In other words, the money which wage earners like us has saved up would not help in solving our retirement problem. Moreover, the MPF System can only help those in employment, so what about those not in employment?

Therefore, I hope that the Government can make use of the huge amount of reserves to set up anew a comprehensive and universal retirement protection system with tripartite contributions by employees, employers and the Government, so as to address the problems of population ageing and impoverishment of the elderly and the general public.*(The buzzer sounded)*

DEPUTY PRESIDENT (in Cantonese): Speaking time is up.

MR CHEUNG KWOK-CHE (in Cantonese): Deputy President, I am very grateful to Mr Paul CHAN for proposing this motion today so that the Council can examine the income and expenditure policies of the Government. In this financial year, the Government can expect again a surplus of tens of billion dollars. Compared to the forecast made in last year's budget that there would be deficits close to \$40 billion, there would be a disparity of close to \$100 billion. As in the past few years, even though it is clear that the year in question would be

a very rewarding year, the Government resorts to the cry-wolf tactic and creates the false impression of financial instability to scare us with a deficit budget. This is aimed at cutting expenditure and reducing welfare expenditure in particular.

Every Financial Secretary when facing public demands for increased spending would invariably cite Article 107 of the Basic Law on prudent financial management in defence. Last year when the Financial Secretary delivered his budget, he said in paragraph 131 that he would act according to Article 107 of the Basic Law and practise prudent financial management and keep expenditure within the limits of revenues. It is obvious that the Financial Secretary was over-generalizing, for Article 107 of the Basic Law provides that a fiscal balance should be achieved. Therefore, I hope the Financial Secretary can explain whether or not the emergence of surpluses amounting to tens of billion dollars a year would mean achieving a fiscal balance.

It is clear that the financial management philosophy of the SAR Government is excessively conservative. The result is that there is a great disparity between the forecast made in the budget and the reality. In the end, the wealth accumulated by the Government over the years cannot be redistributed to the grassroots and the disadvantaged on time, and so their living standards are always lagging behind the economic development.

What is more outrageous is that the tax regime and related policies enforced by the Government are always biased in favour of the giant consortia and major developers. Irrespective of the shape of the economy, they can do whatever they like to reap grossly indecent profits. The sharp rise in property prices leads to exorbitant rents and this in turn leads to soaring prices and inflation. Then it is the public at large who will suffer. Society becomes more divided and the hostility against the rich and the business sector becomes more marked.

In the special meeting of the Welfare Services Panel of this Council yesterday, we could see the cold-blooded and insensitive attitude displayed by public officers towards the complaints made by civilian groups on the devastating effects of inflation. They refused to conduct a review of the CSSA rates and insisted that the existing mechanical way of calculation be used. They refused to adopt a humane approach and step into the shoes of these poor people. I was much dismayed and disappointed, and I could not help but ask: is this government serving the public at large?

There are many ways to narrow the wealth gap. The most direct approach is to reform the tax regime, especially profits tax. Now profits tax is levied at a uniform rate, that is, 16.5%. This rate applies to all companies, irrespective of how much profit they may make. This low and simple tax rate has made Hong Kong the freest economy in the world for 17 years in a row, but it also accounts for the glaring wealth gap that we have.

Therefore, apart from raising the profits tax rate, I think the Government should also introduce a progressive mechanism before the principles of equity can be met. Such principles are: "the more capable pay more" and "money taken from society should be used in society". As a matter of fact, the same progressive system is practised for salaries tax. Why should wage earners be subject to this principle of "the more capable pay more" while the businessmen can be exempted?

A progressive profits tax is adopted in many advanced countries and places in Europe and North America, including the United Kingdom, the United States, Canada, the Netherlands, Spain, and so on. Our Government may say that if profits tax were made progressive, it might undermine the incentive of multinational companies in investing in Hong Kong and some of them might even withdraw from the territory, hence dealing a direct blow to our competitiveness. However, as evident in the situation in the United Kingdom, there has been no massive pull-out of these multinational companies or their capital. Moreover, if this wealth gap in Hong Kong worsens, there may be instability in our society. When the situation deteriorates, this can also undermine the incentive of investors coming to Hong Kong for investment.

I understand that launching a progressive profits tax will certainly do harm to the interest of businessmen. But if those businessmen would just transfer the 1% or 2% more of the profits tax they pay to help the grassroots, then I am sure more people will be able to break the fetters of poverty and our society can become a caring one. A government that has commitment and is people-oriented should not just protect the minority tycoons and billionaires, but it should care about the needs of majority grass-roots people. It should distribute wealth in a fair manner so that society can truly become harmonious.

In addition, I also think that the tax regime and the various contributory schemes should be reviewed. Such examples include the MPF contributions made by employees, the voluntary health insurance schemes presently under consultation, and the loans advanced to university students. All these can be seen as tax paid. The main reason why I suggest that a review of these should be conducted is the Government's habitual transfer of the expenditure in areas like retirement protection, healthcare and education to the users, that is, the wage earners. This myriad of contributions will add to the burden of families in the middle and lower income brackets.

If these contributions can be regarded as part of salaries tax paid, it will reduce the financial burden of wage earners. Of course, I am just putting forward a concept in principle. The details can be discussed later. The most important aim is not to allow the Government to shirk the responsibilities that it should bear and transfer them to the public.

I am concerned in particular about the fact that many young people are heavily in debt upon graduation from university. This large amount of debt should be the responsibility of the Government. The expenditure on university education should be part of society's investment in talents, and this is a responsibility that no government can hope to shirk. In order to reduce the financial burden of university graduates, the Government can follow the footsteps of the United Kingdom in studying the introduction of a graduate tax. The meaning of that new measure is that graduates can repay the loans obtained to pay the tuition fees when they were studying in university after they have found a job after graduation. This tax is also progressive in the sense that the more you earn, the more you should pay. Those who earn less are required to pay less. A minimum income limit is also set and once the income of a graduate is regarded as too low, he will not be required to repay. The meaning of this graduate tax is also compatible with the principle of the more capable pay more, so that those with a higher income can shoulder more expenditure on education.

Lastly, I hope the Government can clarify what is meant by a suitable level of fiscal reserves. This is because this meaning of a suitable level of fiscal reserves has always been changing since the reunification. At first, such a level of fiscal reserves was thought to be equal to government expenditure for 12

months. But when the public coffers are inundated and this level is exceeded, the Government changes its mind and says that the more fiscal reserves the better. In my opinion, the Government must give the public an explanation on this backed up by justifications. It must never say anything recklessly.

When the Government introduces civic education, it is hoped that the next generation can all become good citizens and fulfil their civic responsibilities. But we would like to remind the top officials that they should be role models themselves and fulfil their own civic responsibilities. They should stop thinking that they are always right and above the rest of the people. They must not neglect public opinion and wilfully manipulate the use of public money. I must emphasize that every single cent in the public coffers belongs to each and every citizen of Hong Kong, including those who pay taxes and those who do not. Government officials have no right to hoard the wealth of Hong Kong people. Quoting the now famous remark made by Chief Secretary Henry TANG, if the Government is still acting in such an arrogant manner and refuses to listen to public opinion, and if it is still bent on having its own way, the result could well be a car crash and fatalities.

Deputy President, I so submit.

MR RONNY TONG (in Cantonese): Deputy President, I am very grateful to Mr Paul CHAN for proposing this motion today. This is because although there are many opportunities for us to discuss issues related to people's living and welfare in this Council, there are very few occasions for us to discuss some macro economic policies in a focused manner. Often when this kind of motions is proposed, many Honourable colleagues would speak more on issues in which they are more keenly interested, such as those measures which are related more to people's living. Deputy President, I am not saying that Honourable colleagues are not right in doing this. I am just saying that often our focus would be set on issues of greater urgency while we do not discuss so much economic policies of a macro nature.

With respect to the motion proposed by Mr Paul CHAN today, I wish to point out three areas in economic policy which are relatively broader in the hope that the authorities can consider them carefully and respond to them later on.

Deputy President, on these three areas. First, should a review be undertaken of the high land-price policy? Second, are our fiscal reserves being kept at a level which is too high? Would it be considered adequate if such a level is kept at 15 months of government expenditure? Third, we hope the authorities can consider relaxing the existing restriction imposed by the Government, that is, recurrent expenditure shall not exceed 20% of the GDP. We hope that by increasing the recurrent expenditure in all areas, a long-term solution can be found for the problems related to welfare, population ageing, healthcare, education, and so on. Lastly, we hope that this can be used to resolve the so-called deeply rooted conflicts that have plagued Hong Kong society for a long time.

Deputy President, let me first talk about the high land-price policy. Deputy President, many people consider the high land-price policy as a kind of indirect taxation policy. Deputy President, Article 108 of the Basic Law stipulates that "The Hong Kong Special Administrative Region shall, taking the low tax policy previously pursued in Hong Kong as reference, enact laws on its own concerning types of taxes, tax rates, tax reductions, allowances and exemptions, and other matters of taxation." However, the fact is that our high land-price policy has violated the spirit behind this provision of the Basic Law. Deputy President, maybe the situation was not too marked during the colonial era or immediately after the reunification, but when property prices have been pushed up to beyond affordable levels, I would think that we should discuss this indirect tax regime seriously.

Deputy President, why did I say that this is an indirect tax regime? The answer is simple. The Government relies on proceeds from land sales as part of its revenue, and the form of land sale used is open bidding. Since it is open bidding, then it is natural that the land will go to the bidder offering the highest price. But the question is, after these developers have successfully bid for a lot, they do not use the land to build homes for themselves. They turn the land into real estate development projects and the costs are thus transferred to the people. In other words, the money we pay for the flats comes from us, but in the end it goes into the pockets of the Government. And in such a process there is a middleman, namely the developer who will seize a good fortune and put it in his pocket. That does not matter too much really. For once the flats are sold to members of the public, the latter will pay stamp duty according to a level under the high land-price policy. In this way, the Government has another source of

tax revenue. Then as members of the public resell these flats, the value of the flats increases and so does the stamp duty. In this way, we can see that the Government can collect quite a sizable amount of direct revenue from land sales.

Deputy President, if we look at the figures for the past year alone, we can see that the real estate sector accounted for 10% of the GDP in Hong Kong, and its contribution to the public coffers was in the region of 20% to 30%. For example, in the year 2009-2010, revenue from land sales was \$37.3 billion, and that from stamp duty was \$16.24 billion. Deputy President, if you add these two figures up, you will get about \$50 billion, which is certainly a very large part of our total tax revenue. So when property prices are kept at a very high level, and if the Government still says to the people of Hong Kong that we are practising a low tax policy, then it is being self-deceptive. If property prices are rising all the time and so is government revenue, it would be difficult to convince people that a low tax policy is still being practised.

Deputy President, I think this issue must be given serious discussion. Many people would ask: what should be done if land is not sold? Or how can property prices be kept at a reasonable level or what should be done to make this indirect tax not occupy a proportion which is too high compared with other taxes? Deputy President, this is not an easy issue to solve. But I think the Government has the responsibility to enter the market to ensure a balanced supply, instead of relying only on land auctions as a means of market intervention. The Government should resume the production of Home Ownership Scheme (HOS) flats so that the market can be made more competitive in terms of housing supply. With more competition in the property market due to other sources of supply, it can be expected that property prices will be curbed to an acceptable level in due course. Deputy President, I therefore think that the high land-price policy is an important issue that must not be overlooked.

Deputy President, we do not have much time today, so I will talk about the other two issues quickly. The second issue is: should we maintain reserves at a level equivalent to more than 15 months of government expenditure? Deputy President, I will try to deal with the issue by making some simple calculations. It has been 13 years since the reunification and during these 13 years, if we add up the sums in which the Government has underestimated or overestimated its revenue and then divide them by 13, it can be seen that the Government has underestimated its revenue by \$25.5 billion every year on average. The

Government underestimates its revenue by \$25.5 billion every year. Article 107 of the Basic Law clearly stipulates that "The Hong Kong Special Administrative Region shall follow the principle of keeping expenditure within the limits of revenues in drawing up its budget, and strive to achieve a fiscal balance, avoid deficits". Deputy President, when the Basic Law says that the principle of keeping expenditure within the limits of revenues should be followed, it does not mean that there should be no expenditure or that there should be a very small amount of expenditure. When the Basic Law says that we should strive to achieve a fiscal balance, it does not mean that we should underestimate revenue every time. When the Basic Law says that deficits should be avoided, it does not say that the rise in our figures in black must go on indefinitely. Therefore, Deputy President, our reserves are growing bigger and bigger in amount and we have more and more reserves. Now our reserves amount to more than \$2,000 billion. Is this sum of money enough? Deputy President, in practical terms, a government would be broke if it does not have any revenue for 12 months, and it does not need a revolution to topple it. Do we need to maintain our reserves at a level of 15 months of government expenditure in order to help the Government function? This is totally incomprehensible in the international community. So when the Civic Party proposes this amendment, our demand is indeed very modest because we want to maintain our reserves not at 12 months of government expenditure. I would think that keeping the reserves at 15 months of government expenditure is safe enough. But why should we keep the reserves at this level? The meaning of that is: please put the remaining sums of money into some long-term investment and take some policies forward for the long term.

I agree very much with the remark made by Mr Paul CHAN earlier, that we should pay attention to the problem of population ageing and that we cannot afford any more delay in universal retirement protection. As we are capable and we have got the resources, why should we not put this into practice? Deputy President, if the Government remains stubborn and insists that the fiscal reserves should be maintained at a level exceeding 20 months of government expenditure, I would consider this a total contravention of the Basic Law and precisely, the requirements stipulated in Article 107 as I cited just now.

Deputy President, I would raise the third issue very quickly. We demand that the Government should stop insisting the so-called fiscal that is, the

restriction that the Government's recurrent expenditure shall not exceed 20% of the GDP. As a matter of fact, this figure of 20% can well be said to have come out of nowhere. It is because we cannot see any economic data that can support the argument that this level must be maintained. There are rises and falls in the GDP every year and the most important point is that when the Government is to draw down its fiscal reserves, has it taken into account the needs of the people? The Government always says that an increase must not be made in this area and that area, because the recurrent expenditure should not be increased. But as I have proved just now, our revenues are able to back up this increase in recurrent expenditure. The only consideration to be made is that money should be put to its best use, and that is all. Deputy President, I think that the Government is obliged to *(The buzzer sounded)*

DEPUTY PRESIDENT (in Cantonese): Speaking time is up.

MR RONNY TONG (in Cantonese): and it should make more investments to solve problems related to people's living. Thank you, Deputy President.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Deputy President, first of all, I have to thank Mr Paul CHAN for moving the motion on "Reviewing public finances policies", and the three Members for proposing various amendments. They have given us an opportunity to exchange views on the relevant subjects.

For purposes of compiling the 2011-2012 Budget (the Budget), the Financial Secretary has recently been seeking views from Members, academics, think-tanks, financial institutions, professional bodies, members of the community and the general public. Views raised in respect of the Budget cover a very broad spectrum and include, among others, economic development and the people's livelihood. The recommendations made are multi-faceted, including not just short-term one-off relief measures, but also mid-to-long-term recommendations specifically directed at the existing system.

The Financial Secretary has recently emphasized on different occasions that the Government upholds prudent financial management, keeping expenditure

within the limits of revenue and committing our resources where necessary as its principle of public finances management and concept for drawing up the Budget. While promoting the sustained economic development of Hong Kong, we have to also take into account the current needs of the people's living and maintain long-term fiscal stability to meet the challenges ahead.

The concerns raised by Mr CHAN in today's motion include such issues as the level of fiscal reserves, the phenomenon of wealth disparity in society and the trend of economic restructuring in Hong Kong. In his original motion, Mr CHAN also expressed his views on the poverty alleviation strategy, to which I wish to briefly respond first.

Regarding poverty alleviation, the Government has all along upheld a pragmatic and all-round strategy to cope with the issue of poverty. As pointed out by the Chief Executive in his Policy Address, the basic way to alleviate poverty is to develop the economy to enable people to share the fruits of prosperity. In addition, the Government will continue to invest in education so as to promote social mobility, provide employment support in order to upgrade the quality of the working population and assure workers' wages at a reasonable level, and maintain a solid and sustainable safety net for the needy and the socially disadvantaged.

In his original motion, Mr CHAN also proposed to review the long-term policies on taxation, social welfare, public finances, economy, industries, and so on. The amendments proposed by Mr Ronny TONG, Mr WONG Kwok-hing and Mr CHEUNG Kwok-che further put forward proposals on land policy, expenditure policy, tax regime, how to face the challenges of an ageing population, and so on.

We welcome Members to make use of this motion debate today to bring up discussions aiming at promoting the long-term development of Hong Kong. Even though our views on specific issues may be different, the Government is prepared to listen to your views, because our aim is consistent with that of yours, that is, to commit ourselves to enhancing the effectiveness of public finances management, improving the quality and efficiency of public services, helping the disadvantaged, investing in infrastructure and fostering talents.

Deputy President, I wish to listen more extensively to Members' views on the subjects such as promoting the economic development of Hong Kong,

enhancing our competitiveness, sustained improvement of people's livelihood, maintaining stability in public finances, and so on, before making another response.

Deputy President, I so submit. Thank you.

MR ALBERT HO (in Cantonese): Deputy President, in 2003 when Hong Kong was plagued by SARS, the economy was in a very critical condition. In 2004 the economy rebounded from the doldrums and returned to a course of recovery and growth. It is against this background of economic recovery and growth that the Government recorded a huge amount of fiscal surpluses throughout the past six years. However, during these years the Government was always worried about the public finance structure characterized by a narrow tax base and that it would lead to structural deficits and hence instability. Such was the outcome of a study done in 2003. So with respect to future prospects, the Government has always been pessimistic and adopted a conservative style of public finance management. It underestimates revenue and overestimates expenditure. As seen in the past six years, such mistakes in estimates are always found. The result is that we have accumulated \$200 billion of surplus. And this year may end with an additional \$70 billion to \$80 billion of surplus. As we see it, the problem does not lie in the existence of any structural deficits as such, but it may well be structural surpluses instead.

Deputy President, given such circumstances, is it still convincing for the Government to uphold principles like keeping expenditure within the limits of revenue, prudent financial management and resources should be committed where necessary? When the Government always underestimates revenue and overestimates expenditure, can it be said to be keeping expenditure within the limits of revenue? Often we put forward our views to the Government in the meetings of panels on how policies should be changed or improved. Many of our views are related to long-term social investments and solving the problems faced by the poor people. But the Government always puts up the excuse that resources are limited and it cannot make any improvements in these many areas. However, this is not the fact. The fact is the Government has kept a lot of money in the public coffers and these resources just lie idle. It turns a blind eye on the many social conflicts. How can this be a suitable policy in financial management as the public would like to see?

As a matter of fact, given the huge fiscal reserves and surpluses, any government with conviction, confidence and vision should be able to do a lot. As many Honourable colleagues have said earlier, Hong Kong now faces problems arising from deeply entrenched social conflicts. These problems include the disparity between the rich and the poor, the impoverishment of the grassroots and the elderly, and so on. All these problems can be addressed by resorting to effective social policies coupled with suitable financial support. Why should this not be done?

Unfortunately, our Government does not have the will, the conviction and the confidence to solve long-term and structural problems. It prefers to be a miser and a watchdog government. This is actually the fatal thing about this Government that lacks the people's mandate and democratic recognition.

Deputy President, now the asset worth of the Exchange Fund is \$2,300 billion, of which \$550 billion is fiscal reserves and \$580 billion being the accumulated surplus of the Exchange Fund. Altogether there is \$1,100 billion. Why should Hong Kong need to use such huge surpluses and reserves to do as the Government says, that is, to defend the exchange rate of the Hong Kong dollar and back up the local economy in case of emergency?

There are indeed many problems in Hong Kong that should be addressed urgently. And we have the ability to do it. We can make use of the investment return from our huge reserves and surpluses. I stress we can account part of the investment return each year to the public coffers so that the money can become an item of recurrent revenue. On the basis of this \$1,100 billion, if we use a conservative estimate of 4% of return on average, there would be \$40 billion in recurrent revenue per annum. We will not use the \$1,100 billion. I am not suggesting that the reserves or surpluses be drawn down. I am just saying that if we work on a 4% return each year, there would be an additional income of \$40 billion every year. There is really a lot that we can do with this sum of money. It can be used to solve many problems in poverty alleviation and improving the living conditions of the people.

Next, there is no reason for the Government to blindly adhere to the principle that public expenditure must not exceed 20% of the GDP. This is because, as we can see, expenditure on healthcare and education should be

increased. In the past, the Government only said that the figures in actual terms had increased. But this is not true. The so-called increase would often lag behind the growth in GDP. This applies especially to education. So we think that the Government should re-examine those principles which it has worshipped as golden rules. We do not think that an increase in public expenditure would affect society in general such that we will land in a situation of big government, hence stifling the development in the private market.

We need to make more social investments to cope with our ageing population and increase our productivity. We have discussed many ways of addressing the problem of population ageing. Such examples include improving primary healthcare that we will discuss later, public healthcare services that should be improved, the problem of elderly care and attention homes which badly needs improvement, and the need to set up a universal retirement protection system.

We also think that the tax regime in Hong Kong certainly has room for improvement. A rational tax regime must take account of equality and social justice. It must help ameliorate the problem of disparity between the rich and the poor. Therefore, we agree that profits tax should be increased and (*The buzzer sounded*)

DEPUTY PRESIDENT (in Cantonese): Speaking time is up.

MR ALBERT HO (in Cantonese): that the standard tax rate should be abolished.

MS LI FUNG-YING (in Cantonese): Deputy President, Mr Paul CHAN proposed that public finances policies should be reviewed. That is a very large topic indeed. It covers a wide range of things, including a suitable level of the Government's fiscal reserves, the fiscal redistribution policy and the reform of the tax regime. Each of these areas is very important and certainly they all can be discussed in detail. As a matter of fact, these three issues are not new and in the past I had talked about my views on them.

On the question of what is the suitable level of fiscal reserves, we may recap the views of various Financial Secretaries after the reunification. The first

Financial Secretary after the reunification was Donald TSANG. In the Budget of 1998, he put forward a fundamental principle for the purpose of maintaining reserves, that is, the level of reserves should be kept at about 18 months of total government expenditure. Then his successor, Mr Antony LEUNG, proposed the idea of keeping the reserves at a level of about 12 months of total government expenditure to cope with the recurrent expenditure and contingencies. That was back in the year 2002-2003. Mr Antony LEUNG explained in the budget that it was because the accumulated surpluses in the Exchange Fund had increased our ability to defend the exchange rate of the Hong Kong dollar and maintain its stability, therefore, the level of fiscal reserves was no longer in need of linking up with money supply. But after Mr Antony LEUNG had left his office, the successor Henry TANG stressed in the 2006 Budget that the reserves should be kept at a level of 15 to 17 months of total government expenditure. But he fell short of offering any explanation. Now the incumbent Financial Secretary John TSANG even fails to give any reason and he simply thinks the more reserves the better.

In the Question and Answer Session of the Chief Executive, the Chief Executive in giving a reply to a question raised by a Member emphasized that there were no golden rules to follow in respect of financial management. The only golden rule, if any, would be Article 107 of the Basic Law and, that is, to keep expenditure within the limits of revenues and to achieve a fiscal balance, and to keep the budget commensurate with the growth rate of the GDP. Now everyone is stressing the point that whenever any deficit appears in the budget, the budget may have failed to comply with the requirements of the Basic Law. But we can also look at it from another perspective and, that is, the SAR Government only knows how to accumulate reserves and as the Financial Secretary says, the more the better. With this kind of imbalance of only keeping the revenue but not the expenditure, or balancing a huge amount of revenue against only a tiny amount of expenditure, would it not be a likewise contravention of the requirements of the Basic Law? The Financial Secretary simply cannot deal with the wealth of the Hong Kong people just by piling up the reserves.

Deputy President, on the question of fiscal redistribution, I have expressed my concern repeatedly in this Council. Last year, I criticized the budget and pointed out that the budget only aimed at making the pie bigger instead of carving the slices better. In the consultation for the upcoming Budget, and after reading the consultation paper of the Financial Secretary, I made the criticism that the

Financial Secretary is still holding a mindset of how to keep the money in his pockets when he tries to solicit views from the public. He has not triggered any discussion in society on how resources should be used. I am very disappointed with the approach taken by the Financial Secretary. I hope that he can listen to different views from the people and as I have said in giving my own views, he can introduce some reform in the system against this background of huge fiscal surpluses and take active steps to promote social justice.

Talking about the relationship between fiscal redistribution and taxation, it reminds me of what the Financial Secretary said in last year's Budget speech and I quote: "it is inappropriate for us to solve the unemployment and poverty problems through large-scale redistribution of wealth. If we adopt this approach, which focuses on providing high levels of welfare, we will have to overhaul our tax regime and tax rates, weaken wage elasticity and adjustment function of the market, and fundamentally change our well-established mode of economic operation. I don't believe this will be acceptable to our society at large." Deputy President, end of quote. In my speech on the occasion of the Budget debate last year, I also criticized the Financial Secretary for pushing the reform proposal to such an extreme in this way. I am not going to repeat my points now. But I must emphasize that if the Financial Secretary continues to be hostile to the demand for doing a better job of fiscal redistribution and taxation reform, I do not think we can talk about the motion today anymore.

Deputy President, every year when we read the background materials for the budget compiled by the Financial Secretary, we would find that what we see are always about the percentage taken up by profits tax, salaries tax, and so on, in public revenue. We can see that tax revenue is concentrated in just a few percentage points of individuals and companies and what the proportion of people who do not have to pay any direct tax against the whole population is, and so on. Then there are questions on whether the tax base should be widened. With this kind of leading questions, we can see obviously what the Government is driving at. I agree that the tax base should be widened. But the primary cause for that is not the number of people who do not pay any tax, but the fact that with the changes in the economy, what the rich people do to make profits is not by investing in enterprises but the reaping of huge returns by financial skills. The Financial Secretary has never talked about this. What he tries to do is to target the pockets of the grassroots outside the tax net. With this kind of mentality,

even if there is another dose of those so-called one-off relief measures, it can never be anything more than the work of a spin doctor.

Deputy President, I so submit.

MS STARRY LEE (in Cantonese): Deputy President, I am grateful to Mr Paul CHAN for sponsoring this debate on reviewing public finances policies, so that this Council can conduct a debate on public finances policies.

Hong Kong practises a simple tax regime with low tax rates, in which only specified types of income, namely business profits, salaries income and property income are taxable. Tax is imposed only on profits or income arising in or derived from Hong Kong. The profits tax rate for corporations is 16.5% and the maximum salaries tax charged is 15% of the net income.

Hong Kong has always been renowned as the most attractive city to do business. We do not charge sales tax, capital gains tax or offshore income tax. Credit must surely be given to these measures. However, no matter how fast the GDP of society as a whole grows, no matter how the Government emphasizes the low-tax policy and the free-market mechanism, the persistent deterioration in the distribution of income and the widening wealth gap in Hong Kong cannot be concealed. If we examine the tax regime of the Government, we will find that the issue of fair distribution of wealth is not addressed, emphasis is placed instead on the theory that priority should be given to wealth creation, and a trickling-down of wealth would follow naturally.

In fact, there is nothing wrong with such claims but now, we have to raise one question: If we rely solely on the distribution from the top tier, can the deep-rooted conflicts in society be resolved? According to the latest survey of the University of Hong Kong Public Opinion Programme, what the people wish the most is that Hong Kong can become a fair society, followed by a corruption-free society, whereas a prosperous society only comes third. This is the first time that the rating for "a fair society" has overtaken "a prosperous society" since the survey was introduced 17 years ago. The Government must heighten its vigilance and evaluate the implications of the policies introduced by it on the fairness in wealth distribution, so as to avoid further widening the wealth gap.

In the past, the Government stressed that the advantages of Hong Kong's tax regime was its simplicity and low tax rates. As we said a number of times in the discussions on the Linked Exchange Rate System, we recognize the merits but the Government cannot deny that, the simple tax regime with low tax rates in Hong Kong has directly exacerbated the inequality in Hong Kong society actually. Just now, a number of Honourable colleagues raised the issue of whether or not a progressive tax system should be introduced. This is one of the many unfair phenomena pointed out by Honourable colleagues, but I wish to say that what I consider to be even more unfair is the fact that in Hong Kong, the total income is not adopted as the basis of taxation. Rather, taxes are levied selectively on certain specified categories of income, that is, taxes are charged only on business profits, salaries income and property income. As we all know, an increase in the wealth of an individual is mainly achieved by three means: First, through asset appreciation; second, through earning various kinds of income; and third, through distribution of proceeds from acts of government. As we all know, the increase in the wealth of rich people derived from asset appreciation is far bigger than that from regular income.

In fact, in the past two years, this phenomenon has manifested itself fully in Hong Kong. The incomes derived from investments in properties and the stock market may be far higher than that from wages. However, we all know very well that the ability of the poor to make profits through asset appreciation is far lower than that of the rich, yet in Hong Kong, tax is not charged on the total income. Therefore, the wealth disparity in a period of asset bubble will become increasingly great. Certainly, I understand that the decision of not charging taxes on the total income is founded on the prime consideration of wealth creation and upgrading competitiveness. However, given the deterioration in class conflicts and wealth disparity in Hong Kong society, should our tax regime be founded solely on considerations of wealth creation and competitiveness and should the problem of fair distribution be evaded for a prolonged period?

Apart from fair distribution, two long-standing, major and difficult problems, namely, the narrow tax base and unstable income, have also beset Hong Kong for a long time, nor can a number of deep-rooted conflicts be resolved. For example, in respect of retirement protection, which society has demanded for a long time, and healthcare financing, although the Government has amassed an enormous fiscal surplus, it is still unwilling to increase its recurrent expenditure. And we also understand that these two long-standing,

major and difficult problems, that is, the narrow tax base and unstable income, would impede the Government in making an undertaking to increase its recurrent expenditure.

Another issue is whether or not a reasonable level should be set for the fiscal reserves in Hong Kong. Just now, a number of Honourable colleagues said that in Hong Kong, an enormous fiscal surplus has been amassed but requests of using the reserves on far-sighted solutions to resolve the deep-rooted conflicts in Hong Kong have been turned down. The DAB believes that the Government must set a reasonable level for the reserves and once this reasonable level is exceeded, measures have to be taken and the excess funds should be credited to a seed fund set up for resolving deep-rooted conflicts. The Government should cease to behave like a miser and should really live up to the claim of "committing our resources where necessary".

Hong Kong has all along been upholding the principle of prudent fiscal management, which is complemented by the principle of a market-oriented economy in economic development. Looking back at the 1970s, the former Financial Secretary, Sir Philip HADDON-CAVE, advocated the economic policy of positive non-intervention. During the era of Donald TSANG, the Government gave the greatest support and made the least intervention. When Henry TANG held the purse, the principle was "market leads, government facilitates" and subsequently, the Government espoused the principle of "big market, small government". However, as we all know, since the reunification, in response to rapid economic development, our neighbouring cities were also changing constantly, so the SAR Government, in response to the changes in the situation, also revised the principles of economic development for Hong Kong. This included the policy of the former Financial Secretary, Anthony LEUNG, which set down the need for the Government to grasp the economic trend and actively promote the market, and subsequently, the principle of economic development that the Government should play the role of a pioneer, which was laid down by Financial Secretary John TSANG.

However, at the same time, we can see that for many years the Government has not conducted a comprehensive review of its fiscal management principles in any way and it even gives the public the impression of being increasingly conservative. Year after year, the Government has been excessively prudent but not sufficiently progressive. As a result, "handing out candies" has become a

routine every year. When the economy is on the uptick and the Government has a large surplus, of course, the Government has to "hand out candies", and when the economy is worsening and government coffers have recorded a deficit, it still has to introduce relief measures. As a result, one-off measures to hand out candies dominate the Budget each year. The transient pleasure arising from the handing out of candies felt by the public is waning and everyone is taking them only with the mentality of "better than nothing". Moreover, the problem of wealth disparity in Hong Kong is deteriorating persistently over the years and in fact, the money received by the socially disadvantaged groups under government measures to hand out candies is far less than that received by the middle class. For this reason, we hope that this year, this dominant approach of handing out candies can be *(The buzzer sounded)*

DEPUTY PRESIDENT (in Cantonese): Speaking time is up.

MS STARRY LEE (in Cantonese): rectified.

MR TOMMY CHEUNG (in Cantonese): Deputy President, it is no longer news that the Financial Secretary, as the financial chief of the SAR, would make mistaken estimates on the surplus every year. I believe this year will be no exception, only that the mistake will be even bigger this year because the public reckons that the discrepancy this year may be as high as \$100 billion and that the surplus of the Government may again reach \$70 billion to \$80 billion, rather than the original estimate of a deficit of some \$25 billion.

Each year, the Government would trot out such remarks as improving public living and promoting economic development, but the reality is that it is only lip-service and every year, the game of "cry wolf" would be repeated. Not only will the revenue be underestimated, the Government will also try to shirk its responsibility in improving public living, so it is utterly a miser.

In fact, after the SARS outbreak, the fiscal reserves have been rising continuously from a low of \$275.3 billion in 2003-2004 to \$537.5 billion by the end of November 2010, so they have nearly doubled. However, the monthly median household income during the same period only rose slightly from \$16,500

in the first quarter of 2003 to \$18,000 in the third quarter of 2010, representing an increase of just 9%. Hence this is veritably a situation of "the Government is rich while the public are poor".

In fact, apart from the fiscal reserves and the various vaults mentioned in the original motion, some \$580 billion has also been accumulated in the Exchange Fund. If the Government can use this hidden cache of gold properly and make investments with this asset amounting to almost \$600 billion, based on an average annual return of 5%, it is possible to generate an additional revenue of almost \$30 billion for the coffers without any drawing down of the principal. If all this money is used to support the policies designed to improve public living and promote the development of industries, society as a whole can surely stand to benefit.

In the second half of December last year, when the Chief Executive, Donald TSANG, made a duty visit to Beijing, the Premier of the State Council, Mr WEN Jia-bao, told the Chief Executive specifically to strive to do a good job in three areas and among them, "resolving social conflicts" was something that Premier WEN asked him to tackle properly for the third time ever since the Chief Executive had come into office in 2005. This is proof that the social conflicts and grievances cumulating in recent years have not yet been addressed. I think that to some extent, this has to do with the excessively conservative philosophy of fiscal management of the Government.

For this reason, in the proposals put forward to the Financial Secretary sometime ago, the Liberal Party adopted the theme of "distributing dividends to all people and sharing the fruits of prosperity together" and requested that the Government make good use of the enormous surplus to enable all members of the public to enjoy the remarkable fruits of economic success. The proposals include offering tax rebates to taxpayers, reducing salaries tax and offering living supplements to families of in-work poverty, so as to return wealth to the public and help the socially disadvantaged groups.

Precisely because the Government has all along adopted a conservative philosophy of fiscal management, we support setting an appropriate level of fiscal reserves to target the miserly nature of the Government and prevent the Government from tucking Hong Kong's wealth away at the bottom of the till on various pretexts and refusing to share it with the public.

As regards the claim that it is necessary to have sufficient fiscal reserves to stabilize the exchange rate of the Hong Kong dollar, the former Financial Secretary, Mr Anthony LEUNG, pointed out in 2002 that since the Hong Kong Monetary Authority (HKMA) had implemented a series of measures to reinforce the stability of the Hong Kong dollar exchange rate, there was no need to link the level of fiscal reserves to money supply. It should be sufficient to have fiscal reserves equivalent to around 12 months of government expenditure.

In addition, last year, an academic, Prof TANG Shu-hung, quoted an article of the former Deputy Chief Executive of the HKMA, Mr Tony LATTER, saying that the HKMA itself already had sufficient reserve and there was no need to use the fiscal reserve in the Exchange Fund at all, so it is devoid of any theoretical justifications to insist on using the fiscal reserves to support the stability of the Hong Kong dollar link exchange rate. In view of this, it is imperative for the Government to formulate clear criteria on the purposes of the fiscal reserves and carry out consultation on what is considered an appropriate level.

Deputy President, the deeply ingrained miserly nature of the SAR Government has aroused international attention. Last week (12 January), when the Heritage Foundation of the United States and *The Wall Street Journal* jointly announced the Index of Economic Freedom, they pointed out specifically that the use of the fiscal reserves by the Government was contrary to the concept of free economy. The editorial page editor of *The Wall Street Journal*, Mr Hugo RESTALL, said that the index of government spending of the Hong Kong Government had declined because it had a surplus more than the monetary base and suggested that that surplus should be cut by at least half to one year of government expenditure. Moreover, he also called on the Hong Kong Government to return wealth to the public, including trimming the profits tax rate to 15%. Since even international organizations also consider the reserves of the Hong Kong Government to be excessive, it is indeed necessary for the authorities to take necessary actions to prevent Hong Kong's competitiveness from being continually undermined.

The Liberal Party believes that what has to be addressed in public finances now is to find out how to make good use of the Government's enormous reserves and surplus rather than performing a "major operation" on the existing tax regime and contriving to earn more income. So for the time being, we do not see the need to establish a tax policy group within the government structure.

Lastly, since a simple tax regime with low tax rates is the cornerstone of Hong Kong's success and introducing a progressive tax system will inevitably erode this sound cornerstone, coupled with the fact that the coffers are now brimming over with money, the Liberal Party has reservation about the amendments proposed by Mr WONG Kwok-hing and Mr CHEUNG Kwok-che respectively in this regard.

Deputy President, I so submit.

MR ANDREW LEUNG (in Cantonese): Deputy President, the public finances policy of a country or region can affect the major direction of development of society in the future. In the 21st century, in the face of the accelerated development of neighbouring countries and cities, if Hong Kong wants to maintain its competitiveness, Hong Kong people must adopt new approaches to upgrade their strengths and support long-term economic development. Public finance is not simply about levying taxes on enterprises and individuals to meet the everyday expenses of the Government. Rather, it is about complementing government policies with various fiscal measures and taxation policies, thus upgrading our overall competitiveness and encouraging us to move further towards a knowledge-based economy and develop high technology, so as to improve the living of the public. In the past, when the economy was taking off, a simple tax regime with low tax rates encouraged enterprises to make investments and attracted capital from overseas. When the manufacturing sector in Hong Kong made the transition to a knowledge-based economy, at the initial stage, this tax regime remained effective.

In the past few years, the authorities abolished the estate duty and adopted various policies to encourage financial organizations to introduce various Renminbi products, such as structured deposits, funds and insurance. Apart from successfully developing Hong Kong into a wealth management centre in the region, the function of Hong Kong as a substitute for international capital to invest in the Mainland financial market is also further reinforced. Abolishing the wine duty has turned Hong Kong into a major wine auction centre in the world. In the first nine months of last year alone, the total value of imported wine reached \$4.67 billion, exceeding the total of the year before. The amount of money spent in wine auctions even reached \$930 million, double that of the entire 2009. Since 2008, new shops related to the wine trade have increased by

more than 500 and the number of participants in the trade stands at over 45 000. The tourism and catering industries have also been given a boost and the employment rate has risen.

All along, in manufacturing products, the industrial sector has stressed the ethics of "When others do not have something, I work to obtain it; when others have what I have, I strive for excellence; when others have achieved excellence, I strive to be the paragon.". This is also our pathway to success. With the changes in the industrial policies of the Mainland, the industrial sector is also facing the challenges posed by upgrading and transformation. Under the 12th Five-Year Plan, domestic demands will increase and Hong Kong businesses all hope that they can make the transformation, develop brand names and open up the domestic market on the Mainland. However, the taxation policy of the Government has failed to complement the transformation of the sector. It still adheres to established rules and follows the policy laid down more than a decade ago. A case in point is section 39E, which Members have mentioned a number of times in the legislature. Several years ago, the industrial sector started to lobby the Government for assistance to the industry in the form of tax concessions, so as to foster development from the simple mode of original equipment manufacturing to a creative and innovative industry, such that small and medium factories can also acquire the capability to design products, raise product quality and create brand names, just as large factories can. The Federation of Hong Kong Industries put forward a proposal under which the costs of product research and development (R&D) and design are eligible for three-fold tax reduction. Since the Secretary is well versed in it, I am not going to repeat the details here. Nevertheless, I wish to highlight the fact that throughout the world, enterprises are actively encouraged to engage in R&D, attract more people to engage in scientific research and innovation, create new posts and offer more opportunities to young people. I wonder if the Singaporean Government has been listening a lot to what I said. This year, it introduced the Productivity and Innovation Credit, abbreviated as PIC, so that enterprises are eligible for tax deduction of 250% on the first \$300,000, so as to subsidize their expenses on R&D, intellectual property registration, staff training and design.

The service industry in Hong Kong contributes to over 90% of the local GDP and this proportion is far higher than any other country in the world. The Government often says that it wants to promote the service industry and encourage professionals to turn their attention to the Mainland market, but its

taxation policy has failed to complement this. Last year, the Economic Synergy made the proposal that the Governments of Guangdong and Hong Kong consider introducing a special tax clause for cross-border inter-city workers, which has been adopted in European countries, to enable residents who commute frequently between Guangdong and Hong Kong for work to pay tax to their place of residence in their capacity as cross-border inter-city workers. In the future, with the development of Qianhai and under the 12th Five-Year Plan, more professional services in Hong Kong will expand gradually into the Mainland market and more Hong Kong people will commute for work between Guangdong and Hong Kong each week and even on a daily basis. Hong Kong must have the vision to formulate taxation policies suited to the development of the professions and exchanges among the people in these two places, so as to retain talents in Hong Kong. At the same time, it has to be oriented towards the Mainland market. Only in this way can local professional services continue to develop and Hong Kong's position as an international financial, trading, shipping, insurance and reinsurance centre be consolidated. It would even be possible for us to develop into a world city for professional services to complement the future development of the tertiary industry in China.

Deputy President, some Members proposed that a progressive tax system be introduced, so lastly, I wish to give a brief response to this. Hong Kong has always been renowned for its simple tax regime and the present profits tax rate stands at 16.5%, which is a very low level. However, the governments of our neighbouring countries and regions are attracting enterprises to engage in industries promoted by the governments through such measures as tax concessions and reductions. Consequently, the effective tax rate of these enterprises has decreased considerably. On the Mainland, it can be reduced to 15% and in Taiwan, all companies involved in R&D are charged a tax rate of 15%. In Singapore, if the profits of enterprises amount to less than \$300,000 Singaporean dollars, they are entitled to a 50% reduction of the tax rate to 8.5%. In addition, as I said earlier, the Government there also used tax reductions to attract enterprises to engage in innovation and R&D, as well as subsidizing enterprises in training efforts. The actual marginal tax rate for many enterprises is about 10%. Since the introduction of a progressive tax will change the tax rates, one must be fairly prudent. In the United Kingdom, the tax rate for the high-salaried was at one point raised to 50% and this resulted in an exodus of highly-paid professionals.

Deputy President, Article 108 of the Basic Law stipulates that the SAR shall take the low tax policy pursued in Hong Kong as reference. Since the reunification, our neighbouring countries and regions have followed our example in implementing low tax rates and are striving to streamline their tax regimes. If we head in the direction of complexity now, this is tantamount to abandoning our edge, so is this a smart move or will this drive our customers away? I so submit.

MR IP WAI-MING (in Cantonese): Deputy President, for many years, when formulating the Budget and making estimates for such aspects as the revenues for the coffers, expenses, annual surpluses and reserves, the Hong Kong Government appeared to be very conservative and as many Honourable colleagues said, a number of instances of miscalculations and casting the wrong dice have occurred.

The Financial Secretary said that there would be a deficit of \$39.9 billion in 2009-2010, but we ended up having a surplus of \$13.8 billion and the discrepancy was as great as \$53.7 billion. As of November last year, there was some \$530 billion in our reserves and the foreign exchange reserves stood at US\$266 billion. In fact, these amounts of fiscal reserves are sufficient to meet 24 months of operating expenditure and we believe the sum will continue to accumulate and balloon.

In respect of the foreign exchange reserves, just now, some Honourable colleagues said that there was close to \$2,000 billion in the foreign exchange reserves. Although the Hong Kong Government is sitting on quite a lot of reserves and assets, Deputy President, we can see that the Government is actually very stingy, unwilling to introduce some sweeping and forceful measures to solve various existing social problems. Instead, it just keeps employing delaying tactics to respond to the demands in society. This situation is like finding a lot of people who are about to die of starvation everywhere, but in the granary of the Government, the rice stock is so full as to spill over, yet the Government is still unwilling to open up the granary to help these people on the brink of death.

We think that each year, before the Government releases its Budget, it would only make intimations to tell the public that the Government would manage its finances prudently and keep expenditure within the limits of revenues. Each year, the same things would be said to dilute our expectations for the Budget. Afterwards, perhaps due to the pressure exerted by us here as well as

the pressure from the general public, the Government would introduce some so-called "one-off relief measures", but there would be nothing much by way of long-term initiatives. Many Honourable colleagues have already pointed this out.

However, Deputy President, I am not denigrating the merits of one-off measures but if this occurs every year, it is likely to make people feel helpless. Although it is said that it is better to have candies than otherwise, last time, I already said that if candies were handed out for a prolonged period, ultimately, there would be side-effects. Therefore, we believe that the Government should redistribute wealth through the Budget and certain policy goals. We believe that only this course of action can be considered a long-term initiative.

We believe a fair society must be founded on two conditions, one being the fairness of the legal system and the other is the fairness of the taxation system. We believe the Government should approach this issue by redistributing wealth through the taxation system. Therefore, we hope that the Government can introduce progressive profits tax, promote the development of society and improve the living conditions of the middle class and the grassroots through such a system.

Deputy President, at present, due to a number of factors in Hong Kong, most of the wealth has fallen into the hands of consortia or major property developers and the uneven and unfair distribution of wealth has occurred. In view of this, if the Government can take appropriate measures and use progressive profits tax to make adjustments, we believe this problem of unfair distribution can be rectified because all along, the Government has been trying to make the pie bigger to enable a lot of people to share it. In this regard, we have levelled criticisms frequently, querying if this kind of trickling-down effect really exists. Now, more and more members of the public are voicing such doubts. We doubt if members of the public can really share the fruits of economic prosperity by virtue of such a trickling-down effect. For this reason, Deputy President, we hope that the Government can conduct more studies on taxation and make use of the relevant policies to do a proper job in wealth redistribution.

Finally, Deputy President, I wish to talk about the issue of retirement protection. In Hong Kong, many low-income earners are actually prepared to improve their living and circumstances by working hard, but the conditions or

protection provided to them by the Government in this regard is still grossly inadequate. Even though a minimum wage will be implemented on 1 May, we think that the scope of protection is still very limited and cannot meet the long-term needs.

In the foreseeable future, the situation of an ageing population in Hong Kong will deteriorate, so the issue of retirement protection is a pressing problem. We believe the Government is bound to introduce universal retirement protection and this is also something on which a consensus has been reached in society long ago. We hope that the Government will cease to drag its feet. Instead, it should use its existing abundant reserves properly to formulate policies and a universal retirement protection system at an early date to help the grassroots and the middle class in Hong Kong make proper preparations for their retirement and old age, instead of doing so only at the eleventh hour. Otherwise, this problem would create a heavy burden for Hong Kong society.

Deputy President, I so submit.

DR PRISCILLA LEUNG (in Cantonese): Deputy President, recently, the wealth gap in Hong Kong has widened as a result of inflation. Against the backdrop of a rising level of government fiscal reserves, the conflicts in society have become even more marked. The widening of the wealth gap has also given rise to three demands and voices worthy of concern in Hong Kong society recently: First, the demand that the Hong Kong Government draw down the level of fiscal reserves and hand out more candies; second, the demand for abolition of the standard tax rate, introduction of progressive taxes and review of the existing tax regime in Hong Kong comprehensively and third, review of the Linked Exchange Rate System, which has been in place since 1983.

The first and second demands reflect the fact that the nature of Hong Kong society is changing. When we were in university, people used to look at what was wrong with the system less often. The great majority of people attached importance to their own hard work and the need to have the spirit found in the television series "Below the Lion Rock". However, in recent years, there were more calls for changes in the system and they include the demands for transport subsidy, minimum wage, food banks, and so on. They all reflect the widening wealth gap. The mentality and expectations of the people have indeed changed.

According to my own observation, there is really a voice in society expressing the hope that Hong Kong would develop in the direction of welfarism, as is the case in Northern Europe. What is my personal view on this issue? I think that the low standard tax rates in Hong Kong are desirable. I do not mean that the tax regime in Hong Kong cannot be reviewed, but with regard to those parts that must be reviewed, we should find taxation experts to do the job for us, rather than demanding a comprehensive review of practically everything.

There is a saying that rings very true: "The grass is greener over the fence." Over chats with a lot of colleagues from overseas, I would invariably learn that some of these friends of mine had even given up their Australian or Canadian citizenships. They are all typical middle-class professionals, not tycoons. To many of them, the main reason for their choosing to come to Hong Kong is that they do not like the tax systems of their own countries. Some friends came back from Australia and gave up their Australian citizenship because they feel that the tax rates there are too high for them. I have a French friend whom I am well-acquainted with. He is a lawyer. He said that the French were the smartest and most creative. They knew how to create different kinds of taxes and he had left France because he hoped to have better career development elsewhere. These people all like the tax regime in Hong Kong very much and this is what they think in their hearts.

We can look at the situation in other places. In Western Europe, the tax rate in Denmark is the highest, standing at 62%, it is 57% in Sweden, 40% in Taiwan as well as in France, 29% in Canada and in the United States — I have an American friend and colleague who, after paying the tax in Hong Kong, had to pay the federal tax on returning to the United States, which was a total of 35% after factoring in the top-up. In fact, they all have little money left, so they like to come and work in Hong Kong but among them, the Americans still have to pay the top-up. As for the Mainland, the tax rate is 45% and the taxation system on the Mainland has always been progressive.

Therefore, when we consider the present issue of wealth disparity in Hong Kong, we have to consider if it is purely a result of our tax regime. Is this a step that must be taken to solve the problem of wealth disparity? I personally dare not say so. I am well versed in the tax regime and what I can say is that in fact, the wealth accumulated by Hong Kong I know many people who think that many existing large enterprises appear to be very rich and have accumulated huge

amounts of capital, yet the tax rates in Hong Kong have remained so low, so this seems to be very unfair. However, we must also look at why, back then, it had to be stipulated in Article 5 of the Basic Law that the socialist system and policies shall not be practised in the Hong Kong Special Administrative Region, and the previous capitalist system and way of life shall remain unchanged. I know that some friends really believe in socialism and not just welfarism. Everyone has different beliefs.

However, what I am most concerned about is that if we really change this tax regime out of good intentions, this may be like administering a radiotherapy or chemotherapy in that the desirable things or systems in Hong Kong would also be damaged altogether. For this reason, I think any review of the tax regime must be conducted very carefully. Moreover, the fewer the changes, the better, rather than the more, the better.

I know that — I am only joking — the United States has the largest number of lawyers and there are more law firms than groceries. A simple tax regime is practised in Hong Kong. Even dumb people like us, who do not know about accounting, can also understand our own tax demand notes. However, if the tax regime is made too complicated, all of us would have to find experts to help us calculate our taxes. In fact, I think the Government also has the duty to adopt an open attitude. We keep saying that there is so much money in the coffers but more importantly, is it not necessary for the Hong Kong Government to learn how to use the money?

First, despite the significant increase in tax revenues, if the Government does not know how to use its funds, the problems are still not solved. I think there must be long-term planning. For example, recently, the Government announced that many Mainland "overage children" of Hong Kong residents would be allowed to come to Hong Kong and this would cause problems in many areas, such as housing and welfare. This kind of situation requires holistic thinking. I think that when reviewing the tax regime, we should not say right away that we should learn from such and such country, saying that because the economic conditions of a certain country appear to be good, its tax regime is also good. In fact, a country is very rich probably because it has a small population, or its tax rates are not that high, or it is doing a better job than we are.

In this regard, I can only say that I have great reservation about changing wholesale our tax regime into a progressive one. However, concerning taxes

that should be reviewed, I think it is also time that certain taxes were reviewed. However, a large-scale and comprehensive review may not be desirable for Hong Kong. Therefore, I have reservation about two of the relevant amendments. Thank you, Deputy President.

MR LEE CHEUK-YAN (in Cantonese): Concerning the attempts by some Members of this Council, for example, Dr Priscilla LEUNG, to sometimes take things to the extreme in debates, I consider this to be unnecessary. We propose that a comprehensive review be conducted and she thinks that it looks as though we wanted to make the tax regime in Hong Kong topsy-turvy but it is not true that we want to be so extreme. Then, when talking about a review of the tax regime, she again asked us if we wanted to follow the example of Northern Europe by making the tax rates as high as 50% or 60%. This is not what we want to talk about. We only hope that all of us can look at the problems in Hong Kong's system *per se*.

In fact, in Hong Kong nowadays, the Government is rich but the people are poor and this is a fact. The Government is sitting on a lot of wealth, but it has not increased its expenditures and this is also a fact. Wealth disparity is getting greater and the poverty problem cannot be solved, and this is also a fact. Of course, it is not possible to rely solely on public finances policies if we want to solve these problems, but this is a very, very important point of intervention. The whole world is talking about public living and welfare in relation to fiscal policies and all of us know one fact, that is, the collection of tax is an essential process in redistributing wealth in society. It can stabilize society and enable everyone to find a niche in society to live in. This is a very important mode and a fact, so I ask Members not to polarize opinions. What we are discussing now is: What actually are the fiscal policies in Hong Kong nowadays? Should we review or change the existing fiscal policies? I think our existing fiscal policies are very absurd because all along, the overall fiscal policy only stresses that recurrent expenditure cannot be increased.

Members would remember that in the Chief Executive Question and Answer Session, I asked the Chief Executive why the recurrent expenditure had to be capped at 20% of the GDP. I said that it was a hard and fast rule. He replied that it was not a hard and fast rule, but a soft indicator. I wonder how this government indicator is like now. If it is a soft indicator, why can it not be

discarded? There are many needs in society that have to be met through fiscal policies and by increasing expenditures, but the Government has not done so.

However, this Government is really self-contradictory and I think it is suffering from split-personality disorder. On the one hand, the Government is unwilling to solve problems through recurrent expenditure; and on the other, it resents our criticisms of its handing out of candies. The point is: The Government must admit that the entire fiscal policy amounts to a policy of a structural handing out of candies. Since it is unwilling to increase recurrent expenditure, it can only do something about the non-recurrent expenditure, as a result, the measures taken can only be one-off, superficial and short-term in nature and the result is to hand out candies. If this is not a handing out of candies, how can the Government use non-recurrent expenditure and one-off grants to solve long-term problems? Everyone knows that this is impossible. This Government is very funny. Secretary, the Government resents people saying that candies are handed out but all that it knows is precisely to do this. I do not understand your rationale. Can you tell me what your thinking is? You said that you do not like to hand out candies but you do not solve the long-term problems, so in the end, what you can do is just to hand out candies. This is the same every year, so why can it not think out of the candy box? At present, the poverty problem in society makes it is necessary for the Government to increase its recurrent expenditure in order to solve some very far-reaching and long-term structural problems of poverty, for example, the poverty problem among the elderly necessitates the introduction of universal pension, poor workers or the working poor need living supplements, whereas the poorest people at present — socially disadvantaged groups and persons with disabilities — need increases in CSSA to enable them to make ends meet and there is a need for comprehensive reviews in all these areas.

Many instances of this kind requires the introduction of long-term measures to resolve them and short-term ones simply will not do. Although the Government says it does not like the description of "handing out candies", for a long time, it is only capable of doing this, so I wonder if it can give us a reply on what it is actually thinking. It is sitting on enormous wealth, but it refuses to increase expenditures to solve long-term problems. I can only offer a remark to Donald TSANG and it is most appropriate to offer the comments made by Henry TANG to him, "Headstrong and self-willed, forging ahead impetuously and leading to car crash and deaths.". Members may think that I have exaggerated

too much in saying "leading to car crash and deaths", but when Henry TANG was telling off the "post-80s", he could describe them as "leading to car crash and deaths", as though the situation were as grave as a gunman going on a rampage in the United States. In that case, my exaggeration can never compare with that of Henry TANG, but what I said cannot be considered exaggeration either. In the end, the worse scenario is not that of the Government crashing its car and killing itself, but the people crashing their car and killing themselves. If the poverty problem is not solved, ultimately, the people will suffer and this will lead to a car crash and deaths. We do not wish to see such a situation, but this is what the Government is doing now. As a result, it is perpetually impossible to solve the structural problems requiring the commitment of resources by the Government over the long term.

Just now, mention was made of progressive profits tax. Again, I do not understand why our friends in the business sector here have to oppose a progressive profits tax. In fact, the progressive profits tax advocated by us will enable the tax rate for small and medium enterprises (SMEs) to remain at just 10%. It is possible to spare them of paying too much tax. If they make little profits, at less than \$5 million, the tax rate will only be 10% but if they make a profit of more than \$5 million, they will be taxed progressively. If they make a profit of \$100 million, \$200 million, \$300 million, \$400 million, \$1 billion or \$10 billion, they have to pay a little more tax, as simple as that. Therefore, from the perspective of the business sector, in fact, a progressive profits tax will enable SMEs to pay less tax, so that they can invest more. If SMEs pay less tax, they can have more capital to invest in their own businesses. This is desirable, but it is different in the case of big enterprises. The capital invested by them may eventually find its way into the Mainland or the financial market, so this is like "a clay ox plunging into the sea" in that the capital will all vanish and ultimately, it would not be invested in the real economy. However, SMEs will surely invest their capital in the real economy and their operation is part of the real economy. Therefore, a progressive profits tax is something we have advocated for a long time. It is not a proposal to increase taxes, but the opposite. However, all along, the Government has not implemented it and even though the fiscal reserves are overflowing, it still refuses to reduce the taxes imposed on SMEs. As regards the tax rates for consortia, they can remain the same and be increased at an appropriate time (*The buzzer sounded*)

DEPUTY PRESIDENT (in Cantonese): Speaking time is up.

MR LEE CHEUK-YAN (in Cantonese): and only in this way can it be considered reasonable.

MR CHAN KIN-POR (in Cantonese): Deputy President, the Budget will be announced next month and I am grateful to Mr Paul CHAN and other Members who have proposed amendments for raising this subject of reviewing public finances policies, so that Honourable colleagues can have more opportunities to express to the Government more views on the arrangements for the public finances policies of Hong Kong in the coming year and even in the long term, in the hope that the resources can be used appropriately and effectively to truly meet the everyday needs of the general public.

In fact, in the past decade or so, the economy has been growing continuously but the poverty situation in Hong Kong has been deteriorating. Obviously, the income of many members of the public is lagging behind economic growth and the fruits of economic success cannot trickle down to the general masses. What the Hong Kong public wish to see is a set of comprehensive and long-term policies, combined with the social and financial strategies, that can solve various deep-rooted problems in society on a number of fronts.

Take the poverty problem in Hong Kong as an example, apart from economic restructuring and the imbalance in the development of industries, the lack of well-conceived complementary measures relating to employment in the population policy of Hong Kong is also one of the causes. As a result, low-skilled people with limited knowledge keep showing up in droves in the working population while the number of elementary jobs is decreasing, so a lot of job seekers are competing for a limited number of such jobs.

When the Government provides support to the public through fiscal policies, at the same time, it should take complementary actions in terms of social policies. Only in this way can this problem be solved in a more holistic way.

Regarding Mr WONG Kwok-hing's proposal to review Hong Kong's policies and measures on social welfare and public finances, including the

establishment of a universal retirement protection system, so as to lessen the drastic increases in the Government's welfare expenditure caused by the ageing population in the future, I will support it.

Mr CHEUNG Kwok-che proposes that when reviewing the existing tax regime, a review of the relationship between the present tax regime and the various contributory schemes, including the Mandatory Provident Fund schemes and the health insurance schemes currently under consultation should be conducted at the same time and consideration should be given to counting the contributions concerned as tax already paid. I also agree with this proposal.

Deputy President, a simple tax regime with low tax rates has all along been one of the cornerstones of Hong Kong's success, but the tax regime should also keep abreast of the times. Moreover, it should also be flexible enough to dovetail with various economic and public livelihood policies.

With the complete opening up of the Mainland to the outside world, globalization of world economy and the sustained reforms of the tax regimes in neighbouring regions, the taxation policy of Hong Kong has been unable to keep up with changes in the international environment in many areas.

Many countries and cities are striving to develop a "headquarters economy" and such major cities on the Mainland as Beijing and Shanghai and Hong Kong's major competitor, Singapore, are all very aggressive in their approach to attracting foreign capital to establish regional headquarters. Moreover, the relevant terms are extremely attractive.

Take Shanghai as an example. The policy of the Shanghai Municipal Government sets down that companies which have newly registered in and moved to Shanghai, and which have established their regional headquarters there in the form of investment companies will be given RMB 5 million yuan by the Municipal Government to fund their opening of offices, and rental assistance will also be offered to them in the next three years.

Moreover, when the turnovers of these companies exceed RMB 1 billion yuan for the first time, the Municipal Government will offer them a one-off reward of RMB 100 million yuan and if their turnovers exceed RMB 500 million yuan, they will be given a one-off reward of RMB 5 million yuan.

Similar measures have also been put in place in Beijing to attract multinational corporations to establish their regional headquarters in Beijing.

As regards Singapore, it is enhancing its competitiveness through highly attractive tax concessions. At present, multinational corporations establishing regional headquarters in Singapore are charged the preferential tax rate of just 15% in the first five years. If enterprises opt to establish their international headquarters in Singapore, the preferential tax rate is even as low as 10%, far lower than the profits tax rate of 16.5% in Hong Kong.

In Hong Kong's business sector and even in the accountancy profession, many views and surveys have indicated support for the introduction of more tax concessions by the Government to encourage companies in the six major industries to establish regional headquarters in Hong Kong and attract more multinational corporations to establish regional headquarters here, so as to create more employment opportunities.

Some views hold that if the Government reduces taxes, it will receive less tax revenue and the business sector in particular will be favoured. However, many figures tell us that there can be positive interaction between the economy and tax revenues. Reducing the tax rates to an appropriate level can even make the economy grow continuously, thus increasing the revenues for the coffers.

In the 11th Five-Year Plan, the Shenzhen Special Economic Zone strove to develop a headquarters economy. Apart from enhancing Shenzhen's industrial make-up, a headquarters economy has gradually become a point of tax revenue growth for Shenzhen. In 2010, the Shenzhen Special Economic Zone received \$28.7 billion in tax revenue from various areas with company headquarters and the increase was as high as 31%.

The same applies to Futian District. In 2010, 56 enterprises with headquarters under the control and management of the authorities paid a total of \$5.6 billion in taxes, an increase of 58%.

I hope that the Government can show greater flexibility and boldness in reviewing the fiscal policies of Hong Kong, so that the tax regime and other fiscal

policies of Hong Kong can keep abreast of the times and meet the genuine needs of the public.

Deputy President, I so submit.

MR WONG YUK-MAN (in Cantonese): Deputy President, a week ago, the Heritage Foundation of the United States released a report on the Index of Economic Freedom for 2011 and Hong Kong was rated as the freest economy in the world for 17 years in a row. Of course, the SAR Government is feeling smug about this, but I feel that it is shameless, doing the poor people great injustice.

Prof Frank KNIGHT, founder of the Chicago School of Economics — perhaps you also know him — said, "No error is more egregious than that of confounding freedom with free competition as is not infrequently done." Many people think that a free economy will automatically bring about the greatest freedom and they have precisely made such a mistake. Even as Hong Kong becomes the freest economy in the world, the wealth gap is growing wider and this also ranks the first in the world. The grassroots are facing the soaring prices of goods and depreciation of their income, and they do not even have the freedom to choose their food. Currently, global food prices are rising and Hong Kong is even worse off because there is the additional influence of the Renminbi. Imported inflation is making the prices of all basic necessities rise. Now, what can you buy with \$100 in the market? Secretary Prof K C CHAN, do you have any idea? Of course, you do not know, do you? A meal that you people have in Central would cost \$300, so how would you know this sort of things? What can you buy with \$100 in the market? Please tell me. In this so-called free economy, which is ranked the first in terms of free competition, there are people who do not know where their next meal will come from. They have to scavenge for leftovers in markets. This is what is meant by first place. This free economy has enabled a small bunch of people to grab wealth by trickery or force, but most people are groaning in misery and the general public in Hong Kong are deprived of their freedom from want. This is a downright pathological society in which "men are eating men".

The Heritage Foundation of the United States also recommended that the SAR Government lower the profits tax rate from 16.5% to 15% and reduce public expenditure. You surely would believe it. Try to lower the profits tax rate

from 16.5% to 15%, then push poor people into the fire pit again if you dare. Today, those people with the so-called rightist thinking sitting in this Chamber also think that you have to formulate new fiscal strategies and review public fiscal policies, but you are still in a dream. Let me tell you, Financial Secretary, or the chap with a moustache, you are simply nonsensical.

We agree with most of the proposals in the original motion and the amendments but from our position, we think that many of the proposals therein are conservative. The Government must thoroughly reform public finances, charge progressive profits tax, scrap the high land-price policy, introduce universal retirement protection and review the level of fiscal reserves and the cap on public expenditure. I need not explain these proposals in great detail because you already understand them and it is just a waste of time to talk about them further. In that case, let us discuss one of them only, the high land-price policy. At present, how possibly can Hong Kong people afford to buy a flat? However, our market is still booming, is it not? It turns out that nowadays in Hong Kong, a university graduate is considered a member of the socially disadvantaged. Secretary, you had been in the teaching profession for many years and could see students study hard for many years. However, after graduating from university and on working in society, they ended up being a member of the socially disadvantaged. Yet, what wrong have they done? Did they not study hard in school? What wrong have their parents done? They only supported their children financially in receiving university education by working hard. In that event, who is at fault? Please tell me. Of course, it is your fault.

We have said this dozens of times. The Government sits on over \$500 billion of fiscal reserves and over \$2,000 billion in the Exchange Fund. What is the use of holding onto this money? How many times has Macao handed out cash grants? Each time the suggestion of making cash grants was mentioned, the Government would look as though it wanted to fall out with us. Am I right? I really do not know what sort of attitude this is. It is just simply about the redistribution of wealth. Buddy, you are also an economist. For thousands of years let us not talk about thousands of years. In the past few centuries, there were controversies over this all the time and there were always academics like you who looked for solutions, were there not? One way is to do something about the tax regime and the other is to increase public expenditure. There are many solutions and I need not tell you all this because they are all common knowledge.

In the 1930s, the United States experienced the Great Depression. Did they not reform capitalism into socialism? What was the New Deal introduced by President ROOSEVELT about? Reform the tax rates, increase public expenditure and create new jobs and it was as simple as that. Nevertheless, you are still clinging desperately to the concept of "Less government, the best". However, you only do so in the realm of the economy and public policies, buddy. In politics, it is different. The Government controls everything and the opposite is the case. In politics, you want to be the "big government" and you always want to intervene. Moreover, there is also another "big government" behind you called the "Communist Government", right? If the Government really practises "Less government, the best", that would be somewhat better, but it does not really. This Government is up to all sorts of misdeeds, is it not? Therefore, when this kind of issues are raised for discussion, there cannot possibly be any extraordinary insights, so what new ideas can there possibly be?

All that we say are platitudes and your replies are also platitudes. However, even though people like us have talked about platitudes for decades, until our voices have become hoarse, basically, you will not make any improvement. You have power and influence, but we do not. If we lose in elections, we will lose even our seats and we will not have the chance to speak in the Legislative Council even if we want to. But it is different for you. You are holding great sway, are you not? This Government was not elected by us, so you can do whatever you like and at the most, you would only be chided only a little. Moreover, some people cannot even bear to chide you and would even defend you. Those people who wanted to chide you would only feign to hit hard but would only give you a slight slap, chiding you a little but giving you a lot of help. In the end, only several people would be left to rave at you, right?

However, I still have to give you a dressing down. When I explained things to the public, they all expressed understanding for my situation. When I was working in the local communities and people met me, they would all express their understanding. Members of the public told me, "That's right, Yuk-man, do not give it a damn and it doesn't matter. It doesn't matter even if you are driven out, at least, you have vented the grievances for me.". They feel very happy to see me rail at you and they would clap. This is what venting one's spleen is about, buddy. When the people in society have to rely on several people to vent their angers, this society is really sick, buddy, is it not? I do not want to shout here until my voice is hoarse either, buddy, as this would affect my health. It

would really cut one's life short by several years to work here. Let me tell you, working here two more years would cut one's life short by at least five years. However, I cannot sit here and do nothing, nor can I just sit here and say nothing. If I sit here, I have to chide you. Soon after this, the Budget will be released and we will surely play games again. Do you think I will be ceremonious with you? Those people, in electing me, precisely wanted me to do this sort of thing, otherwise, what did they elect me for? They might as well elect other people, like those bogus democrats associated with foxes and dogs, right? This talk of "one person, two votes", those people who lobbied for such things are really brazen and shameless.

Let me tell you, when the Government is brazen and shameless and the so-called democrats are also brazen and shameless, what should society do? Of course, we have to clamour and continue to rail (*The buzzer sounded*) Full stop.

MR ALBERT CHAN (in Cantonese): Deputy President, a government without any popular mandate and a government returned by a small-circle election is bound to come up with policies, particularly public finances policies and public policies, which are biased. A biased system is bound to produce biased public policies, biased budgets and biased financial arrangements. Therefore, if the people of Hong Kong do not want any biased policies and biased financial arrangements, they must pursue an unbiased political system. Therefore, when democracy has yet to be achieved and with a government returned by a small-circle election, a budget formulated under the leadership of Secretary Prof K C CHAN is bound to be tilted to large consortia, vested interests and those people connected with the small circle of 800 people.

Deputy President, among all the so-called democratic governments and capitalist governments in the world, those which used to be more rightist have become more and more leftist over the past couple of decades, simply because of people's voices and demands and their needs of living. Actually, the major principle in formulating public policies is to give regard to people's livelihood. However, the Hong Kong Government just could not care less, right? First, senior government officials never visit local districts to gain more understanding of the situation. Even if they do, they just do so to put on a show. They would only spend a few dozen dollars to have a cup of tea with milk at a Hong

Kong-style café or buy something worth a few hundred dollars and claim that they have already helped boost the economy. This is indeed a blatant lie, a gush of nonsense. They neither understand nor care about the plight of the general public. Their children and the children of their friends and relatives can certainly secure employment in large consortia, thanks to the power and influence of these senior government officials, and will not have to worry about their livelihood. Their fathers, with their wealth, can even buy them properties and spare them the predicament arising from high property prices and high rentals.

Therefore, under this lopsided system, the grassroots of Hong Kong will certainly suffer in the end. Deputy President, although we have been discussing these issues for years, the Government is still totally closed. Because he can afford to do so. Even if he is closed, he needs not step down; even if he is closed, he can still get elected; and even if he is closed, he can still enjoy a high position and a handsome salary; and even if he is closed, he can still secure employment in large consortia after retirement, right? Therefore, the fact that he is closed is only another indication of the transfer of benefits and his tilt, and the result is that he can continue to rake in benefits.

Deputy President, regarding the formulation of public finances policies, we have been proposing to the Government five fundamental principles all these years, and in submitting to the Government our basic proposals on the Budget this year, we have still put forth the proposals of "countering inflation, assuring people's livelihood, and maintaining people's basic living standard and employment". If he could achieve all or even some of these, it can be regarded as a benevolent deed. However, the reality in Hong Kong is that the suicide rate remains high, and the elderly people are waiting endlessly for residential care home places, with the number of elderly people who had not been allocated a residential care home place when they died being larger than those who have been allocated one. Now, there are approximately 7 000 to 8 000 elderly people on the waiting list, and they may have passed away before places can be allocated to them. Besides, the situation of people with disabilities who are waiting for residential places is the same. Some of them have yet to be allocated places after waiting for over a decade. Moreover, the rentals in Hong Kong have been on the rise, and the situation of people living in cage homes or cubical apartments is worsening, which is bound to cause accidents sooner or later. It is only until then that the Government may say, as if awakened from some dreams, that, "My goodness, a few dozen people have to be packed in the same flat, and their living

environment is so crowded". Very often, the Government would only undertake to conduct reviews after some people were killed in a fire. Very often, the Government would only be awakened after accidents have happened and people have died. Therefore, those ghosts should go after it.

Deputy President, the five fundamental principles on public policies put forth by us are actually the ABCs that even first-year undergraduates of public policies may have learnt. Prof, you are a professor, but your thinking and vision have been blinded by your rightist orientation and the transfer of benefits. Get a move on taking some courses. Prof, let me read to you what I have written. First, fostering social equality — right, Prof? Should public policies seek to foster social equality? However, this is not your idea of equality. Your idea of equality is only the kind of equality described in *Animal Farm*. That is, some people are special, or a species of pig may enjoy a superior position. The first principle is to foster social equality. Insofar as the tax regime is concerned, the salaries tax rate for high-salaried people and the profits tax rate should be increased, a progressive profits tax should be introduced, the tax regime should be founded on the principle of "those who have the means pay more", and the authorities should strive to effectively alleviate the disparity between the rich and the poor. This is the Government's duty. However, the existing lopsided tax regime will only worsen the wealth gap problem, causing the poor to remain poor and the rich to be so fat that they cannot even pull up their own socks, right? The rich are hoarding more and more riches. Many studies have pointed out that the wealth gap problem has been worsening gravely in Hong Kong over the past couple of decades, particularly after the reunification. You have to be accountable for it. The Government has to be accountable for it.

The second principle is improving the social security system. Given the extremely serious wealth gap problem in Hong Kong, the Government should expeditiously formulate a universal protection system — many Members have mentioned this — including introducing a social security scheme to provide unemployment, medical and retirement protection.

The third principle is insisting on discharging the Government's role. The Government must discharge its duty of wealth redistribution. Apart from wealth distribution, public finances policies should also seek to achieve wealth re-distribution. This is the Government's duty. The Government should also perform the duty of managing and operating public utilities, expeditiously

bringing to an end all privatization programmes, reviewing the performance of privatized and outsourced programmes, enacting a fair competition law, legislating for minimum wage and maximum working hours to combat monopolization by plutocrats and alleviate the disparity between the rich and the poor.

The fourth one is to create job opportunities. Apart from actively creating more job opportunities, the Government should also provide tax concessions to employers who have offered additional jobs to local people. Many countries, including the United Kingdom, the United States, Canada, Australia and New Zealand, have also done so.

The fifth one is facilitating interaction between revenues and expenditures. The Basic Law provides that the Government shall follow the principle of keeping expenditure within the limits of revenues. Actually, a government which has its own concepts of administration should keep its expenditure within the limits of revenues, and set revenue targets in accordance with its own policy objectives. For example, given the hardship in the grassroots' living, the Government should increase its subsidies to improve their living and achieve the purpose of wealth redistribution.

Secretary, if you are a scholar, a scholar with a clear conscience, you should go back and read those books, rather than allowing large consortia, the invisible wands, to control you in the same way as those strings that control a puppet because the grassroots of Hong Kong will only be victimized in the end.

DR RAYMOND HO (in Cantonese): Deputy President, public finances involve the Government's revenues and expenditures. Apart from affecting the distribution of social resources and goals of economic development, the relevant policies will also govern the provision of goods and services to the public to tie in with the direction of established social policies. Over the years, the public finances policies of Hong Kong have been formulated mainly on the basis of "keeping expenditure within the limits of revenues", and this principle of public finance management is even stipulated in the Basic Law. Under Article 107 of the Basic Law, the Hong Kong Special Administrative Region shall follow the principle of keeping expenditure within the limits of revenues in drawing up its budget, and strive to achieve a fiscal balance, avoid deficits and keep the budget commensurate with the growth rate of its gross domestic product.

Actually, in making budget estimates over these years, the Government tends to overestimate the expenditures and underestimate the revenues, thereby often resulting in substantial fiscal surpluses. The substantial rises in fiscal reserves are in strong contrast with the financial constraints faced by the low-income people. Some members of the community have complained that the Government only behaves like a miser and turns a blind eye to the plight of the low-income people.

More and more people in society consider, for different reasons, that the Government should review the tax regime and the public finances policies of Hong Kong. At present, the Government's main sources of revenues, such as profits tax, stamp duty, proceeds from land sale and other forms of intangible income, may fluctuate substantially due to changes in the economic conditions. Therefore, some people have suggested that it is imperative for the Government to remedy the deficiencies of the current narrow tax base to reduce the impact of the cyclical fluctuations of revenues on public finances. With this, it can at the same time reduce the need for the Government to continuously hoard huge fiscal reserves. Other people hope that the relevant policies will achieve the effect of wealth redistribution and narrowing the wealth gap. Besides, Hong Kong may also enhance its competitiveness and promote its economic development through its tax policies.

As these suggestions, which are made on different considerations, will not only have different effects on Hong Kong but also have far-reaching implications on the future development of Hong Kong, careful assessment is required. Certainly, the overall focus of consideration should be the interests of Hong Kong as a whole.

Hong Kong is an externally-oriented economy. A simple and low rate tax regime has all along been the major competitive edge of Hong Kong. To maintain its competitiveness in the international arena and its appeal to capital and talents amid the keen competition under globalization, Hong Kong must maintain a clear and simple tax regime. Therefore, any tax reforms should meet this criterion.

Based on this consideration, I have reservation about the proposals of introducing a progressive profits tax and increasing the progressive element of salaries tax. Theoretically, a progressive tax is not only more in line with the

principles of "those who have the means pay more" and equity but also able to narrow the wealth gap. Increasing the progressive element of the tax regime of Hong Kong will run away from the international trend of reducing direct tax rates, which will in turn affect our appeal to existing and new enterprises and undermine our ability to retain and attract talents. This may hamper the interests of Hong Kong as a whole, and the grassroots are no exception. The only long-term solution to protecting the grassroots' livelihood is to increase the revenues of Hong Kong through economic development. The economy of Hong Kong has now come to the critical moment of economic restructuring. To enhance the competitiveness of Hong Kong and accelerate its economic restructuring, the Government should all the more accord priority to considering granting tax concessions as incentives for specific industries, such as the innovation and technology industries, to pursue development in Hong Kong. Having regard to the far-reaching implications of the tax regime on Hong Kong, thorough studies and detailed and extensive discussions in society are required before any comprehensive tax reform should be introduced.

Given the economic restructuring of Hong Kong, quite a lot of grassroots are indeed unable to share the fruit of economic success. The Government should make use of its huge fiscal surpluses to provide them with long-term assistance rather than only offering one-off short-term concessions. These long-term initiatives may include the provision of appropriate vocational training to help people in need to migrate and adapt to the new economic model and structure. Besides, it is also imperative for the Government to enhance resources allocation to education and increase social mobility. In particular, it should create the necessary conditions and opportunities for upward social mobility for the children of grass-roots families.

Deputy President, the long-term development of Hong Kong should be the focus of Hong Kong's public finances and tax policy review. We should adopt appropriate public finances policies in order to maintain on the one hand the competitive edge of Hong Kong's tax regime in the international arena, and help grassroots on the other in their transition at a time of economic restructuring and provide the conditions necessary for their upward movement in society. This is also something that the Government must consider without delay.

Deputy President, I so submit.

MR JEFFREY LAM (in Cantonese): Deputy President, Hong Kong has been graded by the Heritage Foundation of the United States as the world's freest economy for 17 years in a row. But the Government should not be overjoyed because the Heritage Foundation warned that Hong Kong had obviously failed to make adequate efforts in enhancing its competitiveness and faced the risk of gradually losing its competitive edge, and its place would probably be taken by Singapore soon. Some of the experts responsible for preparing the report also considered that the Government should do more to make rebates to the people and introduce tax cuts to attract more economic activities.

Now, we can see that the Government's basic strategy is to take stopgap measures while paying no attention to the situation until problems come to light. It has been adopting piecemeal remedies to cope with the demands and development of society, resulting in a rather imbalanced allocation of social resources and the growth of public discontents. The pressing problem of increases in prices and costs due to the worsening of inflation has given rise to a lot of grievances and discontents among the public and business operators. Besides, the Government has not yet come up with any comprehensive solution to the major problem of the slow pace of economic restructuring.

According to the principles of public finance management adopted by the Financial Secretary, the Government has to maintain adequate fiscal reserves to meet operating and contingency requirements and maintain the stability of the local financial system. I understand that the Government has to maintain an adequate level of reserves to meet the challenges posed by economic downturns. However, the current level of fiscal reserves is obviously on the high side. The Government should make more efforts to make rebates to the public and conduct a comprehensive review of the existing taxation, welfare and public finances policies and provide a clear guideline on the level of fiscal reserves.

Certainly, apart from determining the appropriate level of fiscal reserves, it is most important to put such reserves to proper use to facilitate the long-term development of Hong Kong, upgrade Hong Kong's competitiveness and improve people's livelihood, thereby achieving the purpose of returning wealth to the people. Concerning the upgrading of competitiveness, the Government should continue to maintain the existing taxation principle of a simple tax regime with low tax rates and high efficiency. First, we in the Economic Synergy think that the Government should lower the profits tax rate from the existing 16.5% to 15%.

This undertaking made by the Chief Executive, Mr Donald TSANG, during the Chief Executive Election in 2007 should be honoured as soon as possible. At present, many countries all over the world are lowering their profits tax rates one after another to attract more people to invest in their countries. For example, Singapore has lowered its profits tax rate to 17%, which is only 0.5% higher than that of Hong Kong, and coupled with the provision of tax concessions, the difference between the two places has narrowed substantially. Besides, the profits tax rate of Macao is only 12%. Hong Kong's competitive edge underpinned by its low tax rates is obviously dwindling. If the Government continues to do nothing to lower the profits tax rate, I believe Hong Kong will no longer be able to maintain its position in the future.

Besides, I also hope that the Government will give active consideration to introducing the arrangements of "group loss relief" and "loss carry-back". Actually, the Hong Kong General Chamber of Commerce has been advocating these arrangements all these years, but the Government has paid no heed to them throughout. At present, countries that have implemented "group loss relief" include Australia, Japan, Malaysia, New Zealand, Singapore, the United Kingdom and the United States. These arrangements can encourage more enterprises to set up their headquarters in Hong Kong to enhance their competitiveness in business operation and financial transparency. I really do not understand why the Government does not follow this good practice but imposes fines modelled on those under the competition legislation of the European Union and other countries, which commands no recognition at all. The Government should examine this issue; and the "loss carry-back" is also implemented in Korea, Singapore, the United Kingdom and the United States. These measures can definitely reduce the tax burden of enterprises in the event of losses and help them survive adversities.

Deputy President, to dovetail with the Mainland's policy of industrial upgrading and transformation, many Hong Kong-owned enterprises in the Mainland have transformed from "contract processing" to "import processing". Under section 39E of the Inland Revenue Ordinance, however, the Inland Revenue Department no longer allows enterprises engaging in "import processing" to enjoy the depreciation allowances for machinery and will also recover the tax deductions of a few million dollars previously allowed from these enterprises in one go. For Hong Kong-owned enterprises facing the difficulties of upgrading and transformation, this is definitely an additional burden. As Members may be aware, this issue has been discussed plenty of times, and we have repeatedly

relayed it to the Government. However, I wish to take the trouble to request the Government once again to relax the relevant restriction. The Government should encourage business ventures and all the more step up its support for these enterprises. I hope the Government will discuss this issue again and examine the issue concerning section 39E of the Inland Revenue Ordinance, as well as increasing and expanding the scope of the depreciation allowances to cover a wider range of machinery so as to encourage enterprises to undergo upgrading and transformation, thereby upgrading their competitiveness.

Regarding people's livelihood, the Government should draw up a comprehensive tax concession policy to alleviate people's burden in living, particularly their housing problem. We propose that the Government should introduce measures such as providing tax deductions for home loan interests, contributions to voluntary medical insurance schemes and voluntary contributions under Mandatory Provident Fund schemes, as well as increasing the child allowance and dependent parent allowance.

Deputy President, I so submit.

MR LEUNG YIU-CHUNG (in Cantonese): Deputy President, in his remarks just now, Mr CHAN Kin-por thanked Mr Paul CHAN for moving this motion today because it has given Members one more opportunity to express their views before the Government's imminent announcement of the Budget. He hoped that the Government could listen to more of Members' views at the final moment and perfect the Budget.

(THE PRESIDENT resumed the Chair)

Mr CHAN Kin-por meant well, but the precondition is that this Government is an accountable government. Why? Because if the Government is not accountable and does not heed public opinion, the so-called listening to public opinion, as claimed by the Government, is only fabricating public opinion. It would only be a gesture rather than actually exploring with the public ways to prepare a budget suited to the actual situation of society. This is where the problem lies.

The Government has explicitly stated that it is politically biased in giving audience to various views. The same applies to political parties and the Accountability System for Principal Officials as Directors of Bureaux. The Government has clearly pointed out that it practises affinity differentiation, not only politically but also financially. It only upholds the interests of some consortia and some people with vested interests rather than giving regard to those social groups facing financial difficulties.

President, why did I say all this? The answer is actually very simple. It has been more than a decade since the reunification in 1997. During this long period of time, we have repeatedly discussed an issue, which is the disparity between the rich and the poor. However, this problem still exists to date. Not only does it exist, but it is also worsening. Nothing in Hong Kong is first-rated, except the disparity between the rich and the poor. It is first-rated, both among Southeast Asian countries and countries all over the world.

This is the most profound problem of all. Unfortunately, however, over these years, this problem was not resolved at times of economic prosperity, and neither was it resolved at times of economic downturns. Why? The simplest reason is there are structural problems in our economy. In every discussion on the budget, the Government would not dare to touch the inherent structure of the economy and make any changes, while only maintaining the *status quo*. However, in order to maintain the existing structure, it could only adopt piecemeal solutions to problems. Even though the Chief Executive disliked being described as "handing out candies", he could not help it because if no changes could be made to the structure, he could only "hand out candies" in the end. Otherwise, how could he manage to fit in this general structure?

Take the tax regime under discussion today as an example. We have kept discussing a progressive tax system, but the problem is the Government dared not make any changes all these years. We have been discussing this issue for a long time. Why does the Government not dare to make any changes? It boils down to an issue with the people with vested interests. The Government has, on the contrary, even lowered the profits tax rate further. We have said that the principle of a progressive tax system is those who earn more pay more, while those who earn less do not have to pay or pay less. This is the spirit of a progressive tax system. Therefore, there is no question of the small and medium

enterprises (SMEs) being dealt a blow because, according to the spirit of a progressive tax system, SMEs may pay less tax.

This shows that changes in the tax regime will not necessarily give rise to adverse effects. Why does the Government not thoroughly examine its positive effects in an open attitude? Originally, this is a very good opportunity for us to express our views. Unfortunately, however, the Government has, to a certain extent, closed this door. It refuses to deal with major issues but will only discuss the trivial issues. However, what is the use of discussing all these trivialities? We have been discussing the trivialities on various occasions. For example, when we asked whether rates waivers could be granted, the Government would say that rates could be waived for one or half a year. What is the significance of such bargaining? These issues are discussed every year, but no significant results can be achieved, and such discussions are not helpful to solving the fundamental problem of poverty at all. The Government's arrangements for these trivialities can only give the public momentary joy, but they are unable to change the fundamental system. We hope the Government will lead the long-term development of society as a whole instead of simply focusing on the situation of this year or next.

The subject under discussion today is often discussed among us, a few Members. We have been making the same points over and over again? What else is there still worth discussing? When retirement issues were discussed, the Government would not make any move; when medical issues were discussed, the Government would turn a blind eye to them; when the issues of poverty and the Comprehensive Social Security Assistance (CSSA) Scheme were discussed, the Government would not increase the amount of CSSA payment. Yesterday, a number of organizations discussed the issue of CSSA. Let us take a look at how deplorable their situation is. The price of a can of fried dace with black beans has increased by \$3.6 from \$11.3 to \$14.9. However, the Government has only increased the CSSA payment by 3.4%. For the elderly, it would mean an increase of only \$88 per month, which is not even \$3 but only some \$2 per day. This additional \$3 is not enough to cover even the price increase for a can of fried dace with black beans. Now, the price of ginger roots has increased by \$5 from \$9 to \$14. Thus, the increase in the CSSA payment for two days is not enough for buying even a piece of ginger root.

How can we resolve these poverty problems? Does the Government have the sincerity to resolve them? How can we change these situations at the structural level? To put it simply, CSSA is probably the most basic assistance. However, is it possible to provide an additional family allowance on top of CSSA to alleviate the poor people's hardship in life? The most miserable people are those people in in-work poverty. Their situation is more deplorable. Many of them are not eligible for CSSA, and they are even unable to benefit from various welfare services, such as medical services. They are the poorest, the most deplorable group. We very much hope that a family allowance will be introduced for them, but the Government has all along been turning a blind eye to this. Therefore, it is very difficult to resolve these problems. If discussions on the Budget are only focused on piecemeal improvements to the Budget, they will not really be very meaningful.

The main point I wish to make in my remarks today is that the Government must do something about the most fundamental principle. If only piecemeal improvements will be made, in about a month's time, we will only find that the Budget is one which "hands out candies" after all.

MR FREDERICK FUNG (in Cantonese): President, the Government always makes mistakes in its projections of future financial positions in the budget every year. Overestimation of deficits and underestimation of surpluses are not unusual, and a discrepancy of tens of billion dollars is not uncommon at all. It seems that the public are so used to them that they would no longer feel surprised at all. But the impact so created is indeed far-reaching, and it also reflects that the authorities are conservative in public finance management. A minor error in measurement could result in a major fault, so the saying goes. The Government's almost intentional discrepancies in estimates have resulted in utter unfairness in society, seriously hampering the equitable and reasonable distribution of social resources. We must not take this issue lightly and allow the Government to muddle through.

I still remember asking a related question at a Legislative Council meeting in 2006 to query whether the Government's principle of public finance management was too conservative and whether the Treasury had a tendency to underestimate the revenues, thereby causing great discrepancies between the estimated and the actual revenues and expenditures all these years. Worse still,

the authorities have failed to put surplus resources to effective use as a result of the underestimation of revenues. They have also erroneously slashed expenditures as a result of their using the underestimated revenues to calculate the expenditure estimates. Unfortunately, this situation has not seen any improvement throughout these years. It can be said that the Government's act is actually the same as the Direct Subsidy Scheme schools' increasing their school tuition fees as a result of erroneous deficit estimates exposed earlier by the Audit Commission. However, the former affects all the people in Hong Kong, seriously affecting your living as well as mine.

President, according to the recently announced financial position in the first eight months of this financial year, as at 31 November 2010, a surplus of \$17.2 billion has been recorded, having reversed the fiscal deficit situation with a deficit of \$4.4 billion at the end of October. Compared with the deficit of \$38.9 billion recorded in the first eight months of the last financial year, the discrepancy even amounted to \$56.1 billion. As revenues from salaries tax, profits tax and the share of investment income from the Exchange Fund will be entered into the books at a later stage, the public can hardly imagine that there will be a deficit of \$25.2 billion in the end, as projected by the Financial Secretary. Besides, according to some accountants' conservative estimate, there will even be a surplus of \$70 billion this year, representing a discrepancy of as much as \$100 billion between the Government's estimated deficit and the actual position. When the Government sets the level of expenditure for the coming year on the basis of such seriously underestimated revenues, that is, by the so-called "keeping expenditure within the limits of revenues", how can expenditures not be substantially slashed? This way, fiscal surpluses will certainly continue to accumulate.

As at the end of November 2010, the fiscal reserves of Hong Kong stood at \$537.5 billion, equivalent to 20 months of government expenditure and representing an increase of \$21.6 billion compared with the fiscal reserves of \$515.9 billion last month. Besides, the Hong Kong Monetary Authority announced that as at the end of November, the total assets of the Exchange Fund amounted to \$2,391.4 billion, representing an increase of \$111.8 billion compared with the end of October.

Unfortunately, the Financial Secretary still used such unreliable deficit projection as reference for the Budget Consultation this year. Actually, when

the Budget Consultation was launched in December, there were already signs of a fiscal surplus being recorded. Back then, the Government announced that the deficits for the first seven months were \$4.4 billion, representing a substantial decrease of 93% compared with the deficits of \$56.8 billion in the same period last year. It can be said that the position of a substantial surplus was evident. However, it seems the Financial Secretary had intentionally ignored it. Not only did he still use the unrealistic deficit projection as the basis of consultation, he also pointed out that fiscal deficits would be recorded for three years in a row, with the amount of deficits rising from \$25.2 billion this year to \$6.8 billion in 2012-2013. In the consultation paper, he even discussed ways to improve the fiscal reserves based on these projections. The conclusions thus drawn in the context of the Government's recurrent expenditures, using the reserves to return wealth to the people and determining the optimal level of fiscal reserves are bound to show substantial discrepancies. He was actually trying to mislead the public into agreeing to the Government's conservative and miserly philosophy of public finance management with the excuse of constantly reducing recurrent expenditures and incessantly accumulating fiscal reserves to prepare for the rainy days.

Undeniably, under Article 107 of the Basic Law, the Government shall follow the principle of keeping expenditure within the limits of revenues in drawing up its budget, and strive to achieve a fiscal balance, avoid deficits and keep the budget commensurate with the growth rate of Hong Kong's GDP. The question is the Government's tendency to substantially underestimate its revenues, which can be attributed to its conservative principle of public finance management, coupled with the principle of "keeping expenditure within the limits of revenues" mentioned just now, has ultimately resulted in serious reduction even in necessary expenditures. As the level of expenditure was set on the basis of underestimated revenues, expenditures were erroneously slashed or the rate of expenditure increase was reduced, causing resources allocation fail to meet the needs of the public. Besides, the "big market, small government" concept of administration has strictly restricted the level of public expenditure to not exceeding 20% of the GDP. This criterion-based practice without being subject to any lower limit in expenditure reduction has not only ignored the possible stimulating effects of increasing government expenditure on the economy but also given no regard to the public's increased demand for government services, thereby seriously hindering the development of new services.

Therefore, the Government must change its conservative and miserly philosophy of public finance management and remove the self-restricting and utterly meaningless criterion that "public expenditure shall not exceed 20% of the GDP". Besides, it should also carry out a tax reform to implement the principle of "those who have the means pay more" and introduce a progressive profits tax. After all, the authorities must tackle the problem at root. They must make changes to their established concept of administration, review the principle of "big market, small government" which has been upheld all along, strengthen and expand the Government's role, rectify the inequality and deficiencies arising from a free market and allocate social resources in an equitable and reasonable manner.

I so submit.

MR CHIM PUI-CHUNG (in Cantonese): President, in this motion debate today, it seems that every Member has assumed the role of the Financial Secretary and spoken on behalf of him two meetings in advance. Just now, some Honourable colleagues said the profits tax rate of Hong Kong should be lowered to 15%, while other colleagues said accumulative earnings should be calculated for purposes of taxation. In other words, Members have very conflicting aspirations, goals and purposes. Therefore, under the prevailing situation of Hong Kong, discussions on the tax regime, particularly the profits tax regime, will only result in diverse views, with the Government having its own ideas, and everything being reduced to empty talk only.

The simple tax regime adopted in Hong Kong has been seen to be and regarded as effective over the years. Actually, it has also been supported and recognized by different sectors. The most important task is to find out how best this approach can be enabled to bring its strengths into better play. As we all know — I have also mentioned this plenty of times — Macao takes the greatest pride in its gambling industry. According to my rough estimation, the gambling industry of Macao will generate at least over \$72 billion in revenue this year. If this amount is to be equally distributed among the 450 000 people in Macao, each person will receive some \$160,000, and such an amount will be available every year. Members keep saying that Hong Kong should be proud of its reserves of over \$2,000 billion, which includes everything such as foreign exchange reserves. If it is to be distributed to over 7 million people in Hong Kong in one go — as Members are demanding the authorities to return wealth to the people, we might

as well distribute the reserves among all members of the public in one go, and it is another issue whether the same can be done again in the future — how much will each person get? About \$300,000. In other words, while each person in Macao will receive \$160,000 per annum, which will add up to \$320,000 in two years, if we are to distribute all the reserves, including foreign exchange reserves, among the people of Hong Kong, each person will get \$300,000 once and for all. Do not think that we will get a huge amount, for each person will only get \$300,000. If we are to receive this amount in advance, and if the Government is to "hand out money", each person will only get \$300,000.

Therefore, President, the question is whether the Government is really excessively prudent. I think this comment is absolutely correct because a good government or a good company actually does not need any reserves, and the most important thing is to invest its resources on infrastructure. However, the SAR Government has undertaken to carry out 10 major projects — 10 major infrastructure projects — but how many of them have actually been launched so far? Regarding the Hong Kong-Zhuhai-Macao Bridge, Hong Kong has no choice but to expedite the project as it is led by the nose by China. Even so, how much money is required? Therefore, I agree that the Government needs not maintain too high a level of reserves because Hong Kong has now reunited with China, and therefore the two places can complement each other and develop their respective strengths.

The Government should not maintain a huge amount of reserves because these reserves will only be taken by the Americans through dishonest means, causing the Hong Kong dollar to go on depreciating, resulting in extremely uncertain prospects. That was why I asked the Chief Executive the other day why he had not thought about this issue. However, if even the Chief Executive does not dare think about it, what can we expect of the Secretary? I am not trying to be difficult with the Secretary, just that the Secretary, being an academic and professor, should indeed advise the Government to examine this issue. The reason is we can see that the prospect of the United States dollar is indeed gloomy, and the United States is incessantly printing greenbacks to repay its loans. Yet, the Chief Executive even called this a constructive approach. While the others are printing banknotes, Hong Kong continues to act like an idiot. While the ship is about to sink, he still acts according to his conscience, prepared to sink with it, causing all Hong Kong people to become part of the American crew. The captain of the American fleet should be the last one to jump, but Hong Kong people neither have any obligation nor the means to stay in the ship

with the captain until the very last moment. Therefore, I wish to stress this point again, and I implore the Secretary to put forth what he would regard as the correct proposals and opinions. Certainly, if the Secretary considers that he cannot think of any solution and agrees to the Chief Executive's idea, despite him being a professor, will he please put forth his justifications?

Therefore, for the sake of Hong Kong people, the most important issue concerning the existing public finances policies is to examine how to delink from the United States dollar. Hong Kong does not have any resources of its own, and thus can only maintain a balance by means of export. As we do not have any resources, everything we need, from fuels to foodstuffs, comes from other countries, in particular, China. Now, their prices have increased substantially. If the Government still does not conduct any review, the impact so caused will be substantial. Even if a tax cut of 1% is introduced, as mentioned just now, prices may also rise by 1%. How much tax cut can we afford? Our total tax revenues, including revenues from all kinds of tax, are some \$200 billion, and 1% of this amount only equals to \$2.5 billion. How can it help resolve all the problems? Therefore, it is most imperative that we take this opportunity to examine how to delink from the United States dollar by modelling on the practice of Singapore.

Certainly, no matter what changes Hong Kong will undergo, we have to adhere to the Basic Law requirement of keeping expenditure within the limits of revenues. Although deficits were recorded for many years in the past, the Government has not been paying much attention to the principle of keeping expenditure within the limits of revenues, though it has been pretending to be acting in compliance with it. However, according to my own studies, the authorities should distribute \$50 billion, on a one-off basis, among people whose income is below a certain level, given that the existing serious poverty problem in society may become an excuse for politicians and the Government has the capacity to do so. After the authorities have handed out the whole amount, this issue will not be discussed in the next five or 10 years. If this move can strike a balance among the interests of different sectors in society and make everyone feels better, I support it.

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

MR ALAN LEONG (in Cantonese): President, taking a retrospective look at the 2010-2011 Budget, paragraph 162 stated that "fiscal reserves are estimated at \$483 billion by end-March 2011, representing approximately 28% of our Gross Domestic Product and equivalent to 18 months of government expenditure". Recently, we have heard that different people have made estimates on the amount of fiscal surpluses at the close of this financial year. Such estimates range from \$60 billion to \$100 billion.

First of all, when it comes to what size of fiscal reserves or what level of fiscal reserves should be regarded as adequate, there have been quite a lot of changes since the 1950s. For example, an amount of fiscal reserves was regarded as adequate as long as it was equivalent to not less than 12 months of government expenditure. In the 1970s, the amount of fiscal reserves should be equivalent to not less than six months of government expenditure. When Donald TSANG was the Financial Secretary, he held the view that the fiscal reserves should at least be equivalent to 18 months of government expenditure. Subsequently, when Antony LEUNG was the Financial Secretary, he considered that as Hong Kong's Linked Exchange Rate System was already very sound, backing by fiscal reserves was not required. Therefore, he considered that the level of fiscal reserves should be set at an amount equivalent to 12 months of government expenditure. These Financial Secretaries have at least put forward their own ideas. However, the incumbent Financial Secretary and his predecessor are relatively weird in that they have only vaguely pointed out the need to maintain an adequate level of fiscal reserves and kept on claiming that as there is a need to stabilize the exchange rate, the larger the size of fiscal reserves the better.

Just now many Members have mentioned that the Government's fiscal reserves and foreign exchange reserves would add up to over \$2,000 billion. Sometimes, I cannot help but ask whether we really need to hoard such an enormous amount of reserves. Just now, I also heard many Honourable colleagues say that this is actually the miser mentality. Is there really such a need? Therefore, in the debate on Mr Paul CHAN's motion on "Reviewing public finances policies" today, the Civic Party has specifically proposed reviewing the need to maintain such an enormous amount of reserves.

The Civic Party has already pointed out through Mr Ronny TONG's amendment that we consider it sufficient to maintain the fiscal reserves at a level

of not exceeding 15 months of government expenditure. With fiscal reserves at a level of not exceeding 15 months of government expenditure, together with the estimated surpluses of approximately \$100 billion this year, the Government definitely has the capacity to allocate some \$100 billion from the public coffers for other purposes. President, the Civic Party has all along made it very clear that the Government should not "hand out candies" in the same manner as "staging firework displays" in order to win momentary applauses because the short-lived effect of "handing out candies" will be of little benefit and help to the long-term improvement of many situations in society. Therefore, we once proposed deploying \$50 billion as seed money to launch a universal retirement protection scheme. The Civic Party maintained a very clear stance in this respect when meeting with the Financial Secretary during the Budget Consultation.

Besides, rather than using the \$50 billion currently earmarked for introducing the voluntary medical insurance scheme to subsidize private hospitals or insurance companies, we should step up our efforts in primary care services. In the motion debate to be moved by Mr LEE Wing-tat later on, we will put forward our views in this respect. Apart from these initiatives, the Government may also give consideration to using such a huge amount of surpluses to buy back the shares of The Link Real Estate Investment Trust or the right to operating certain harbour crossings because all these initiatives can tackle certain problems at root rather than winning momentary applauses.

President, in the remaining one minute or so, I wish to talk about the issue of a progressive tax mentioned in the amendment of both Honourable colleagues. Regarding the existing so-called deep-rooted conflicts in society, every time the Chief Executive met with the Premier or the State President, he was urged to tackle the deep-rooted conflicts. What do they mean? As the Civic Party understands it, they mean the uneven distribution of social resources and economic benefits. Therefore, regarding Honourable colleagues' proposal of introducing a progressive tax, the Civic Party considers that an open attitude should be maintained. Not only should an open attitude be maintained, but the Government should also take the lead to conduct studies to explore whether it is one of the effective ways to resolve the deep-rooted conflicts. It could hardly be justified if even studies will not be conducted. Therefore, we hope that in discussing the issue of reviewing public finances policies, we should not only review and examine the introduction of a progressive tax but also properly

examine the level of fiscal reserves that should be regarded as adequate. I so submit. Thank you, President.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): Mr Paul CHAN, you may now speak on the three amendments.

MR PAUL CHAN (in Cantonese): President, thanks to the three Honourable colleagues for proposing the amendments. Mr Ronny TONG's amendment mainly consists of three points: First, he requests reviewing the high land-price policy; and he also considers that it will already be sufficient to only maintain fiscal reserves at a level of not exceeding 15 months of government expenditure. I agree to these two points. As for the third point, in which he proposes to study relaxing the restriction that the Government's recurrent expenditure shall not exceed 20% of the GDP, I hold an open attitude towards it. Therefore, I support his amendment.

As for Mr WONG Kwok-hing's amendment, which proposes, among other things, reviewing the high land-price policy and establishing a universal retirement protection system, I am in principle supportive of these two points. Regarding the proposals to review the policies on taxation and expenditure and narrow the disparity between the rich and the poor, I also agree to these objectives. However, President, if expediting the introduction of a progressive tax system is to be used as the means to achieve these ends, I have reservation about it at this stage. Why? As a number of Honourable colleagues and I have pointed out in our remarks earlier, because the Government has accumulated \$1,000 billion in surplus, it has the capacity to do more for the poor and the weak and make long-term commitment for the long-term development of Hong Kong society — I mean social development, but not only economic development. At present, the prevailing poverty problem and grievances in society are, as I see them, mainly attributable to the fact that the Government is miserly and has failed to do its job properly.

Before various tax issues are examined comprehensively, I consider it rather imprudent to immediately expedite the introduction of a progressive tax system at this stage. President, as taxation policies and tax regimes are interrelated, we cannot isolate them and deal with them separately. For example, in introducing a progressive tax system, will we address the deficiencies of the existing tax regime at the same time? Just now, an Honourable colleague mentioned, as I did before, the arrangements of "loss carry-back" and "group loss relief", that is, the concessionary measures to allow corporate groups to offset the profits and losses of group members; and some other Honourable colleagues even mentioned doubling the tax deduction for R&D expenses. I think all these should also be considered at the same time.

On the other hand, is a progressive tax system the best and the most appropriate solution? Will one measure suffice? For example, comparing a progressive tax system with a capital gains tax, which one is more appropriate and desirable? Or should both be implemented at the same time? I think all these are very fundamental changes with far-reaching implications, and they should be examined in detail by the tax policy group proposed by me, which can then put forward an option having regard to the overall interests of the community and the internal and external environment of Hong Kong, so that society may make a decision after discussion. Therefore, I can only abstain from voting on Mr WONG Kwok-hing's amendment at this stage.

President, regarding Mr CHEUNG Kwok-che's amendment, I agree that there is a need to review the relationship between the present tax regime and the various contributory schemes because under the Mandatory Provident Fund System, for example, for contributors, deducting contributions from their income each month is actually like requiring them to pay tax. However, regarding the item on progressive tax, for the same reasons I put forward in response to Mr WONG Kwok-hing's amendment just now, I am afraid I can only abstain on it.

Thank you, President.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, I thank Members for having expressed many views on the motion on "Reviewing public finances policies". With regard to the subjects of Members' concern, I would like to reply as follows.

A number of Members mentioned Article 107 of the Basic Law, which stipulates that the Hong Kong Special Administrative Region shall follow the principle of keeping expenditure within the limits of revenues in drawing up its budget, and strive to achieve a fiscal balance, avoid deficits and keep the budget commensurate with the growth rate of its gross domestic product. We have been pursuing a public finances policy of "prudent financial management" and "committing resources where necessary". This is a proven principle of public finance management. Now I would like to provide Members with some figures: In 2010-2011, the expenditure estimate amounted to more than \$310 billion, an increase of more than \$80 billion or over 35% compared with 2007-2008.

Article 108 of the Basic Law stipulates that "The Hong Kong Special Administrative Region shall, taking the low tax policy previously pursued in Hong Kong as reference, enact laws on its own concerning types of taxes, tax rates, tax reductions, allowances and exemptions, and other matters of taxation."

Members proposed to review the taxation policies and measures. Hong Kong has all along maintained a simple tax regime with low tax rates and upheld the taxation principles of fairness and neutrality. To meet the needs of sustainable development of the community, economy and enterprises, and to enhance the competitiveness of Hong Kong, the Government has adopted an ongoing approach to reviewing the tax regime. This includes collecting views from various sectors of the community through different consultation channels in the course of preparing the Budget each year, as well as the introduction of a number of taxation measures and the adjustment of our tax regime from time to time to cope with the social development trend.

As regards the tax rates, the recently published international research on tax burden borne by enterprises and individuals shows that Hong Kong still has a considerable competitive edge in terms of the tax regime over its competitors, including Taiwan and Singapore, from the perspective of maintaining competitiveness, facilitating business operation and attracting investment.

On the major premise of prudent financial management and maintaining low tax rates, there is limited room to provide tax concessions under various headings or on a large scale. Most of the other countries or regions can offer a variety of tax concessions in direct tax because, firstly, they have on average a

higher tax rate, and secondly, a significant proportion of their tax revenue comes from indirect tax, such as sales tax. A number of countries or regions even increase their sales tax rate so as to make more room for tax reductions or concessions in direct tax.

Mr WONG Kwok-hing and Mr CHEUNG Kwok-che proposed to introduce progressive rates for profits tax. The uniform tax rate that we impose now is in line with the fair principle of "the more profits one makes, the more taxes one pays". In the tax year 2008-2009, the top 1 000 companies which paid the most tax accounted for about 67% of the total profits tax. If the proposal of progressive rates for profits tax is adopted, our sources of revenue will be further concentrated on high-profit enterprises, which is not healthy in terms of revenue stability. Furthermore, the introduction of progressive profits tax may cause companies to split their operations in order to reduce the amount of tax payable. This may render them unable to operate on the optimal and most effective scale. We will listen carefully to the public's views on whether the current profits tax regime should be changed.

During the motion debate on "Enhancing the administration of tax policy in Hong Kong" on 7 July last year, Mr Paul CHAN proposed to establish a tax policy unit. As we pointed out on that day and in the progress report submitted in September last year in respect of the motion passed, there is already a designated unit in the Treasury Branch of the Financial Services and the Treasury Bureau responsible for reviewing and formulating tax policies.

We have been adhering to the principle of "big market, small government". A "big market" can increase the share of the private sector in the economy and allow market forces to allocate our limited resources in the most efficient way for the maximum benefit of the community as a whole. A small government can prevent the public sector from acquiring excessive resources and thus reducing efficiency in the allocation and use of resources. Moreover, a "small government" can minimize regulation, thereby facilitating business operations and attracting inward investments.

While upholding these principles, we continue to deploy more resources to the policy areas of education, infrastructure and social welfare in order to enhance our overall competitiveness, improve living standards, promote social mobility

and help the public face up to social and economic changes. We have also increased spending on health services to meet public needs.

Several Members mentioned the discrepancies between the estimated and actual figures of government revenue and fiscal surplus. I would like to point out that the government accounts involve huge sums of revenue and expenditure, as well as thousands of individual items. A small difference between the estimated and actual figures under some items would result in bigger variances in the consolidated figures.

Forecasting has never been an absolutely precise science, and the gap between the forecast and the outcome is often caused by many external factors combined. Revenue estimate is the best assessment we can make based on the information available at the time we compile the Budget. However, some major revenue items of the Government, such as proceeds from land sales and stamp duties, are particularly prone to influence by economic fluctuations and external factors, making it difficult for us to make accurate forecasts.

Taking the year 2010-2011 as an example, the huge inflow of funds resulting from the global low-interest environment and the quantitative easing policy adopted by many countries has given rise to hectic trading in both the stock and property markets. As a result, the revenue from both stamp duties and land sales is higher than the original estimate.

Mr Ronny TONG and other Members have expressed their views on the level of fiscal reserves. As Hong Kong is a small-scale open economy, it is easily affected by the volatility of the global economy, and therefore the Government's major revenue items are often subject to great fluctuations. The fiscal reserves can cushion the impact caused by the year-to-year fluctuations in government revenue, so that we enjoy the flexibility to achieve fiscal balance over a period of time.

At times of economic and financial hardship, the fiscal reserves enable us to maintain or even increase public expenditure to meet the public's needs and revitalize the economy. In addition, investment with the fiscal reserves provides a substantial and relatively stable income. Otherwise, the Government may have to consider adopting other counter-measures that may not be welcomed by

the public. Besides, an adequate level of reserves can help the Exchange Fund maintain the stability of Hong Kong's monetary and financial systems.

In the long term, the fiscal reserves must be able to cope with daily needs, and provide sufficient resources to deal with unprovided liabilities and the pressure brought on government finances by fluctuations in the economic cycle, emergencies or structural changes in society.

Regarding the poverty alleviation strategy, as I mentioned in my first speech, we believe investment in education and training can enhance the quality and competitiveness of the workforce. It is also the fundamental way to address inter-generational poverty and promote social mobility.

As for employment support, the full-scale implementation of the Minimum Wage Ordinance will protect the wage level of grass-roots workers. To tie in with the implementation of the statutory minimum wage, the Labour Department will strengthen employment services for young and middle-aged people and people with disabilities.

Hong Kong has established a sound social safety net. We have the non-contributory Comprehensive Social Security Assistance (CSSA) Scheme to help families that are unable to support themselves financially meet their basic living expenses. The Government has also been offering many free and heavily subsidized services in the major areas of housing, education and healthcare for the benefit of the general public.

In light of the social and economic conditions, the Government has introduced a number of initiatives to help the public tide over economic adversities and share with them the fruits of economic development. For example, in 2008, the Government introduced a number of relief measures that benefited grassroots and low-income earners.

It has always been our policy objective to improve the quality of life of the elderly so as to provide them with a sense of security, a sense of belonging and a feeling of health and worthiness. In pursuance of this objective, Hong Kong has all along adopted the three-pillar model for retirement protection, *viz* the non-contributory social security system (including the CSSA Scheme, Old Age

Allowance and Disability Allowance). The Mandatory Provident Fund (MPF) System and the voluntary private savings were introduced 10 years ago, following in-depth and extensive discussions among various sectors of the community.

The Administration has been monitoring closely the operation of the model in the light of the changing socio-economic circumstances and will introduce changes as appropriate and necessary. A recent example is the increase in the rate of Old Age Allowance to \$1,000 with effect from January 2009. The Mandatory Provident Fund Schemes Authority will continue to review and improve the operation of MPF System.

Hong Kong, like many countries, is facing the problems of an ageing population. The Central Policy Unit is studying the sustainability of the existing retirement protection model. In exploring the way forward, the Administration will consider the findings of the study and other relevant factors such as how to ensure the sustainable development of the social security system, uphold traditional family values, maintain our overall economic competitiveness and simple tax regime, and so on.

The Government's land policy is to facilitate Hong Kong's progressive development by ensuring a steady and sufficient supply of land to meet the needs of various sectors in the community. In addition to providing housing land, the Government has also provided different industries and sectors with the land needed for their development. For example, in the past, the Government provided land to build the industrial estates and the Hong Kong Science Park to tie in with the industrial and technological development of Hong Kong. In recent years, apart from the revitalization of industrial buildings which would provide the land needed to support the development of the six priority industries identified by the Task Force on Economic Challenges, the Government has also earmarked suitable sites for the construction of private hospitals and institutions of higher education in order to promote the development of medical services and higher education in Hong Kong.

As regards the sale of land for housing and commercial purposes, the Government does not have a so-called "high land-price policy". The Government has all along disposed of land at the market price. It will neither deliberately create obstacles for land sale by asking for a staggering price nor deliberately adjust the land price downwards to boost land sales. The

developers make their bids on basis of the development potential of each site and the market conditions, but the land will be sold only if the Government's reserve price is met.

Concluding the discussion, I wish to highlight two points in particular. First, since the public resources are valuable and limited, we need to determine priorities for the utilization of resources, and come up with matching policies. The Government's policies are interrelated and carry extensive implications. We are duty-bound to formulate sustainable policies which take care of and balance all the needs of different sectors. Second, each policy should be determined in the light of the latest circumstances. We will conduct reviews from time to time. The Financial Secretary will publish next year's Budget on 23 February, one month from now. As regards the many recommendations made by Members, we will continue to undertake further consideration with the relevant Policy Bureaux and departments.

Lastly, I thank Mr Paul CHAN and other Members again for their valuable input.

President, I so submit. Thank you.

PRESIDENT (in Cantonese): Mr WONG Kwok-hing, you may now move your amendment.

MR WONG KWOK-HING (in Cantonese): President, I move that Mr Paul CHAN's motion be amended.

Mr WONG Kwok-hing moved the following amendment: (Translation)

"To add ", as" after "That"; to add "causing the poverty population to continue to grow substantially and" after "benefits,"; to add "as well as the rich getting richer," after "the poor getting poorer"; to add "intensifying" after "created"; to add ": (a)" after "this Council urges the Government"; to delete "and measures on taxation," after "Hong Kong's policies" and substitute with "on taxation and expenditure, such as expediting the introduction of a progressive tax system, so that while the problem of

narrow tax base can be ameliorated, the wealth of Hong Kong can also be reasonably and evenly redistributed, thereby narrowing the disparity between the rich and the poor in the society; (b) to review Hong Kong's policies and measures on"; to add "including the establishment of a universal retirement protection system, so as to lessen the drastic increases in the Government's welfare expenditure caused by the ageing population in the future; (c)" after "public finances,"; and to delete ", and" after "set an appropriate level of fiscal reserves" and substitute with "; (d) to review Hong Kong's high land-price policy, so as to reverse the Government's over-reliance on land auctions as the main revenue source, thus preventing exorbitant land prices and rents from hindering Hong Kong's industrial and commercial development and the development of individual industries; and (e)".

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr WONG Kwok-hing to Mr Paul CHAN's motion, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr Paul CHAN rose to claim a division.

PRESIDENT (in Cantonese): Mr Paul CHAN 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:

Dr Margaret NG, Mr CHEUNG Man-kwong, Ms LI Fung-ying, Dr Joseph LEE, Mr CHEUNG Kwok-che, Mr IP Wai-ming, Mr IP Kwok-him and Dr PAN Pey-chyou voted for the amendment.

Dr Raymond HO, Mr LAU Wong-fat, Ms Miriam LAU, Mr Tommy CHEUNG, Mr Jeffrey LAM and Mr Andrew LEUNG voted against the amendment.

Mr Paul CHAN, Mr CHAN Kin-por, Dr LEUNG Ka-lau and Dr Samson TAM abstained.

Geographical Constituencies:

Mr Albert HO, Mr Fred LI, Mr James TO, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr Andrew CHENG, Mr TAM Yiu-chung, Mr Frederick FUNG, Ms Audrey EU, Mr WONG Kwok-hing, Mr LEE Wing-tat, Mr CHEUNG Hok-ming, Mr Ronny TONG, Ms Cyd HO, Ms Starry LEE, Mr CHAN Hak-kan, Mr WONG Sing-chi, Mr WONG Kwok-kin, Mr Alan LEONG, Miss Tanya CHAN and Mr WONG Yuk-man voted for the amendment.

Dr Priscilla LEUNG voted against the amendment.

Mr LAU Kong-wah abstained.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 18 were present, eight were in favour of the amendment, six against it and four abstained; while among the Members returned by geographical constituencies through direct elections, 24 were present, 21 were in favour of the amendment, one against it and one 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 "Reviewing public finances policies" 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 "Reviewing public finances policies" or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

PRESIDENT (in Cantonese): Mr CHEUNG Kwok-che, you may move your amendment.

MR CHEUNG KWOK-CHE (in Cantonese): President, I move that Mr Paul CHAN's motion be amended.

Mr CHEUNG Kwok-che moved the following amendment: (Translation)

"To add ", given that" after "That"; to add "tax regime, and especially in respect of profits tax, to consider computing the tax based on a progressive rate with a view to achieving a fairer distribution of social wealth, while at the same time reviewing the relationship between the present tax regime and the various contributory schemes, including the Mandatory Provident Fund schemes and the health insurance schemes currently under consultation, and considering counting the contributions concerned as tax already paid; moreover, this Council also hopes that the Government will review the" after "review of Hong Kong's"; to delete "taxation," after "and measures on"; to delete "to clearly set" after "public finances," and substitute with "including clearly setting"; and to delete "to set" after "fiscal reserves, and" and substitute with "setting"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr CHEUNG Kwok-che to Mr Paul CHAN's motion, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr Paul CHAN rose to claim a division.

PRESIDENT (in Cantonese): Mr Paul CHAN 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, Mr CHEUNG Man-kwong, Ms LI Fung-ying, Dr Joseph LEE, Mr CHEUNG Kwok-che, Mr IP Wai-ming, Mr IP Kwok-him and Dr PAN Pey-chyou voted for the amendment.

Dr Raymond HO, Mr LAU Wong-fat, Ms Miriam LAU, Mr Tommy CHEUNG, Mr Jeffrey LAM and Mr Andrew LEUNG voted against the amendment.

Mr Paul CHAN, Mr CHAN Kin-por, Dr LEUNG Ka-lau and Dr Samson TAM abstained.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Fred LI, Mr James TO, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr Andrew CHENG, Mr TAM Yiu-chung, Mr Frederick FUNG, Ms Audrey EU, Mr WONG Kwok-hing, Mr LEE Wing-tat, Mr CHEUNG Hok-ming, Mr Ronny TONG, Ms Cyd HO, Ms Starry LEE, Mr CHAN Hak-kan, Mr WONG Sing-chi, Mr WONG Kwok-kin, Mr Alan LEONG, Miss Tanya CHAN and Mr WONG Yuk-man voted for the amendment.

Dr Priscilla LEUNG voted against the amendment.

Mr LAU Kong-wah abstained.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that among the Members returned by functional constituencies, 18 were present, eight were in favour of the amendment, six against it and four abstained; while among the Members returned by geographical constituencies through direct elections, 25 were present, 22 were in favour of the amendment, one against it and one 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 negated.

PRESIDENT (in Cantonese): Mr Ronny TONG, you may move your amendment.

MR RONNY TONG (in Cantonese): President, I move that Mr Paul CHAN's motion be amended.

Mr Ronny TONG moved the following amendment: (Translation)

"To add "the existing high land-price policy as well as" after "review of"; and to delete "set an appropriate level of fiscal reserves" after "clearly"

and substitute with "specify that generally, it will already be sufficient to only maintain fiscal reserves at a level of not exceeding 15 months of government expenditure, to study relaxing the restriction that the Government's recurrent expenditure shall not exceed 20% of the Gross Domestic Product"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment, moved by Mr Ronny TONG to Mr Paul CHAN's motion, be passed.

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

(Members raised their hands)

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

(Members raised their hands)

Mr Andrew LEUNG rose to claim a division.

PRESIDENT (in Cantonese): Mr Andrew LEUNG 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, Mr CHEUNG Man-kwong, Ms Miriam LAU, Ms LI Fung-ying, Mr Tommy CHEUNG, Dr Joseph LEE, Mr Paul CHAN, Mr CHAN Kin-por, Dr LEUNG Ka-lau, Mr CHEUNG Kwok-che and Dr Samson TAM voted for the amendment.

Dr Raymond HO voted against the amendment.

Mr LAU Wong-fat, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr IP Wai-ming, Mr IP Kwok-him and Dr PAN Pey-chyou abstained.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Fred LI, Mr James TO, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr Andrew CHENG, Mr Frederick FUNG, Ms Audrey EU, Mr LEE Wing-tat, Mr Ronny TONG, Ms Cyd HO, Mr WONG Sing-chi, Mr Alan LEONG, Miss Tanya CHAN and Mr WONG Yuk-man voted for the amendment.

Dr Priscilla LEUNG voted against the amendment.

Mr LAU Kong-wah, Mr TAM Yiu-chung, Mr WONG Kwok-hing, Mr CHEUNG Hok-ming, Ms Starry LEE, Mr CHAN Hak-kan 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, 18 were present, 11 were in favour of the amendment, one against it and six abstained; while among the Members returned by geographical

constituencies through direct elections, 25 were present, 16 were in favour of the amendment, one against it and seven abstained. Since the question was agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was passed.

PRESIDENT (in Cantonese): Mr Paul CHAN, you may now reply and you have 53 seconds.

MR PAUL CHAN (in Cantonese): President, just now the Secretary said there is a tax policy unit under the Financial Services and the Treasury Bureau. However, when I asked him to give an account of the work of that unit in relation to section 39E of the Inland Revenue Ordinance (section 39E) in my written question on 15 December, he evaded the question and did not give any answer. President, I now request the Secretary to give a clear written account later of the composition of that unit, the qualifications and experience of its members, the studies conducted, the reports released and the recommendations and options proposed in the past 10 years, and why they were not made available to us at all. Regarding the question raised by me on 15 December on section 39E, will he please go back and provide information clearly setting out the workflow of that unit and give us a detailed account of it? I urge Members to support my motion. *(Laughter)*

Thank you, President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr Paul CHAN, as amended by Mr Ronny TONG, 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: Improving primary health care.

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

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

IMPROVING PRIMARY HEALTH CARE

MR LEE WING-TAT (in Cantonese): President, I move this motion in accordance with the Rules of Procedures. First of all, I am very grateful to the eight Honourable colleagues for proposing the amendments. The fact that there are so many amendments to the motion has made me feel optimistic because it shows that Members are very much concerned about this issue.

First of all, President, you know that I am not well versed in this policy area. In the past, I usually spoke on issues relating to land, housing, THE ICON, 39 Conduit Road, and so on. This year, however, Mr Albert HO is the Democratic Party's spokesman on health policy, Mr CHEUNG Man-kwong is responsible for another subject area, and I am the spokesman on the development of primary care.

Why do I like this subject? Because from our experience, this subject has been attracting less and less attention. On a couple of occasions, we met and discussed this subject with a group of private medical doctors and medical doctors serving in public hospitals under the Hospital Authority (HA). When I asked them whether they considered the proportion of funding allocation for primary care adequate in the overall funding allocation for healthcare services in Hong Kong, almost all of them answered in the negative.

I made a bold move the other day by ringing up Prof LAM Tai-hing of the University of Hong Kong. He was once engaged in studies on smoking, and we know him rather well. When I asked him the same question, he said it was inadequate. Then, I asked him what level, in terms of the proportion in Hong Kong's public healthcare expenditure or Gross Domestic Product (GDP), should be regarded as adequate. He said the person who has studied this issue most extensively has been recruited by the Government. This person is Gabriel, that is, the deputy to the Secretary. He has conducted studies on the overall resources and development of primary care most extensively. However, as he is now the deputy to the Secretary, he certainly would not help me, and I could only take up this study myself.

Generally speaking, we find that the current healthcare expenditure is about \$37 billion. To be more generous in computation, about 10% is used on primary care. However, colleagues responsible for research on this said the proportion was actually only 6% to 7% at the lowest. Even assuming that it is 10%, the expenditure on this aspect is around \$4 billion. From various perspectives, we consider this amount inadequate. I will elaborate this later on.

First, why did we ask this question? President, on that occasion I mentioned just now, apart from asking the doctors whether the relevant funding allocation was adequate, we also asked them another question, which was if the Government were to spend an additional \$1, only \$1 more, what should it be spent on? Is it more desirable to spend that \$1 on hospitals or primary care? Certainly, it is a rather extreme case. Secretary, the premise is we have to put resources to more effective use. On this premise, what should the money be spent on? More doctors consider it better to spend the money on primary care because it is preventive in nature, and it can promote the health of individuals and help reduce or delay the demand for in-patient services or even alleviate the ever-increasing demand for hospital beds.

As we all know, the existing cost of hospital beds is exorbitant. In the past, I did not know this policy area very well. I remember hearing the Secretary or the previous Secretary say about a few years ago that the cost of a hospital bed day was about \$2,000, but the cost is about \$3,500 now. I once asked some doctors from private hospitals and public hospitals about this. They said: Mr LEE, without much computation, there is bound to be a double-digit increase in cost each year, that is, at least 10%. Just do some computations and

we will know that the cost of a hospital bed will double in six to seven or seven to eight years' time. This is indeed a most staggering figure, and this staggering figure is not made up by us, but stated in healthcare reports.

Therefore, President, our assumption is that if there is improvement in the health, living and diet of individuals, the number of hospital admissions and the length of stay can be reduced. From a certain point of view, even the overall healthcare expenditure can be reduced. That is why we are so concerned.

Second, President, I wish to put forth a viewpoint. If this aspect is considered to be so important, why in our opinion has the Government carried out the relevant work in such a slow pace over these years? We are not saying that the Government has done nothing at all. The Government has set up Elderly Health Centres and Women Health Centres. However, we notice that there is a registration requirement for joining Elderly Health Centres in Hong Kong, which can almost be regarded as a membership requirement. At present, only about 5% to 6% of eligible elderly people have joined these so-called elderly health clubs. In the past, they could become members after waiting for about three months, but now they have to wait for 24 months. I do not know whether the Secretary is aware of this situation. Objectively speaking, the elderly are discouraged from becoming members of these elderly health clubs because they will be entitled to medical check-up services once they become members. In a way, there is an upside to it.

As for Women Health Centres, there are now only three such centres. Actually, however, for many gynaecological diseases, such as cervical cancer or breast cancer, which are the most common ones, early check-ups will enable early prevention. Therefore, we very much hope the Government will evaluate whether it can allocate more resources to preventive care, so that the provision of less hospitals or hospital beds will be required ultimately, or the relevant expenditure can even be reduced. Frankly, President, not many people in Hong Kong are engaged in studies on this area, and the most outstanding person in this field has already become the deputy to the Secretary. Therefore, I hope the Secretary will provide some information for our reference or tell us whether the Government has conducted any study on this area in his response later.

Third, President, if we believe that improving the health of individuals and promoting changes in the living and eating habits of individuals is the first line of

defence in relation to the health of individuals and society as a whole, should we attach greater importance to them? President, what exactly is our concern? Our concern is how the healthcare policy is formulated. We think that — I hope this feeling is wrong — actually the healthcare policy is led by specialist doctors. The Secretary is a specialist, and many other specialists are involved in the formulation work. They tend to devote more efforts to specialist care and hospital development. However, as they do not belong to other specialist groups, such as Chinese medical practitioners, they will accord a lower priority to the development of Chinese medicine; or as they are not primary care doctors or family doctors, they will also accord a lower priority to these areas.

When will a person realize that he has to pay attention to his health? I have asked many of my friends this question. Most of them said it was not until they had to be hospitalized for a major ailment for the first time that they realized they had to pay attention to their health. For example, some people will always go for beef brisket noodles or ox offal noodles when they want to have a bowl of noodles, but they could have ordered fish ball noodles instead. Fish balls are better because they are made with white meat, while ox offals are offals, which are not really that good. So, people would not realize that having ox offal noodles every day would cause problems until they had to be hospitalized for treatment of a major ailment. Although I am not as extreme as some people who would only encourage a vegetarian diet, I recommend people taking fish ball noodles or chicken noodles instead.

Now, we know we should not eat certain food, such as the skin of chicken. However, some people are really big fans of it. In particular, the Chairman of the HA said he would sometimes have salted fish with red wine. President, have you ever heard Chairman of the HA Anthony Wu saying something like that? That day, I really wanted to write to him to give him a good scolding and tell him not to say that again. Although having salted fish with red wine (*Laughter*) is most creative, it is actually not healthy. Being the Chairman of the HA, he should not have said anything like that. Secretary, will you please advise him not to do so? Yet, the Secretary has developed some habits which I like very much. Once, I asked the Secretary why he was so full of energy, and he said he would play squash with his friends when he had the time. We should say more of something like that.

President, I would try to do running twice a week no matter how hard I feel, but I have been a bit lazy recently and have thus gained 4 lbs. Therefore, I

did not have any meat for lunch today. I have to go vegetarian for a few meals to get back to about 135 lbs. Over these five years, I have been working out and keeping my weight within the range of 135 lbs to 140 lbs, and I have seldom gone beyond this range. I enjoy eating, but I will not allow my weight to go beyond 140 lbs. Actually, there are many habits which should be promoted. For example, the Secretary's habit should be promoted. As for Chairman Anthony WU's habit, we have to tell the public not to follow his example. If we can do so, the health of all the people in society will be improved.

Fourth, President, our entire healthcare team should not only rely on doctors. We know the HA has introduced some reforms. Once, some nurses told us that there were already improvement in the HA. In community care, for example, after patients have been discharged from hospital, some nurses will visit them at home so that they will not fall back on their bad habits and become "fatties" again, and then take strong weight loss medication and be admitted to hospital once more, which does not work. The HA will assign staff to follow up the cases and talk to the discharged patients and provide counselling services to them so that they will have support in the community. Secretary, I cannot say that no effort has been made on such work, but we know the effort is inadequate. We need more of such teamwork so that funding will not spill over to community health support only after patients have been discharged from hospitals. In other words, we should not only carry out this work when there are spare funds. I hope we can change this concept.

Secretary, I have a radical proposal. If you can get some new funding — we have to continue to use some old funding every year — if the Secretary receives new funding, I hope he will give consideration to according a higher priority to primary care. The Democratic Party did give the Secretary some help in this regard. When we met with the Financial Secretary, we raised a proposal with him. At present, Elderly Health Centres provide the elderly people with some simple medical check-up services, such as measuring blood pressure, conducting tests for diabetes and finding out whether their cholesterol level is on the high side. When I discussed with Prof K C CHAN, I said if Hong Kong people could take a medical check-up when they are about 50 years old he said it is actually not good for people not to take any medical check-up until they are 65 because their diseases may have already become very serious by then. If we encourage the public to undergo a simple medical check-up when they are about 50 years old to find out whether they have high blood pressure or diabetes

and whether their cholesterol level is on the high side, they may generally be able to find out if they have any serious diseases. Besides, after undergoing a medical check-up, some people may realize that they have health problems, and thus should refrain from eating too much meat and skipping fruits after meals or having salted fish with red wine. We should make them realize that they have to take care of their own health. Otherwise, it will be very dangerous if they learn about their health problems only when they have to be admitted to hospitals. Therefore, we put forth this proposal.

Certainly, President, if we are to offer a free medical check-up for all males and females between 50 and 55 years of age across the territory, I am not sure whether the existing system can cope with it. However, I think it is a good idea if we can do so in phases or just provide some subsidies. President, it is not at all early to have a medical check-up at the age of 50. Frankly, many health problems will emerge when people reach the age of 50. If we can make people aware at an early date that they should not eat or drink excessively, have too much meat or disregard their health, they will then develop the so-called health consciousness.

President, I have proposed this motion in the hope that the Secretary will listen to Honourable colleagues' views, so that more emphasis can be put on this subject when new funding is available in the future.

Thank you, President.

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

"That the World Health Organization affirms in the Declaration of Alma-Ata on primary health care published in 1978 that the definition of health is not merely about the absence of diseases, but also refers to the state of complete physical, mental and social well-being, and primary health care seeks to attain the target of health for all; however, the health care system in Hong Kong at present is still based mainly on disease treatment and prevention, with a serious shortage of resources for primary health care work, and primary health care work is mainly confined to primary medical care, thereby failing to attain the target of promoting health for all; in this connection, this Council urges the Government to take measures to give effect to the Declaration of Alma-Ata, including:

- (a) to comprehensively improve primary health care and allocate additional resources for primary health care;
- (b) to set up a fund for promoting primary health care reform;
- (c) to formulate a co-ordination mechanism to facilitate full co-operation between relevant government departments and local organizations in making improvements in areas such as labour, education, housing, public facilities and food safety, etc., so as to promote public health;
- (d) focusing on various areas of health, to set 'Healthy People 10-year Indicators' and formulate work plans for individual health indicators;
- (e) to promote a campaign on healthy community and, through community organizations and government departments, mobilize community members to take part in planning and improving primary medical care in their communities, and fully utilize community resources to promote residents' health; and
- (f) having regard to the health problems and needs of different population groups, such as elderly persons, women, men, working people, youth and children, to devise various strategies and services and increase resources allocation, with a view to enhancing health education and services for disease prevention and control."

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

PRESIDENT (in Cantonese): Dr Joseph LEE, Mr CHAN Hak-kan, Dr PAN Pey-chyou, Ms Miriam LAU, Mr Alan LEONG, Mr CHAN Kin-por and Dr LEUNG Ka-lau will move amendments to this motion; and Mr WONG Kwok-hing will move an amendment to Mr Alan LEONG's amendment. This Council will now proceed to a joint debate on the motion and the amendments.

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

DR JOSEPH LEE (in Cantonese): President, I would like to thank Mr LEE Wing-tat for proposing such an interesting motion debate today. Why is it interesting? Because the speech delivered by Mr LEE Wing-tat just now represents only a part of his motion, that is, the second tier.

The primary health we are talking about is yet another concept. Mr LEE Wing-tat has mentioned only some of its components, namely screening and check-ups. It is certainly a good thing if every Hong Kong citizen aged 50 to 55 can have a chance to receive health check-ups at the public hospitals under the purview of the Secretary. However, this is the second tier, or screening, as we call it. The third tier is treatment, and the first tier comprises basic health promotion and disease prevention.

Let me spend a little time explaining what primary healthcare means. The Declaration of Alma-Ata (the Declaration) mentioned in Mr LEE Wing-tat's motion, proposed somewhere in the former USSR 33 years ago in 1978, highlighted three major pillars with a view to achieving primary healthcare, namely equity, participation in person-centred healthcare, and co-operation among various sectors. Only with these three pillars can primary healthcare be achieved.

Let us examine these issues: Do the health policies spearheaded by the Secretary comply with these three spirits? What should be done if the three key spirits in provision of primary healthcare as outlined in the Declaration are to be achieved in concrete terms? According to the World Health Organization (WHO), the following tasks have to be undertaken: First, to provide nationwide or territory-wide health education; second, to bring infectious diseases under control; third, to adopt effective vaccines for small children; fourth, to attach equal importance to the health of both babies and pregnant women; fifth, to use effective drugs to control diseases; sixth, to attach great importance to nutrition — Are we overeating? Is a diet of red wine with salted fish nutritious? I have no idea. Have Members found any problems after trying this diet? I have no idea, either. Certainly, the USSR must not have tried this diet back in 1978. Furthermore, clean sources of water as well as sanitary and sewage

facilities are also equally important. The last point is disease treatment. All these requirements are vital to the provision of proper and comprehensive primary healthcare.

While the second tier now mentioned by Mr LEE Wing-tat is called "screening", which concerns health promotion and disease prevention, the third tier is treatment. In retrospect, the WHO indicated three years ago in 2008, that is, 30 years after the publication of the abovementioned report by the WHO, that despite a lapse of three decades, most countries (developed countries) are still unable to achieve the primary healthcare it mentioned in 1978. Why? Because most countries are still focused on treatment. This is precisely the point made by Mr LEE Wing-tat, that primary reliance is placed on specialist treatment, especially in places such as Hong Kong. In other words, most resources are injected into the third tier, and nothing is done at the second tier, not to mention the first tier into which resources are rarely injected. This represents the view put forward in the health report published by the WHO in 2008, not ours. Given that the care provided in so many countries is not primary healthcare, what should it be called? According to the WHO, the primary health care provided in these countries is selective. To be exact, it should be called primary medical care, as mentioned in Hong Kong primary medical care strategy outlined in the consultation documents issued by the Secretary in 2008 and 2010 respectively. As pointed out by the WHO, the care provided is by no means primary healthcare. It is selective in the sense that it is confined to treatment, that is, the third tier. Such a difference is extremely important, as the focus is on treatment rather than health promotion.

I am very grateful to Mr LEE Wing-tat for proposing this motion debate, but I still hope that he will bring out this question: Should Hong Kong's overall health policies be based on treatment any longer, though treatment is not unimportant? We hope the Secretary can understand, after this motion debate, that we should not go back to the issue of promoting selective primary healthcare, the issue being commented by the WHO. In fact, we should promote comprehensive primary healthcare.

There are obvious deviations in the Government's current policies, particularly the concept raised by the Secretary a while ago concerning family doctors. According to this concept of family doctors, the concept of specialists and specialist treatment is put at the primary tier. When people feel unwell, they

just go to see a doctor, who is expected to give them with the answers. The remarks made by doctors, such as a diet of red wine with salted fish is acceptable and will not cause any problems, as people ought not be afraid of enjoying red wine as it can be counteracted by cholesterol, and so on. All of these have absolutely nothing to do with primary health. What do we mean by healthy living? This is put forward by the WHO, not by us. Healthy living does not simply mean being free from diseases. Even people with disabilities and the chronically ill should be able to lead a healthy life with absolutely no problems.

In fact, healthy living means participating in normal social activities and that one can take absolute care of oneself in his daily life, display normal mental and emotional conditions, and feel spiritual satisfaction. This is what healthy living means. If people in Hong Kong can achieve all this, they are leading a healthy life. To promote healthy living is an important component in primary healthcare, which is extremely important indeed.

I believe small children including toddlers and infants, grown-ups, teenagers and the elderly have different health needs. For instance, I believe obesity is the most troublesome problem for small children in Hong Kong because they feel unwell due to constant eating. They are not sick, only that they do not feel well. What should they do as they feel unwell? Is there anyone providing them guidance on how to handle their problem of feeling unwell? I know that guidance is provided by the Department of Health (DH). However, with its scarce resources, the DH is just a drop in the ocean. How can it deliver? This is a serious problem.

Nowadays, drug abuse among teenagers has become a very serious problem. However, I find it interesting that drug abuse is monitored by the Security Bureau, not by the Secretary. Will drug abuse affect health? This is what we learn from the television: "Do not take drugs. After taking drugs, vision will become blurred as if the eyes will pop out". All this is related to health. Young people have health needs. But is there anyone to take care of them? Are there resources available in the community to take care of them? Obviously, the answers are in the negative.

As for grown-ups, their great concern nowadays is work pressure. Although the Secretary has indicated that he will deal with this issue, how many resources can he provide? Obviously, the resources provided by him are

inadequate. Another issue is emotional problems. Enormous work pressure will lead to emotional problems, family problems, and so on. These are the problems faced by grown-ups. However, has the Government provided resources on this front? Has the DH dealt with this issue? What department will deal with it? Will it be dealt with by another department? According to the WHO, different sectors should co-operate in dealing with it. Have inter-departmental efforts been made in dealing with it? Obviously, the answers are in the negative.

As for the elderly, are they enjoying a normal social life? Are they "hidden elderly"? Even the Secretary will agree that the policy of enabling the elderly to access dental services is good. We must bear in mind that not eating properly is no longer a problem if many elderly persons can now access dental services. The authorities should put their words into action by making a little effort this time around. The elderly do need such care.

The examples cited by me just now illustrate that different sectors have different health needs, which do not necessarily imply falling ill. It is extremely important for the Government to inject resources into this area. Just now, Mr LEE Wing-tat rightly pointed out that the Government had injected a mere 10% to 15% of its resources into the promotion of primary health. The DH is responsible for undertaking work in this area, though the effort made is quite limited. Instead, most of the resources are allocated to treatment. Is it adequate to do so? The answer is obviously in the negative. What is more, our existing healthcare teams comprise not only doctors, but also nurses and other allied health professionals. During training, 50% of the time was spent on teaching them how to publicize healthy living, prevent diseases and promote health in the community. However, the authorities have failed to capitalize on the training they have received in this area. Instead, they have all been assigned to work in hospitals to assist in treatment. As a result, the talents have been wasted. If the Secretary is really determined to promote healthcare rather than medical care in the community, he should fully utilize the manpower.

How best can the manpower be utilized? Firstly, it is most important that, apart from making proper estimates on the training of manpower, efforts must be made to avoid confining the manpower to hospitals. The trained manpower must truly be given the opportunity to perform their functions in the community to undertake such work as health promotion, health education, and so on, to make

our city healthier. It is very important to note that people belonging to different age groups have health needs, or else we may not be able to deliver primary healthcare services.

In addition, not only should the Secretary promote primary healthcare, other Policy Bureaux may also need to help promote it. Co-operation among various sectors is also extremely important. Of course, when it comes to communication between the public and private sectors, we are not only talking about the medical component of the medical systems in the public and private sectors. There should also be co-operation among different parts of the community or hospitals on various fronts for the promotion of primary health and health in the second tier, namely checkups, screening and health promotion. Only in doing so can we accomplish our task. Certainly, we have to visit the community to find out its needs in the provision of services. For instance, we think that the elderly dental service mentioned by the Secretary this time around is excellent, for the Secretary has allowed the elderly access to such service after seeing their needs in this area.

Through the participation of people from different districts and age groups, we can find out the needs of different age groups so that we can truly help them and do our work better. For instance, we might find community nurses, community doctors, community dieticians, school dieticians, and so on, in the urban areas. These professionals can assist the schools by at least reducing the occurrence of obesity among schoolchildren. Obese schoolchildren actually need not consult a doctor; they just need to seek guidance from dieticians and psychologists.

Hence, my amendment mainly seeks to convey our hope to the Government that in such areas as making estimates, human resources training and participation by various districts, it should be able to put into effect the spirit of primary healthcare, as mentioned by us just now, rather than adopting some selective medical care to replace the Declaration made by the WHO in 1978. Thank you, President.

MR CHAN HAK-KAN (in Cantonese): President, in the past, longevity was equated with good health. Today, however, "health" has taken on a most extensive definition. Besides physical health, we also emphasize psychological

and mental health. With the development in the living patterns of human beings, personal health management has gradually developed into a mode focusing mainly on "prevention" and "treatment", while "disease prevention" and "health promotion" have been advocated by the WHO long since.

In my personal opinion, health is not only confined to the medical and health policy area. Other social policies are also closely associated with our health. President, let me cite an example, the impact of which we can feel frequently. Air quality and food safety in Hong Kong, though directly affecting public health, are not under the ambit of Secretary Dr York CHOW.

Although the community and the public at large have recently come to realize the impact of public policies on public health, there is little mention of the need for the Government to assess the impact of the relevant policies on public health and whether certain mechanisms have been put in place to harmonize and co-ordinate government departments in the course of policy formulation. In the long run, I think that, in the course of formulating public policies in future, it is imperative for the Government to consider the impact of the relevant policies on public health and conduct assessments accordingly, just as environmental impact assessments must be conducted when any works projects are to be undertaken. Under the existing system, the best and most cost-effective way to improve overall public health is to develop primary medical care. President, my amendment is focused mainly on discussing ways to improve primary medical care and proposing concrete measures to improve public health. This has all along been the position of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB).

President, over the past decade or so, the Government has introduced a number of reports on improving healthcare financing, and as a result, the community has begun engaging in serious discussions on ways to rebuild the medical care system in Hong Kong, including, among other things, conducting appropriate reviews of the work structure. I consider this a right direction for discussion. Being at the front line where members of the public come into contact with medical care, primary medical care covers a very extensive scope which includes health promotion, prevention of acute and chronic diseases, health risks evaluations, disease detection, treatment and care for acute and chronic diseases, support for self-management of patients, and the provision of support and palliative care for people with disabilities and the terminally ill. As

different people require different primary medical care, the modes of delivery should be diversified, too. We can observe from some overseas experience that in some countries, family doctors act as goalkeepers in playing their role as co-ordinators. In some other places, however, medical teams provide comprehensive care for patients.

In my opinion, public primary medical care in Hong Kong has a relatively high capacity in co-ordination, integration and organization. Through the provision of team services, we can provide patient-centred one-stop services. The Government has currently planned to set up a one-stop primary medical care centre in Tin Shui Wai. I consider it the first correct step taken by the Government. I hope it can further capitalize on the public out-patient clinics in various districts by altering and upgrading their functions, with a view to developing them into community medical care centres.

As for medical care in the private sector, the mode adopted by private family doctors can serve as reference as well. However, the Primary Care Directory recently drawn up by the Government covers Western medicine practitioners and dentists only while Chinese medicine practitioners (CMPs) and other healthcare professionals are not included. We can see that many members of the public fallen ill will actually consult CMPs and approve of their medical philosophy. Therefore, the Government can absolutely not disregard the contribution made by CMPs in primary medical care. It is imperative for the Government to expedite the inclusion of CMPs and other healthcare professionals in the Directory to perfect the entire primary medical care system, so as to make it more convenient for members of the public to access suitable medical care.

President, although the medical services currently provided in the private sector are scattered, it does not imply the provision of team services is impossible. The key lies in how mutual referrals can be made in the medical profession. At present, medical referrals are confined mainly to Western medicine practitioners. CMPs and other allied health professionals have very limited authority in making referrals. For instance, CMPs cannot even make referrals for X-ray examinations. Hence, we can see that the medical care profession has failed to perform its functions in terms of connectivity, mutual integration, complementarity and mutual support. It is necessary for the Government to consider the authority of making mutual referrals among the professionals for the purpose of matching the development of community-based team services.

President, in my amendment, I emphasize in particular the need for improving public primary medical care because, in a review conducted in a report published by the WHO in 2008 of the development of primary medical care during the three decades after the publication of the Declaration of Alma-Ata, four major core principles were mentioned. In the development of the medical and health system, it is most important to develop universal healthcare protection to ensure that everyone can access medical care under a fair and highly efficient system.

President, undeniably, public medical care in Hong Kong is relatively comprehensive and inexpensive. But the biggest problem confronting the public medical system is inadequate supply and the worsening waiting situation. In particular, the impact on the elderly, the socially disadvantaged and people who cannot afford private medical care is enormous. Therefore, in order to achieve the WHO's goal of providing universal healthcare protection, not only should the Government improve the modes of delivery of public primary medical care. More importantly, the Government must provide adequate resources to ensure improvements in terms of both quality and quantity to cope with the public's basic needs for medical care.

Lastly, President, on behalf of the DAB, I would like to express some of our views on the various amendments. We support the original motion and the amendments proposed by Dr Joseph LEE, Dr PAN Pey-chyou, Ms Miriam LAU, Mr CHAN Kin-por and Mr Alan LEONG. However, we consider that there is some overlapping between the mental health council, proposed to be set up in Mr Alan LEONG's amendment, with the existing mechanism. Moreover, the Secretary is currently leading an inter-departmental working group to fully review the existing mental health services and policies. Therefore, we have reservations about Mr LEONG's proposal on setting up an additional mental health council. Hence, we will abstain from voting on his amendment.

President, I so submit.

DR PAN PEY-CHYOU (in Cantonese): President, I am very grateful to Mr LEE Wing-tat for proposing such a healthy topic today. With environmental and climate changes and constant damage to nature and ecology, human health is actually subject to different kinds of threat. Technological development has

changed our way of life, too. While some of these changes bring positive impacts on our health, some bring negative impacts. Furthermore, with the life expectancy of human beings getting increasingly long, such issues as how to enhance the health of the elderly, improve their quality of life and reduce the medical expenditure of society as a whole have become increasingly important.

Jointly signed in 1978 by more than 100 countries around the world, the Declaration of Alma-Ata was a key document in global health history. According to the advocacy of the Declaration, human health is a state of complete well-being. In addition to physical well-being, spiritual and mental well-being is also very important.

The absence of diseases does not imply complete health. There is a ladder between healthy conditions and diseases. We have all experienced physical and mental exhaustion and lacking interest in everything. Over-nutrition, though not considered a disease, may damage health and cause diseases in the long term. In fact, a person feeling unhappy, overstressed or inferior can already be treated as in an unhealthy condition.

Hong Kong is an affluent and advanced society. The Government has predicted a fiscal surplus of \$80 billion this year, which is an enormous figure. In my opinion, our society has sufficient money to inject more resources into enhancing the physical and mental health of the people.

In recent years, the Government has been advocating the enhancement of primary healthcare in connection with healthcare reform. Like building a protective barrier to reduce medical expenditure in the long run, the Government is heading in the right direction. Nevertheless, the primary medical care currently provided by the Government is still focused on disease treatment, as pointed out by Dr Joseph LEE just now. Except for maternal and child health centres and Elderly Health Centres set up in various districts, which are really engaging in health enhancement, all the general out-patient clinics provided by the Government in various districts are focused on disease treatment, not to mention the specialist out-patient clinics managed by the Hospital Authority as well as hospitals. The injection of resources in Hong Kong can be described as an inverted pyramid, with the most resources concentrated at the very tip to provide services which are most specialized. However, primary healthcare, which seeks to enhance public health, is not given more resources.

The Government should focus on enhancing public health as this is truly the first line of defence. With enhancement in public health, disease incidence will be reduced. Only in this way can the medical expenditure of society overall be reduced substantially.

A consensus in society is vital to promoting primary healthcare. The Government will end in failure if only its high-level experts shout at the top of their voices in the absence of public participation. Should the Government want members of the public to pay more attention to their own health, it should encourage greater public participation through the forging of a consensus. With the participation of more stakeholders, they can then engage in debates on their needs, things considered unhealthy in society, our way of thinking in such aspects as immunization, nutrition, exercise and living and eating habits, our ways of handling problems and coping with stress, our working environment, factors causing unhealthy conditions, and what we can do to improve our health conditions. In my opinion, we need to conduct a territory-wide debate on all these issues. After discussions and studies on these issues, we may then forge a consensus and determine what we need to do and in what sphere we need to upgrade our health conditions. Only a major direction and policy formulated in this way are full of energy and vitality, and only in this way can public participation be ensured. Hence, the first point put forward by us is to forge a consensus and promote territory-wide participation.

Our second point is to establish a database. Accurate data are crucial to undertaking primary medical care or healthcare work properly. However, the performance of the Government is disappointing when it comes to data. For instance, I recently requested the Government to provide some figures on the number of people suffering from dementia in Hong Kong, but it failed to provide me with the same. Data are extremely important. We must have correct, accurate and up-to-date figures before we can analyse the current situation to determine what needs to be done in disease prevention and health enhancement.

The database I have proposed to establish can tell us the health conditions of people in different groups and districts, such as the average weight, blood pressure and mental health quality of the people in a certain group. Only with these data can the Government formulate more effective strategies to promote primary healthcare.

Just now, a colleague mentioned the problem of obesity among schoolchildren. What are the eating habits of these schoolchildren? Have we got any data through which we can find out the eating habits of the male and female students in primary and secondary schools and how much time they spend doing exercise or playing with their cell phones? What methods are there to change their habits? An accurate, effective and considerably large database is very important. Certainly, we must have regard for the privacy of members of the public and obtain their consent when collecting such information. This is what I mean by the importance of territory-wide participation and joint discussion.

The third point we advocate is to promote scientific research. To use public resources to promote health for all, enormous resources are required. And to ensure resources are put to good use, we must find some truly effective methods. We cannot simply rely on hearsay to rashly promote measures not supported by scientific evidence. For instance, is a diet of red wine with salted fish good or bad to health? Some people may say it is good to health. However, if we promote this diet without careful consideration and subsequently find that it may lead to hypertension, our losses will outweigh our gains. Therefore, there must be scientific evidence, or else the opposite result may be achieved, thereby bringing disasters to public health.

There is a relationship between people's health conditions and their place of residence. People in different regions have different physical fitness. This is why overseas research findings might not be applicable to Hong Kong people. We must develop scientific research in our own region to find out the physical characteristics and living habits of the population in our own region, in order that more appropriate health strategies can be formulated. Therefore, if capital is available, it is important to inject more capital into undertaking research.

Another point we advocate is to conduct exchanges and collaboration with other cities. Being a metropolis, Hong Kong is a financial centre as well as a tourism hub. The exchanges between Hong Kong and the Mainland as well as neighbouring places are extremely frequent. The numerous cases in which infectious diseases were transmitted from overseas places or the Mainland have raised concern among Hong Kong people about whether the communication and liaison between Hong Kong and its neighbouring places in healthcare policies are adequate. Furthermore, some elements, such as environmental pollution, can

cross boundaries. For instance, air emitted from factories in Guangdong Province will affect the air and water quality in Hong Kong. Moreover, as Guangdong Province and Hong Kong are neighbours, the populations of the two places will also be closer in terms of their physical fitness and habits of living. Therefore, we vigorously advocate that while promoting health, we should also conduct closer and more frequent exchanges and collaboration with our neighbours, so that we can learn from one another and sum up experience.

The last point put forward by us relates to dental care. As one of the Government's extremely beneficent measures, dental care is vital to protecting the teeth of schoolchildren. However, the current policy covers primary students only. We think that it should be extended to secondary students so that more people can be benefited.

I so submit.

MS MIRIAM LAU (in Cantonese): President, primary medical care and healthcare is not only about the first line of health protection accessible to members of the public in the community, it is a service performing both preventive and treatment functions. Hence, it ought to play an important role in the entire medical system.

Nevertheless, primary medical care in Hong Kong has all along emphasized treatment to the neglect of disease prevention. For instance, even the authorities concerned confessed in *The Primary Care Development in Hong Kong: Strategy Document*, which was published earlier, that facing challenges brought about by an aging population, "we will be found wanting if we continue to rely on a primary care system that focuses mainly on providing treatment for acute, episodic diseases and ailments". Therefore, the development and enhancement of the preventive functions of primary medical care can be considered as vital to Hong Kong's healthcare reform.

We consider it a very important initiative to enhance the efforts in disease prevention by encouraging the public to undergo regular physical check-ups because, as the saying goes, "prevention is better than cure". A number of diseases, including such killer diseases as cancer and heart diseases, can be detected at an early stage through physical check-ups. With early detection and

suitable treatment, the mortality rate can be reduced substantially. Therefore, the Liberal Party thinks that it is necessary for the Government to study the provision of appropriate support to encourage the public to undergo regular physical check-ups. For instance, the Government may provide \$3,000 in tax deduction for a physical check-up per annum or other appropriate incentives to encourage the public to participate in physical check-up programmes in the private sector.

We have also noticed that, through the 18 elderly health centres set up throughout the territory, the Department of Health is currently providing elderly people aged 65 or above with primary healthcare, including physical check-ups. Nevertheless, the service quota is acutely inadequate. The elderly have to wait almost two years before they can become members of the health centres. In places such as Kwun Tong, where the elderly population is large, the elderly have to wait for about two and a half years before they can have the first physical check-up. Therefore, we hope the Government can allocate more resources to strengthen the provision of physical check-up services for the elderly in need and distribute the relevant resources according to the demographic characteristics of various districts with a view to helping the elderly detect diseases at an early stage and enhancing their ability in fighting against diseases.

Apart from the fact that preventive efforts are in urgent need of improvement, we have also found that treatment services in Hong Kong are similarly inadequate. For instance, for non-urgent and relatively low-risk day surgery on diseases such as cataract and hernia, patients are required to wait for a considerable long period before they can receive the treatment. Let me cite cataract surgery as an example. More than 50 000 patients currently on the waiting list are waiting for the surgery, with most of them being elderly persons, and the waiting period can even exceed three years. As for hernia, it is estimated by practitioners in the profession that the waiting period lasts one to two years on average. However, as surgery on cataract or hernia is not treated as urgent, it is often accorded the lowest priority in the public medical system. As a result, the waiting period is extremely long.

However, cataract, if delayed for too long, may lead to glaucoma. Hernia, if delayed and intestines are not pushed back to the original position, intestinal obstruction and necrosis may be caused in serious cases. We can thus see that although these diseases are not so serious as to pose an immediate threat to life,

the delaying tactic is, after all, not a solution. Moreover, there is a certain risk, too. Hence, the authorities really need to increase allocation of resources and shorten the waiting time for day surgery, especially for the elderly.

Furthermore, we have also noticed that a public-private medical scheme named "Cataract Surgeries Programme" was launched in February 2008 to subsidize cataract patients waiting for public hospitals to switch to the private sector to undergo surgery. Under the Programme, each patient may receive a subsidy of \$5,000, and the actual amount payable by the patients themselves is not more than \$8,000 each. Since the launch of the Programme, the response has been acceptable. Nevertheless, as far as we know, a number of elderly persons can still not afford the mentioned surgery fees and are forced to remain in the queue at public hospitals and endure the torture of the eye disease. For this reason, I think the authorities can consider increasing the amount of subsidy granted to each patient to \$8,000 or above, so that the amount payable by the patients themselves can be reduced to \$5,000 or below with a view to luring more patients to join this Programme, such that they can regain a clear vision at an early date.

In addition, the authorities should also proactively encourage the public to opt for suitable primary medical care in the community, thereby promoting the development of the relevant services. For instance, the Elderly Healthcare Voucher Scheme can achieve this objective. But unfortunately, the amount of the healthcare vouchers is so small that it is not even enough for the elderly to visit out-patient clinics twice. For the elderly, the healthcare vouchers can be described only as a drop in the ocean, better than none. Although a consensus was reached a long time ago among various sectors in the community that the amount of healthcare vouchers must be raised, the authorities have apparently been turning a deaf ear on this aspiration. Today, colleagues from other political parties and groupings and I have proposed amendments once again in the hope that the Government can heed our advice and raise the amount of healthcare vouchers to at least \$1,000 per person.

We believe the healthcare vouchers, if increased to enhance their appeal, can alleviate the pressure on the out-patient services provided in the public sector and further enhance the elderly's choice for medical care. The Government can absolutely kill two birds with one stone by doing so. Even if a little bit more money has to be spent, we still consider it worthwhile. As regards reports that

some private clinics might seize the opportunity to deduct the concessions offered to the elderly, we agree that the Government should review this to ensure that the elderly can fully benefit from the increase in the amount of healthcare vouchers. I hope the relevant review can be completed expeditiously, in order that the elderly can hear good news at an early date.

As the Liberal Party very much agree with most of the aspirations put forward in the original motion and other amendments, we will support all of them. However, we have reservations about prescribing maximum working hours to promote public health, as mentioned in Mr Alan LEONG's amendment. Can the health problems of employees be effectively resolved by adopting a compulsory means to regulate working hours to prevent employees from continuing to work when it is time to go off work? Is it practically feasible to do so? Many services industries will thus lose flexibility and find it impossible to meet the needs of their clients. It might also be difficult for certain sectors, such as emergency rescue work, to do so. We are concerned about this. We also hope Members can consider this issue carefully. Nevertheless, for the sake of supporting the spirit behind the original motion and other amendments, we will still support Mr Alan LEONG's amendment, though we have expressed our concern about some of the proposals made in his amendment.

President, I so submit.

MR ALAN LEONG (in Cantonese): First of all, I would like to thank the Liberal Party for supporting the amendment proposed by me.

President, the Declaration of Alma-Ata, made in 1978, affirms "primary health care" and the key to "the attainment of health care by all peoples of the world by the year 2000". President, the first point in the Declaration states, and I quote, "The Conference strongly reaffirms that health, which is a state of complete physical, mental and social wellbeing, and not merely the absence of disease or infirmity, is a fundamental human right and that the attainment of the highest possible level of health is a most important world-wide social goal whose realization requires the action of many other social and economic sectors in addition to the health sector" (end of quote). Hence, the primary medical care mentioned by the Government should not be confined only to medical care, it

should also cover one-stop services including promotion, prevention, treatment, rehabilitation, and so on. In addition to the Food and Health Bureau, various government departments must make concerted efforts through complementary policies in different areas, in order to build a healthier society. President, although the Government already earmarked in 2008-2009 \$4.1 billion for primary medical care and collaboration between the public and private sectors for the implementation of primary medical initiatives, we will find if we take a closer look at the details that these programmes can only be described as a beginning. Insofar as the primary medical services we really need in Hong Kong, they are just a drop in the ocean.

President, the Civic Party conducted a telephone survey in December last year during the second phase of the healthcare reform. Of the 1 047 people successfully interviewed by us, less than 40% supported the Government spending \$50 billion to subsidize the public to take out private medical insurance. However, when asked if they supported allocating \$50 billion to directly enhancing the medical services currently provided in the public sector so that all people can be benefited at the same time, 70% of the respondents gave an affirmative answer.

President, we can easily find from our analysis of public medical expenditure that the expenditure on hospitalization is the most costly item. In other words, if the admission needs of the public can be reduced, the resources injected into public medical services will achieve greater efficiency. But how can the admission needs of the public be reduced? Good primary medical services are the key. Simply put, with proper primary medical services and a large number of community nurses and doctors, we can at least advise the elderly to eat less fat pork or avoid consuming food which is too savory or sweet before they suffer from all sorts of elderly diseases, such as hypertension or diseases related to blood glucose. This is precisely where the value of primary medical care lies. If primary medical care can be properly provided, the morbidity or admission needs of the elderly will be reduced. The efficiency of the entire medical system will be enhanced, too. For this reason, the Civic Party pays particular attention to the provision of proper medical care and the need to continue to enhance efforts in this area.

President, we certainly hope various Policy Bureaux under the executive authorities can set appropriate priorities before formulating policies and making arrangements for their tasks. In performing the relevant tasks, the provision of

primary medical care to promote public health must be put in a more prominent position for consideration. The Civic Party also hopes that the Government can, having regard to the health problems and needs of different groups of the population, devise different strategies and services and increase the injection of resources. Of course, we consider that the health of the elderly is still being neglected.

For instance, an Elderly Health Centre (EHC) is set up in each of the 18 districts throughout the territory to enhance the provision of primary healthcare service to the elderly in the hope of strengthening their self-care capacity and encouraging them to develop good living habits for the sake of reducing their chances of contracting diseases and enabling them to receive support for ageing in the community. However, President, according to the information on the median waiting period for the elderly to become a member of an EHC, the elderly have to wait 3.6 months in Tung Chung, where the waiting period is the shortest, and 50.4 months, or more than four years, in Tsuen Wan, where the waiting period is the longest. Even in the two EHCs situated in Lam Tin and San Po Kong in Kowloon East, the waiting periods are 34.4 months and 40.4 months respectively. President, it takes so many years for an elderly person to become an EHC member. How long do they have to wait should they wish to use a service provided by the EHCs? I really dare not imagine. The Civic Party considers these figures completely unacceptable.

In fact, dental health has a profound impact on the life of the elderly, too. The Pilot Project on Outreach Primary Dental Care Services for the Elderly, which will commence shortly, includes dental check-up, scaling, pain relief and emergency dental treatments. However, the condition of the teeth of many elderly persons might have affected their eating, so they need fillings, extractions, crownings or implants. It is costly for the elderly to receive such treatments in private dental clinics. Although they can use elderly healthcare vouchers to consult dentists, the amount of the vouchers is so small that they do not find the vouchers very helpful. This is why the Civic Party hopes the authorities can increase the amount of the healthcare vouchers and strengthen dental care service.

In a small-scale survey conducted by an organization, it was found that more than one third of the respondents were unaware that the healthcare vouchers

could be used for consulting dentists, and more than half of the respondents did not know that some public clinics provided tooth extraction service. As all this is a very important part of primary medical care, publicity must be enhanced. Furthermore, this Council passed a motion in 2009 on promoting medical check-up for the whole community, and in this connection, Members also affirmed the effectiveness and importance of early diagnosis. In this connection, I hope the authorities can proactively follow up and implement the views proposed in this motion.

President, concerning the issue raised by me today on subsidizing vaccination, I hope to make it clear here that the wordings used by me are merely meant to say that the Government should study the promotion of vaccination. I was only citing examples when I talked about human papillomavirus vaccination for preventing cervical cancer and 13-valent pneumococcal conjugate vaccination. Should some Members in this Council query if I have the intention of overriding the expert team in the scientific field, I have to make it clear that I absolutely have no intention to override their professional judgment. I only wish to point out here, and I also have to make it clear on behalf of the Civic Party, that the two vaccines cited by me — President, I actually raised a written question on this issue today — in fact, many countries have already adopted such vaccines as 13-valent pneumococcal conjugate vaccination. By 13-valent, 10-valent or 11-valent pneumococcal conjugate vaccination, it actually means better prevention to reduce the chance of infection among children. Hence, I hope the Scientific Committee on Vaccine Preventable Diseases can readily accept good advice.

President, I so submit.

MR CHAN KIN-POR (in Cantonese): President, Hong Kong's public medical system has always put emphasis on disease treatment and lacked primary healthcare services highlighting disease prevention and health promotion. As members of the public can access inexpensive and quality hospitalization and specialist services in public hospitals, most of them have the concept that they can enjoy medical protection in the public sector when they fall ill and being free from diseases is good health, while only a relatively small number of people will think of ways to prevent diseases and promote their own health. This concept is obviously extremely unhealthy to society as well as individuals.

Here I would like to quote the WHO's definition of primary healthcare: "essential health care made universally accessible to individuals and families in the community by means acceptable to them It forms an integral part of both the country's health system, of which it is the central function and the main focus, and of the overall social and economic development of the community."

We can see from the definition that the importance of primary healthcare lies in it being the first line of defence for the public. With a proper line of defence, the public can enjoy a healthy living, whereas the Government can save a substantial amount of expenditure on exorbitant hospitalization and specialist out-patient service. However, if primary healthcare, as a goalkeeper, fails to perform its role rigorously, patients will flock to the second level of the medical system, thereby leading to a sharp rise in the number of people waiting for specialist treatment and hospitalization. Naturally, healthcare quality will be impacted severely.

A number of studies have indicated that regions where primary healthcare is developed in a more comprehensive manner can bring better health effectiveness to their people at a lower cost. Meanwhile, improving primary healthcare can also bring other benefits, namely effectively reducing the people's needs for specialist and hospital services and lowering medical costs. At present, in the face of an ageing and growing population, Hong Kong cannot avoid a substantial increase in medical expenditure. The Government is also seeking to raise revenue and cut expenditure in public-sector medical care. Meanwhile, to develop comprehensive primary healthcare is a new way forward that Hong Kong must pursue.

In fact, the scope of primary healthcare is extremely wide. It includes treatment for common diseases and injuries, disease prevention and control, delivery of services related to public hygiene, such as food, control on the supply and quality of fresh water, sanitation facilities, maternal and child health service, immunization, health education, and so on. Meanwhile, primary healthcare emphasizes preventive care, the promotion and protection of physical and mental health, and the upgrading of the quality of life of the people through a holistic care approach. It is not as simple as removing diseases.

In the battle against SARS, Hong Kong learnt a bitter lesson. As a result, the Government has since paid more attention to primary healthcare, but its

emphasis is still on primary medical care and prevention work. Obviously, the Government is uninterested in health promotion work. The year before last, I proposed a motion in this Council calling on the Government to promote medical check-ups for the whole community and encourage the public to do more exercise with the objective of promoting the development of a healthy society. After the passage of the motion, however, the Government has been adopting an evasive attitude, with absolutely no intention to implement the relevant proposals. This aptly reflects the short-sightedness of the Government in this respect.

The purpose of the amendment proposed by me today is to carry on the spirit of the motion on "Promoting medical check-up for the whole community". I propose that the Government should inject more resources into efforts in evaluating the health risk of the public with the objective of giving the public an opportunity to find out their own health condition on a regular basis and compare the changes in their health at different times, thereby directly inducing them to pay attention to their own health. In fact, laziness is human nature. We tend to pay no attention at all to our own health. We may even think that we can continue to keep ourselves in shape. It is only when we realize there are signs of our health worsening that we can make up our mind to change our living habits. Therefore, I think it is worthwhile for us to promote health risk evaluation for the public.

As regards specific ways to conduct the health risk evaluation, the Government may distribute medical vouchers for physical check-ups to members of the public who have reached a certain age. In connection with my motion on "Promoting medical check-up for the whole community", I proposed that medical check-up service be provided to people aged 40 or above first. Now, having regard to resource constraints, I propose that medical vouchers for physical check-ups, similar to the elderly healthcare vouchers, be distributed to people aged 50 or above, so that they can go to medical institutions in the private sector to undergo some simple health examinations, such as tests on blood pressure, blood glucose and cholesterol. After the completion of the first evaluation for the public, the Government may study the effectiveness of the programme and then devise its next step, including conducting the evaluation at an interval of, say, once every two to three years.

Today, Dr LEUNG Ka-lau and Ms Miriam LAU have separately proposed amendments on promoting health screening programmes which have been

medically proven to be effective and encouraging all people to undergo physical check-up. Although the two Honourable Members' proposed amendments are not entirely the same as my amendment in terms of content, they are very similar in terms of the spirit. I express support for their amendments.

Lastly, I would like to say a few words on the problems with the family doctor system. Family doctor service is an important link in primary healthcare. When individuals and their family members fall ill, they will go to the same doctor to seek treatment. The doctor concerned can then find out in an in-depth manner the health and psychological conditions of the entire family with a view to delivering comprehensive primary medical service, including preventive care, health education, professional treatment and referrals. Meanwhile, a patient having received hospitalization or specialist service can also be referred to a private family doctor for follow-up. Nevertheless, people in Hong Kong like constantly switching doctors. Moreover, there is no interface between public hospitals and private clinics. It is basically difficult for family doctors to take over patients who have been discharged or who have received specialist treatment for follow-up. Hence, in order for primary healthcare to be promoted in Hong Kong, the Government should start with developing the family doctor system.

President, I so submit.

DR LEUNG KA-LAU (in Cantonese): President, whenever we talk about medical and health care, a lot of demands will be heard. Just now, Mr CHAN kin-por spoke to me in a low voice that, the Secretary would not know what Members were talking about even though he had been listening to Members' speeches here for such a long time. I feel the same, too. It appears that there is no significant relationship between the speech delivered by Mr LEE Wing-tat just now and the wordings of his motion. While the wordings of his motion appear to touch on two apparently different areas, namely public health and primary medical care, he did not give any explanation in his speech just now.

What is primary healthcare? What is primary medical care? From the macroscopic perspective, primary healthcare should be defined as anything other than therapeutic medical care. It also includes everything in the environmental context, such as air, work, and so on. I believe this is what the wordings of Mr

LEE's motion mean. But I think Mr LEE might have underestimated the concept of medical care. He has looked at medical care from a very narrow angle. In fact, the area covered by medical care can be very wide. For instance, when I am going to perform a surgery on a patient, I will also consider who in his family can take care of him, the air quality of the place he lives, whether the building he is residing has lifts, and so on. When I was working with the Hospital Authority (HA), my title was Senior Medical and Health Officer. Therefore, the concept of medical care can be so wide as to include all health considerations. In fact, I will consider these two aspects jointly.

Coming back to the Declaration of Alma-Ata promulgated by the WHO in 1978, issues in many aspects were mentioned therein. Concerning the view held by many Members that Hong Kong has performed very poorly in giving effect to this Declaration, I can say that Hong Kong has actually done a very good job. Being an international declaration, the Declaration of Alma-Ata is applicable to all countries, whether they are affluent and developed Western countries or relatively poor African countries, or countries with different cultural backgrounds and religious beliefs. Therefore, the wordings used in the Declaration are very flexible. For instance, there are such wordings as providing essential medical services, affordable cost, acceptable to societies, and so on. Simply put, the Declaration merely hopes that when people in a country have any problems, someone will tender them care. Medical care is defined to refer to the first person of contact when an individual or family member in need seeks medical service. This person may not necessarily be a Western medical practitioner; he or she can be a nurse or pharmacist. Insofar as our Motherland is concerned, this person could be a barefoot doctor three decades ago. At that time, barefoot doctors performed a very important role in Mainland China. When I asked my assistants just now, they told me they had never heard of barefoot doctors, because times had changed. Having understood the background to the Declaration, we will understand the WHO's expectation for primary medical care was actually not high at that time. As mentioned by Dr Joseph LEE just now, what people expected at that time was actually health education, or simply talking about health so to speak; the provision of food and suitable nutrition — I believe what suitable nutrition meant at that time was sufficient food, not having salted fish to go with red wine or red wine to go with salted fish, as a Member mentioned just now; a sufficient supply of safe water — it was already considered perfect if people could drink the water coming out of the water tap, and Hong Kong really has done a very good job in this area; a sewage system — what

hygiene meant was a sewage system whereby people going to toilets could flush everything down the toilets at the press of a button, and this is very important indeed; maternal and child health service; vaccinations against major infectious diseases — I did not mean all vaccinations. For poor countries, they could never imagine having the cervical and 13-valent pneumococcal conjugate vaccinations mentioned by Members just now. And there is also suitable treatment of common diseases and wounds. Insofar as Hong Kong is concerned, the amount of money allocated is not just the \$4.1 billion mentioned by the Secretary just now. In fact, all the infrastructure of the Water Supplies Department, even a traffic light, is considered to be part of primary healthcare. This explains why my amendment focuses on what we can and should do for the time being.

I would like to say a few words on the distribution of resources. Many people say that all resources for public-sector medical care in Hong Kong are devoted to treatment, whereas very little resources are spent on prevention or family medicine. Actually, I can say that this should be the case, why? The treatment of diseases, especially serious diseases like cancer, heart diseases, and so on, invariably costs \$100,000 to \$200,000. But in general, primary medical services, such as cold and cough treatment, health education, vaccinations, only cost around \$100 and \$200 to \$300 at the most, which should be affordable to the majority of Hong Kong people. However, the treatment of serious diseases, such as cancer, invariably costs \$100,000 to \$200,000, which is unaffordable to the ordinary public. It is precisely for this reason that public medical resources should be devoted to what ordinary people cannot afford. The cost of primary medical services, which are affordable to the general public, should be borne by themselves. This explains why a major request made in the Declaration of Alma-Ata is that everyone has their share of responsibility.

The market shares of the HA are 90% in the second and third treatment levels but a mere 15% to 20% in primary medical services, whereas the remaining 80% to 85% is taken up by the private sector. Insofar as the overall medical expenditure in Hong Kong is concerned, I estimate that around \$40 billion is spent on hospitalization services, or services at the second and third levels, and around \$20 billion on the primary medical services provided by the public and private sectors. Moreover, the expenditure on mains water, sewage systems and other infrastructure facilities has not yet been taken into calculation. Therefore, generally speaking, the performance of Hong Kong is actually not bad.

I have mentioned in my amendment issues in several aspects. Many people, such as the middle-class people and people whose out-patient consultation fees are borne by their employers, can actually afford expenses on primary medical services. But still quite a number of elderly and grass-roots people cannot afford fees for consulting private doctors. In this respect, our system is indeed flawed. The Government's provision of \$250 healthcare vouchers for the elderly is just a starting point. I hope after the review, the Government can increase the number of healthcare vouchers and expand the scheme to cover other people as well. The Government should not set an age limit as it is unfair no matter the limit is set at 65 or 70. Why can people aged 64 not enjoy the healthcare vouchers? However, I agree that a simple means test should be conducted. Anyone who can afford the relevant charges should meet the expenses by themselves. Furthermore, \$250 is inadequate. The Government should at least increase the amount to \$1,000. To prevent abuses, the Government should charge a small nominal fee. Like the approach adopted by insurance companies, the Government and patients may perhaps bear 80% and 20% of the costs respectively. But the cost borne by the patients should be easily affordable to them. For instance, a patient needs to pay \$40 out of the \$200 charged for a single consultation. If the patient consults a doctor four or five times a year (*The buzzer sounded*) I believe the amount of medical charges involved should be affordable to him.

I would also like to say a few words on the issue of whether the development of primary medical services will definitely result in low charges. Insofar as Hong Kong's prevailing situation is concerned, I can tell Members that the charges will definitely be higher. All men will die one day. Developing proper primary medical services, or improving the quality of medical services, would mean prolonging life for 10 years. In other words, people would have 10 more years to enjoy life. Ten years later, however, people will eventually fall ill regardless of how they take good care of their health. A study has revealed that 70% to 80% of medical expenditure is spent on the last two years of people's lives. Although I approve of improving primary medical services, I hope Members can have a correct understanding that we should not expect lowering public medical expenditure while improving primary medical services.

President, I so submit.

MR WONG KWOK-HING (in Cantonese): President, my amendment seeks to further amend Mr Alan LEONG's amendment. The only objective of my amendment is to urge the Government to establish health centres for men. I hope the authorities can set up such centres because there are currently no such centres.

The most important objective of my proposed amendment is to criticize the Government for failing to pay attention to the actual health condition in Hong Kong, that is, men are weaker and women are stronger, in its resource commitment.

My second criticism is that the Government has violated the Sex Discrimination Ordinance as gender equality is not achieved in the provision of medical services. Through proposing this amendment today, I hope to urge the Government to set up health centres for men. I also hope the Government can pay attention to and resolve the relevant issues starting from today.

President, my argument that men are weaker and women are stronger is well-founded. According to the relevant survey, the average life expectancy of men is shorter than that of women in Hong Kong, with men and women having an average life expectancy of 79.9 years and 86.1 years respectively. Over the past two decades, the situation has not seen any improvement. What counter-measures has the Government got to tackle the actual situation? Neither have we heard nor seen any.

Insofar as the health condition of men and women is concerned, the death survey conducted in 2007 fully illustrated that men were weaker and women were stronger. If the 100 000 standard population is used as the basis for calculation, the numbers of women and men registered to have died of malignant tumour, or cancer, were 80.7 and 187.3 respectively, with the number of deaths among men more than twice that among women. Insofar as prostate cancer, which is unique to men, is concerned, the number of men registered to have died of prostate cancer was actually 5.9, or close to six. As for breast cancer, which is unique to women, the number of women registered to have died of breast cancer was 10.

In every 100 000 deaths, 41.2 women and 66.3 men died of heart diseases; 23.5 women and 36 men died of cerebrovascular disease; 24 women and 54.6 men, the latter being more than twice the number of women, died of pneumonia;

and 7.2 women and 29.9 men died of chronic upper respiratory diseases. These figures serve as clear proof that men are weaker and women are stronger.

Has the Government paid any attention to the problem that men are weaker and women are stronger? Has it addressed this issue? In particular, has the Government committed resources to tackling health problems unique to men, such as prostatic diseases and impotence? We call on the Government to address these issues squarely.

Next, President, I would like to say a few words on government services. How does the Government allocate resources to men and women? According to the 2009-2010 Budget, the Department of Health (DH) received \$1.904 billion for disease prevention in the action agenda, with some of the money used for providing health services to women, including the provision of cervical screening service for 102 000 women for a year; the provision of health services for 37 000 women for a year; and the setting up of three health centres separately for women in Tuen Mun in the New Territories, Lam Tin in Kowloon and Chai Wan on Hong Kong Island. Has any health centre for men been set up? The answer is in the negative. In addition to cervical screening service, these health centres for women will provide women with a variety of detailed and comprehensive health services as well.

What about health services for men? In fact, we had contacted the DH in relation to this issue and were told that the DH had set up a dedicated website called "Men's Health Programme". When we enquired further about what we could do if there was something we did not understand in browsing the website, we were told that we could approach the Kwong Wah Hospital for enquiries. However, even the staff of that hospital did not know such service was provided there when a man visited the hospital to enquire about prostate and other health issues, and he was told to go to the St Teresa's Hospital instead for enquiries. In the end, that man did not get the services requested.

I particularly wish to criticize that the authorities do not take care of the health condition of men by abolishing the urology service specially provided by the Yan Chai Hospital before its redevelopment and referring patients to the Princess Margaret Hospital. As a result, many male patients need to travel long distances, thereby costing them unnecessary expenses. Moreover, patients have

to wait several years before they can undergo some general examinations. This is absolutely unreasonable.

Therefore, I hope the Secretary can respond later and answer these questions. Will the Government pay attention to this issue? Have the Government and you, the Secretary, violated the Sex Discrimination Ordinance?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, I wish to thank Mr LEE Wing-tat for moving this motion on "Improving primary health care" and various Members for proposing amendments to give this Council an opportunity to debate on primary health and the development of primary medical care, which is an important subject relating to the health of the population and healthcare reform.

Just now, I heard a very heated and interesting debate. As I notice that five more Members will speak on the subject, I will give a detailed response to Members' views one by one after some of them have returned to the Chamber.

Just now, many Members referred to the Declaration of Alma-Ata on primary healthcare. Alma-Ata, a city in Kazakhstan, was part of the former USSR. In 1978, the World Health Organization (WHO) began to discuss the issue of primary healthcare. As Dr LEUNG ka-lau and Dr Joseph LEE have already given a detailed account of the relevant principles, I need not repeat them. Their understanding is correct.

When it comes to primary healthcare, the scope could be very wide. Nutrition, air, drinking water and living environment are all related to health. The scope of primary medical care is slightly narrower: it covers the right attitude of healthcare professionals towards their clients, various systems, policies and resources as well as the sustainable development of the systems. Therefore, insofar as my policy area is concerned, reforms may be introduced on these aspects in a more focused manner.

Regarding the term "醫療健康服務", some Members asked whether it is correct. In the Mainland, it is usually known as "初級衛生保健". This term may not be too familiar to us. In Hong Kong, we have all along been using the term "基層健康服務", which is easier to understand. In this regard, the key to

achieving the WHO's objective of "health for all" the definition under the Declaration of Alma-Ata is very broad. Nevertheless, there are a few important principles. The first one is equality, that is, certain services should be made accessible to all citizens and residents of a place and their relevant needs should be catered for. The second one relates to cross-sector participation. Apart from the Government, which has a responsibility for the health of the people, all sectors, including employers, the employees themselves or their family members, must also participate in it. The third one has to do with the environment. There must be adequate support to enable access to the services by all. This is an important principle.

In 2008, the WHO updated the information on primary healthcare and released a report entitled *Primary Health Care: Now More Than Ever*. Therefore, within the WHO, it is considered that the need to enhance the policies and the system of primary healthcare should be reaffirmed and further stressed. Primary medical care is also a very important issue. As primary medical care is the first point of contact for members of the public, it is an important decision for them to make on whom they should seek medical services from.

The Government also acknowledges the spirit of the Declaration of Alma-Ata. It has all along been striving to promote the development of primary healthcare and enhance the role of primary medical care as a key component of primary healthcare. We have been providing a wide spectrum of primary healthcare and medical care to the public. The Department of Health (DH) and the former Medical and Health Department have been providing different public health services, primary healthcare and medical care in different eras. These services include maternal and child health services, immunization services, elderly health services and the general out-patient (GOP) services currently provided by the Hospital Authority (HA). Enhancing primary medical care is even the first and foremost task in the Government's healthcare reform. Therefore, we have introduced the Elderly Health Care Voucher Pilot Scheme and various vaccination subsidy schemes and enhanced chronic disease management on a pilot basis at the primary care level in recent years. All these are initiatives to enhance primary medical care.

Members are all very concerned about the Government's allocation of resources. Regarding resource allocation, according to the health expenditure of Hong Kong for 2006-2007 under Hong Kong's Domestic Health Accounts

(HKDHA), which are classified according to financing sources and functions, the total expenditure on public primary healthcare, GOP services and dental care subvented by the Government was approximately \$4.928 billion, accounting for about 12% to 15% of the Government's total expenditure, depending on whether accounts other than those of the DH and the HA, such as accounts relating to environmental hygiene, are included.

Apart from injecting financial resources into the delivery of the existing services, the Government has also allocated and earmarked for 2007-2008 to 2013-2014 an additional funding of \$4.1 billion for primary care and public-private partnership in healthcare implemented in accordance with the primary care development strategy. The initiatives include implementing various vaccination programmes, launching through the HA pilot projects to strengthen the support for chronic patients, establishing community health centres (CHCs) and networks, enhancing training for healthcare professionals, stepping up mental health services at the primary care level and enhancing primary dental care.

We have just published the Primary Care Development Strategy Document, setting out the benefits of good primary care and the three major strategies and initiatives which will help us deliver high quality primary medical care in Hong Kong. These initiatives include developing primary care conceptual models and reference frameworks, developing a Primary Care Directory and exploring various primary medical care delivery models by adopting the CHCs and networks as the conceptual basis.

The Government will also continue to support the development of Chinese medicine at the primary care level. To promote the development of "evidence-based" Chinese medicine, the Government has established 14 Chinese medicine clinics (CMCs) and is prepared to establish a CMC in the Southern District in 2011. We will continue to identify suitable sites in the remaining three districts so as to expeditiously implement the plan of setting up public CMCs.

With the Government's sustained introduction of initiatives to enhance primary healthcare, together with the co-operation and effort of various sectors in the community, the development of primary healthcare in Hong Kong has achieved some results, as evidenced by various health indices. For example, in 2007, the life expectancy of males and females in Hong Kong ranked third and second in the world respectively, and the infant mortality rate was even the lowest in the world.

The development of primary medical care and primary healthcare is an ongoing process which requires the co-operation of various parties and a multi-pronged strategy. As Members have discussed just now, it seems that in Hong Kong, emphasis has been placed on specialist care or hospital services. This is because, historically, we have been putting more emphasis on curative care than preventive care in resource allocation and policy formulation. Over the past decade or so, however, many preventive services have achieved satisfactory results or even reached certain international standards under the leadership of the DH. The Government will continue to co-operate with various sectors to promote the development of primary health care and move towards the objective of "health for all".

Hong Kong people's habit of seeking medical advice or medical services cannot be changed overnight. Therefore, we will facilitate a host of changes and launch a series of promotional activities in March, which are expected to last for a more extended period of time, so that more people will understand that choosing a good service provider in primary healthcare will not only enable them to benefit over their lifetime but also reduce their expenses. We consider it vitally important.

President, I will stop here now and give a response to the major points after listening to other Members' remarks.

Thank you, President.

MR CHEUNG KWOK-CHE (in Cantonese): President, Hong Kong's medical system is rather well-developed compared to many countries and regions. The latest figures released by the Census and Statistics Department show that the average life expectancy females and males in Hong Kong is 86.1 years and 79.8 years respectively, both ranked the second longest in the world. Even so, do Hong Kong people really have remarkably good health?

The Declaration made by the WHO in Alma-Ata, Kazakhstan in 1978 states that the definition of health is not merely about the absence of diseases in the body, physical fitness and mental health are no less important. Therefore, a long life expectancy is only one of the indicators. If the people in Hong Kong really want to lead a healthy life, they cannot rely solely on the medical system or services, they have to start with their daily life.

"Doing exercise frequently is good for health". I believe this is a slogan that everyone knows since primary school. However, when we have become grown-ups, do we really have the time for physical exercise? I think Hong Kong people are among those who work the longest hours in the world. Many people may have to work at least nine hours a day, and some grass-roots workers often have to work 12 to 14 hours a day. Some people do not even have sufficient rest time, not to mention the time for doing exercise and being with their families. Therefore, to enable people to lead and enjoy a healthy life, the Government should prescribe standard working hours expeditiously to ensure that the basic rights of grass-root workers will not be deprived by employers to the extent that their health, family life and social life will be affected.

In addition to long working hours, people also face enormous pressure in finance and living. According to the figures provided by the HA, the population of the mentally ill has been growing. The number of psychiatric patients handled by public hospitals alone has surged by over 20% from 125 000 in 2004-2005 to 154 000 in 2008-2009.

While the Government has pledged to establish Integrated Community Centre for Mental Wellness in all the 18 districts of Hong Kong, given the lack of planning, there is not a place that allows the permanent siting of such centres, so in other words, this pledge is tantamount to empty talk. I raised this question in the Chief Executive's Question and Answer Session, but the Chief Executive's reply was disappointing. Apart from remarking that the issue is "very difficult to tackle", he even passed the responsibility to the District Councils and the general public.

President, I have a query: The Government was so resolute to act against public opinions and pressed on with the Express Rail Link construction plan. However, whenever the establishment of these social facilities are put on the agenda, they would say that more public opinions should be given audience and a consensus should be reached among various stakeholders. Is the Government not applying double standards? Apparently, the Government has neither sincerity nor commitment in this regard.

Though medical services in Hong Kong can be considered sound and comprehensive as a whole, medical services for the elderly are still most inadequate. Firstly, the quotas for general and specialist out-patient services are

utterly inadequate, and it is particularly so in specialist services with waiting time being as long as one year. I understand that these services may not be urgent in nature, but the one-year wait is too long indeed. Is our society really so indifferent and lack of medical resources? We have proposed the establishment of a specialist hospital for the elderly for a long period of time, and this aims at helping the elderly by offering them treatment and cure for chronic illnesses. Nevertheless, we have not received any response from the Government in this regard.

Lastly, most drugs under the current Drug Formulary are not the most efficacious and these drugs have loads of side-effects. Taking these drugs is undoubtedly a double torture to elderly patients. I understand that the Government has great reservation about expanding the Drug Formulary, but I think the Government might as well consider incorporating some of the drugs into the Drug Formulary and give elderly patients priority in using those drugs, so as to relieve their sufferings. Finally, I hope the administration by the Government could be people-based so that it would be recognized by members of the public and its rating of popular support will rebound accordingly.

President, I so submit.

MR CHEUNG MAN-KWONG (in Cantonese): President, there are in total seven amendments to the motion on "Improving primary health care", indicating that insofar as our healthcare system is concerned, too much emphasis has been placed on hospital care while primary healthcare has been neglected for years, and improvements are indeed required for quite a number of aspects.

Certain areas for improvement have been suggested in chorus in most of the amendments.

First of all, it is suggested in many amendments that a multi-disciplinary and community-based approach should be adopted to improve the primary healthcare model for the provision of comprehensive and co-ordinated healthcare services. The request seems to be consistent with the ideas presented in the Government's Strategy Document on the Primary Care Development in Hong Kong (the Strategy Document) published at the end of last year.

Nevertheless, the development strategy of primary healthcare is guided only by the promotion of the family doctor concept. The Strategy Document stated the Government's vision to provide primary care by multi-disciplinary teams, yet it fell short of elaborating how the objective can be achieved through the adoption of a family doctor model.

The setting up of community health centres (CHCs) should be an initiative through which integrated, comprehensive and multi-disciplinary services can be better provided. With the establishment of CHCs, healthcare professionals from different disciplines may work together under the same roof to provide one-stop and a wide range of services. Overseas experience has already indicated that such polyclinics may help to improve inter-disciplinary collaboration. However, under the CHC model, different healthcare professionals or social workers may be assigned as case managers, while first-contact care and co-ordination of healthcare services will be undertaken by medical practitioners under the family doctor concept. Similarly, the Strategy Document fell short of explaining how the CHC model and the family doctor concept will complement each other.

The various CHCs planned by the Government are pilot projects only with neither long-term development plan nor timetable and estimate of expenditure for development. The Secretary even stated that if suitable sites could not be identified in the community to set up CHCs, CHC networks would be adopted instead. One cannot help but query that even though the CHC model is a desirable service mode of public primary healthcare, the Government is still muddling along, without any intention to commit itself to providing such healthcare services on a long-term and solid basis. It remains the Government's policy direction to promote the family doctor concept and encourage the shifting of patients to private-sector clinics so that even with an ageing population, it can dispense with the need to increase public-sector primary care expenditure.

Elderly Health Centres (EHCs) are cost-effective and well received by the elderly. Nonetheless, without due regard to the ageing population and the many-fold increase in waiting time, the membership size of EHCs has been reduced so that the annual expenditure of such centres can be frozen at the level of \$90 million. Obviously, the Government is reluctant to take forward the development of public-sector primary healthcare vigorously.

Another proposal put forward in most of the amendments is the provision of assistance to members of the public to undergo physical check-ups. Encouraging members of the public to undergo physical check-ups will undoubtedly be conducive to the early identification of health risks, thereby facilitating the administering of early treatment and ensuring an effective management of condition. However, caution should be exercised in introducing health check vouchers to encourage physical check-ups and the specific details warrant study. For instance, should the scope of health check subsidy be confined to preliminary health assessments such as the taking of blood pressure and body weight, or should it be extended to cover health screening targeting at certain critical illnesses, or any other types of check-up selected by the individuals concerned or their doctors? Furthermore, body check-up packages are currently offered in the market by some organizations at a low price, but under such packages, quite a number of check-up items are not covered. Those who are not discerning enough will misinterpret the positive check-up results as indications of perfect health, thus delaying treatment of conditions not included in such check-up packages. Therefore, if health check vouchers were to be provided, a stringent quality assurance mechanism must be put in place.

Under the EHC model, a questionnaire survey and a preliminary assessment will first be conducted by the nursing staff of EHCs for each elderly member, followed by a physical check-up by medical practitioners according to the individual needs of the elderly. Due to the inadequate number of places, EHC services are available to only 4.3% of the elderly population. Apart from increasing the membership size of EHCs, consideration should also be given to acquiring services from the private sector so that after going through preliminary health assessments in EHCs, elderly members of such centres may be referred to designated private clinics or laboratories by medical practitioners for further physical check-ups having regard to their individual health conditions. Such arrangements will help to exercise effective control over the cost and quality of healthcare services rendered. As for middle-aged men under the age of 65, no health screening programme is specifically available to them at present, so health centres for men should be set up to bridge the gap in healthcare services at the moment.

Besides, both Mr CHAN Hak-kan and Mr Alan LEONG have proposed in their amendments to provide a greater variety of vaccination programmes. The Democratic Party has been careful in handling requests concerning the provision

of free vaccination for designated purposes since scientific judgment and the interests of pharmaceutical companies are involved. A more reasonable approach is to leave the decision to the Scientific Committee on Vaccine Preventable Diseases (SCVPD), which will exercise its judgment on the basis of scientific researches and other professional information. If new vaccines are proposed to be included in any vaccination programmes by the SCVPD but the request is not acceded to by the Administration due to financial or other considerations, follow-up actions should be taken by this Council. However, if the SCVPD has not made any recommendation in this respect, the Legislative Council should avoid influencing scientific judgment with political decisions.

With these remarks, I support the original motion and the amendments.

MS AUDREY EU (in Cantonese): President, some people said the fact that many amendments are proposed by many Members to the original motion moved by Mr LEE Wing-tat today is proof that Legislative Council Members are also greatly concerned about healthcare issues. I think this more or less reflects how people interpret primary care or primary health. Many people have misinterpreted the meaning of primary care. In many cases, people relate the word "primary" to the health of the grassroots. In fact, what exactly does primary care refer to? It should be noted, in particular, that the original motion mentions the Declaration of Alma-Ata which focuses on helping the people of developing regions acquire clean supply of water at the outset. From this angle, primary care can also be regarded as something aiming to help the grassroots.

Nonetheless, the word "primary" has both broad and narrow meanings. In the narrow sense, "primary" often refers to the first point of contact, and it performs, in some sense, the triage function, meaning that after the first point of contact, a triage decision will be made to decide what specialist or healthcare the patient should receive. This is the first point of contact. But the broader meaning is actually the most important. "Primary" refers not only to basic medical services, it is about comprehensive healthcare as well. These are also the two definitions given to the word "primary" by the Institute of Medicine of the United States in 1996.

In a report on "primary health care" published by the WHO in 2008, it is pointed out that the development of primary care should take account of four

elements: Firstly, universal coverage (a term that is also used in discussions on universal suffrage); secondly, it should be people-based, which is easy to understand; thirdly, public policies, meaning that governments should formulate various public policies to improve public health; and fourthly, government leadership. Obviously, the SAR Government has interpreted primary care in the narrow sense. The Government issued a consultation document entitled "Your Health, Your Life" in 2008. How did the Government define primary care in the document? It pointed out that "primary healthcare is usually taken to mean the first point of contact individuals and the family have with a continuing healthcare process and constitutes the first level of care in the context of the healthcare system. It is the base upon which the rest of the healthcare system is organized." In other words, between the two definitions put forth by the WHO, the Government has adopted the narrow one.

Just now some Members also mentioned that the Government had said that primary care actually means family doctors. I once asked government officials whether the wordings should be revised during a discussion by the Panel on Health Services on this issue. I also told them that primary services or primary health, as they often put it, could easily mislead the public, and perhaps what they mean is just family doctors. However, the Government did not take this seriously, saying that there is a global practice to use the word "primary", hence they believed it is the right choice of word.

Nevertheless, I would like to emphasize that primary care is not all about family doctors. In this Chamber and on other occasions, I have mentioned that in the case of Hong Kong, the environment is a key component of "health". Strangely enough, however, in many a discussion on environmental issues, the Government often assigns only Secretary for the Environment Edward YAU to reply, whereas Secretary Dr York CHOW will only tackle issues related to diseases in the community. However, if our environment is ailing, the health of Hong Kong people will be affected as a whole indeed. Today, it was reported on television that according to a study, air pollution can affect elderly people aged 65 or above in many ways. In 2009, the report of a study pointed out that every 10 microgram increase in suspended particulates would cost the life of 0.5 to one person and 30 persons would need medical treatment in hospitals. Everyone needs to breathe, but in the streets, especially for those people working in Central according to the records of roadside air quality monitoring stations (I

mentioned this last time, and Secretary Henry TANG happened to be there), the Air Pollution Index was exceptionally high (over 100) for more than two thirds of the time in November last year. This tells us how air pollution affects our health. Therefore, when Secretary Dr York CHOW talks about primary care, should we not also be concerned about the environment?

Besides, many colleagues have mentioned that healthy living is also very important to us, as long working hours, a heavy burden in living and a quick pace of life can affect our mental health. I think our education system is not at all healthy in many aspects: Young children have to carry weighty schoolbags; though learning is more than scoring, primary school students already need to attend to a range of things; children cannot make their way into quality kindergartens and primary schools if they do not participate in extra-curricular activities and acquire a multitude of knowledge and skills. All these exert immense pressure on both parents and children. Because of this, our education is not that healthy. In fact, primary care or primary healthcare has much to do with mental health, education, the environment and lifestyle. Therefore, as Mr Alan LEONG pointed out in his speech delivered on behalf of the Civic Party earlier, we very much support in principle the original motion and all the amendments. But still, I have to make this speech so as to bring forth a key point: To address the fundamental problem, we must begin with the environment and systems.

Thank you, President.

MR WONG SING-CHI (in Cantonese): President, the motion moved by Mr LEE Wing-tat today reminds me of ZHANG Ying who, in an old Cantonese movie, acted as a poor teacher who coughed up blood. I think we would only see these scenes in old Cantonese movies, but this is in fact something that easily happens in modern times. It is conceivable that our primary healthcare is problematic. Why do I say so?

According to the survey conducted by the Census and Statistics Department (C&SD) in 2009, the rate of hospitalization among households with a monthly income below \$5,000 is 12.5%, and only 7% among those with a monthly income over \$40,000, meaning that the poorer the more miserable, and the poor fall ill more often. There is almost a correlation between illness and income. Hong Kong is an international city emphasizing the rule of law,

humanity, and so on, but the figures show that the poor generally have poorer health than the rich.

Many countries conduct systematic surveys to assess how income and education affect public health. In Hong Kong, no systematic survey has been conducted and no comprehensive statistics are available in this regard. We only have a bit of relevant information on hand, but it has already demonstrated the phenomenon. Every day, we can actually see the underprivileged and the elderly struggling in poverty, illness and troubles. I hope the Secretary can conduct systematic studies later on to find out whether this phenomenon exists.

Under Hong Kong's healthcare system, emergency and acute cases are basically treated fairly in public hospitals, but there is a great disparity between the rich and the poor insofar as primary healthcare is concerned. According to the C&SD survey, 10.5% of the respondents who have never received physical check-ups attributed that to the lack of money, and 21.6% of the elderly aged above 65 who have never received physical check-ups responded that they had not done so due to the lack of money. There is clearly a connection between undergoing physical check-ups and financial means. Whether one can understand his health condition is money-related. Those with money can know more about their health condition; as for those in lack of money, even if they have any serious illness, it would only be found out at a late stage.

Regarding dental check-ups, among the households with a monthly income below \$5,000, only 11.2% receive dental check-ups regularly, compared to 42.7% among those with a monthly income over \$40,000. This signifies a gap as wide as three to four times. The Government plans to roll out a pilot project in the coming few months to provide outreach dental care services for elderly persons in elderly homes and day care centres. This is something that the Democratic Party has striven for for years. I joined the Legislative Council in 2000 and was once not a Member for four years. The discussion has been ongoing during these 10 years, yet it is not until now that the Government is willing to do something. Of course, we support this move, but the Democratic Party is still disappointed by the Government's decision to roll out a pilot project only instead of making any long-term commitment. Apart from the elderly living in elderly homes, elderly people living in the community also suffer from serious dental problems. A study conducted by the Department of Health shows that 38 300 elderly persons living in the community have lost all their teeth. Though 30% of the elderly

people still have a few teeth left, but those teeth are seriously damaged, decayed to the extent that only the roots are left and have dental caries and periodontal disease. Hence 35% of these people have chewing difficulties and 15% cannot sleep well due to toothache. However, most elderly people cannot afford private dental treatment. The Government offers almost nothing in dental care except free tooth extraction service, but given that dental care is not only about tooth extraction, elderly dental problems are not addressed at all. I hope the Government can expand its dental services to elderly people in the community.

Recently, the Government has introduced the strategy of developing primary healthcare which focuses on promoting the concept of private family doctors, but this is unrealistic to many families in poverty. According to the findings of a research conducted by the Hong Kong Council of Social Service, as at the first half of 2010, there were 1.26 million people living in low-income or poor families, of which the problem of elderly in poverty being particularly acute with the poverty rate being as high as 33.9%, meaning that there were 290 000 elderly persons living in low-income or poor families. These families may even find it stressful to make ends meet, so when they fall ill, they can only rely on public-sector medical services. When government officials talk about the development of a system of private family doctors, they are totally ignorant of people's hardships. For the elderly in poverty, the most pragmatic solution is the provision of proper out-patient service and addressing the difficulties of the elderly in making appointments for out-patient service through the telephone booking system. People with disabilities are also prone to impoverishment, hence they have to rely on public out-patient service as well. Yet the telephone booking system is in fact an obstacle preventing the hearing impaired and the deaf-mute to use general out-patient service. It was only after years of hard efforts by us that the Hospital Authority is willing to entertain requests for appointment through fax. But among the underprivileged, how many people would have a fax machine? I really have no idea. They have to rely on the organizations to fax for them. Therefore, I hope that while promoting the system of family doctors, the Government would devote resources to improving public-sector out-patient service.

The Government always use the long life expectancy and low mortality rate to argue that Hong Kong people are in general healthy. Notwithstanding the fact that Hong Kong people are enjoying a long life, they are unhealthy. 72% of the elderly people have been diagnosed by Western medical practitioners as having chronic illness. On top of death rate, the WHO has listed a host of indicators for assessing whether a city is healthy. In this aspect, we would like

to add something to a point mentioned by Mr LEE Wing-tat just now (Dr LEUNG said we have made no mention of that, in fact, they left it to me). Those indicators include environmental indices, air pollution, green coverage, living space, cycle tracks, economic and social indices, unemployment rate, living environment, population and ratio of the poor, and so on. A city can become a healthier one only by fulfilling the above criteria. Therefore, I hope the Government will not only consider the provision of healthcare on a small scale. Rather, it should provide proper and comprehensive healthcare facilities in Hong Kong. Thank you, President.

MR RONNY TONG (in Cantonese): President, "prevention is the best cure" is a clichè, but I believe every patient will agree with that, and each of them also wants to be able to get the treatment once a health problem is identified, especially the grassroots who are the breadwinners of their families. However, very often their aspirations could hardly be met due to the money or time factor.

President, on Saturday, it was reported that a good father, who seemed to be in good health, dropped dead without any warning on returning home and kissing his 50-day old daughter after attending his company's annual dinner. He left his wife, two young girls and his ageing father behind. All of a sudden, the entire family was plunged into enormous livelihood difficulties. Such heart-breaking news can be heard almost once in a few days.

With regard to healthcare reform, the Government stresses the need to strengthen primary healthcare. What exactly is primary care? According to the Secretary for Food and Health, primary care includes:

- drawing up of models and standards for primary healthcare;
- establishment of a list of family doctors;
- funding for the public to receive preventive care services;
- purchase of publicly-funded primary care services from the private sector ; and
- strengthening of public health education and promoting a healthy lifestyle, and so on.

However, all this is easier said than done. I do not think anyone will believe that a patient living in Hong Kong under such a social culture will regularly see his family doctor, and the doctor may not be able to communicate regularly with his patients or even to provide any advice on health maintenance. On the contrary, according to our observation or personal experience, when a patient goes to see the doctor in a government hospital, the meeting will last less than five minutes and the doctor will tell the patient to leave the consultation room. On the other hand, in order to save several hundred dollars of medical costs, people will not see a private doctor if their conditions are not very acute.

It is really very difficult for the general public living in the culture of Hong Kong to find a family doctor in the community who can take care of their health from cradle to old age, and I have never heard of any example closer to that. In addition to the money problem, our culture is another major reason. Therefore, there is simply no way for the Government's proposals of promoting primary healthcare to commence.

President, in addition to the general public, it is believed that the unprepared medical profession is also another reason contributing to the difficulty in promoting primary healthcare extensively. People studying medical policy said that there are insufficient physicians engaging in primary care. Although there are no exact figures, some international comparisons can show a shortage in Hong Kong: Hong Kong only has 1.7 doctors for every 100 persons; Japan has two; while the United Kingdom and the United States have 2.2 and 3.1 respectively. From a pragmatic point of view, many doctors consider that they have to become specialists in order to get rich. Family doctors cannot charge a higher fee, and they have to devote more time and efforts to seeing more patients than specialists. Therefore, it is not difficult to imagine that many medical students are not going to study family medicine.

The SAR Government considers that the development of electronic patient health records may serve as an effective platform for promoting community and primary healthcare. However, we consider that we should recognize that the majority of the community — although it costs just \$1,000 to \$2,000 for a person to get a rather simple physical check-up at private laboratories, in order to save money, the grassroots frequently ignore regular body checks, and they simply overlook the need for it. Nor do they have the means or time for it. As a result, they are unable to find hidden health problems at an early stage.

Therefore, the interface mechanism is only useful to the chronically ill, not the general public, and it is not the right way forward for the development of primary care.

Of course, the Elderly Health Care Voucher provides convenience to many elderly people, and it is also very important.

On the other hand, while there are Elderly Health Centres (EHCs) in all the 18 districts and three territorial-wide Woman Health Centres (WHCs), and it is claimed that physical check-ups and assessments could be arranged for the elderly people and women, but according to the surveys conducted in 2008 and 2010 respectively, after the elderly people had enrolled on the scheme, they had to wait about 30 months before they could get the opportunity to receive a physical check-up in one of these EHCs, and if there are more elderly people living in the same district, the waiting time may be longer.

Another example is the WHCs which provide medical examinations for women. There are only three such centres in Hong Kong, and after the abolition of the minimum age limit of 45, more people are using the service of the three centres, but the Government has not expanded the service since 2002. As a result, each centre can only provide 25 000 service quotas each year, which is a far cry from meeting actual needs in society. Some women's groups have conducted surveys and found that about 80% of the respondents did not know that the Government had established such WHCs, and they also did not know these centres could provide check-up services.

As for student health and dental service, only primary school students are benefitted and secondary school students are shut out of the gates.

President, all this information makes us feel that we cannot rely on empty talk to promote the primary care system. Besides allocating sufficient resources, the Government should also commit sufficient resources to promoting social and cultural changes. As for the grassroots who are still working, they also need adequate time to take care of their own health. Earlier many colleagues have mentioned the essentiality of standard working hours, which is also a very important link.

For that reason, without a comprehensive and long-term policy to take forward the whole thing, I think it is only empty talk to say only what we want to do. President, for the grassroots, this is not helpful at all. I hope the Secretary can elaborate more on whether the Government will launch a longer-term and more comprehensive policy which aims at changing the healthcare culture in society in his subsequent response, instead of just focusing on resources.

Thank you, President.

MR IP WAI-MING (in Cantonese): President, health is important to everyone, therefore many colleagues have expressed concern for this. It can be said that primary healthcare is a protective screen to our public healthcare system. If a more comprehensive set of primary care services can be provided in the community, the health problems of the public can be detected at an earlier stage, thereby pre-empting any reliance of individuals on the public healthcare system to meet their non-essential personal healthcare needs, which will in turn help reduce and alleviate the burden on public hospitals. According to the WHO, the definition of primary healthcare is to provide through means acceptable to the people essential health services to everyone and every household by increasing stakeholder participation which is affordable to society.

In recent years, the Hospital Authority (HA) has tried different models of public-private partnership (PPP) in the implementation of medical and healthcare programmes, and the Public-Private Chronic Disease Management Shared Care Programme is one of the examples. The aim of this Programme is to test the PPP model for enhancing the provision of continuous and comprehensive care and support for chronic disease patients based on the care frameworks for diabetes mellitus and hypertension developed by the Working Group on Primary Care, with a view to evaluating the feasibility and effectiveness of the PPP model and care frameworks. Under the Programme, the Government grants to each patient a direct subsidy of \$1,600 per year, which comprises a subsidy of \$1,200 for chronic disease management, an incentive of up to \$200 to each patient and a quality incentive of up to \$200 to each doctor. This \$1,600 subsidy seems to be a large sum of money, but for many chronically ill patients, the \$1,600 subsidy utterly cannot meet the medical needs of the chronically ill. According to the Government's reply to my question raised on 15 December, although the

Government provides a subsidy of \$1,600, patients still have to pay the additional fees from \$800 to \$3,000 per year. To many grass-root families, this is an enormous expense. It is widely known that medical-related services and costs are often very high, thus it is difficult for many low-income grass-root families to bear the hefty burden of medical expenses, and as chronically ill patients have to receive treatment for a long period, grass-root workers need to bear the burden of these long-term expenses.

Sometime ago, HKFTU New Territories East Community Update, Hong Kong Healthy Community Network and I conducted a survey on this Programme. In November last year, we rang up 36 doctors who took part in the Programme to enquire about the details of the Programme. It was found that during the period since the introduction of the Programme in the middle of last year to the time of our survey, only 32 patients had participated in it (we did not know whether there was any increase in the number of participants, if possible, I hope the Secretary will clarify that later), and it only accounted for 3.2% of the total number of patients invited by the authorities. The survey also found that of the 36 participating doctors, 16 did not have any patients visited their clinics, four required their patients to pay the fees for the whole year on the first appointment, five said that they had not participated in this Programme, and one stated that he had not ordered the drugs required for this Programme. Moreover, most doctors said that patients should first enrol on the Programme at public hospitals; and the relevant hospitals would then refer their cases to their clinics before they could provide the service to patients. To the patients, this is simply a waste of time. Our survey also found that the Government had expended huge resources to implement this most unattractive Programme. After conducting the pilot Programme in two districts, we consider there is a big problem in the execution of this Programme, and the Programme itself cannot attract qualified patients to seek treatment in private clinics. In other words, the burden on public hospitals has not been reduced, completely defeating the objective of public-private co-operation.

President, I have talked in detail about the survey to elaborate that the Government has failed to effectively utilize resources in primary healthcare, and it has also failed to make users (that is, citizens) feel the convenience in using such service. Therefore, we consider that the Government should launch more complementary measures to improve the effectiveness of the operation of the Programme, in particular, more subsidies should be provided in order to benefit

more grassroots. There is one most important point. Very often, why is the effectiveness of such programmes affected? Although these programmes are targeted at the chronically ill, they can only participate in this Programme only upon invitation by the HA, thus some chronically ill patients were unable to join the Programme because they did not have the HA's recommendation letter even though they wanted to join the Programme. It has also given rise to a strange phenomenon, that is, some programmes have to wait for patients to participate, while patients who wish to join the Programme cannot do so. I hope the Government will pay attention to these circumstances in taking forward the primary healthcare programme, making such programmes more accessible to the public.

President, I so submit.

MR LEUNG KWOK-HUNG (in Cantonese): President, although people say that it is better to receive medical treatment at the early stage of illness, if there is no spare money, it is very difficult to put aside some money for the purpose of prevention of illnesses, while the money is originally meant to meet urgent needs in clothing, food, housing and transport. When one does not even have money to buy food, how will he go for a body check? No one will do this, as the body has already sent out a signal of hunger, telling him that he is very hungry and needs to eat some food.

It is often said that the working hours of wage earners in Hong Kong are exceedingly long. Some people attribute this to the absence of a prescribed ceiling on working hours, and this certainly is one of the reasons. During a recent meeting chaired by you, this Council passed the minimum wage level at \$28, but that should be \$33 originally. By my rough calculation, if a worker's hourly wage is reduced by \$5 as unanimously passed by the Legislative Council, he may need to work an extra 51 hours. In other words, if he receives an hourly wage of \$33, he can get a monthly salary of more than \$5,000 while his number of working hours can be reduced by 51 hours. Therefore, it is precisely due to this \$5 per hour that they have to work an extra 51 hours every month. What kind of world is this? While people are calling for reduction of working hours on the one hand, the hourly wages cannot be increased on the other hand. As the saying goes, one cannot make a silk purse out of a sow's ear. What do you want them to do? Is it not kind of paradoxical or actually hypocritical?

For the sake of feeding a family, a large number of low-income workers have no alternative but to sacrifice their happy moments of family gathering and drop their responsibility of educating their children. Some do not even have time to spend with their lovers. They can only work incessantly and toil hard. For those whose plight is even worse and have more difficulties in feeding a family, they even have to work a few more hours every day. Can they still care about an ounce of prevention is worth a pound of cure? A universal and equitable way of maintaining a person's health both physically and mentally is to reduce the number of working hours, which is of the utmost importance. If this is not addressed, we do not need to think about improving primary healthcare.

The second point is about food. The prices of a lot of goods in Hong Kong have increased. While a large quantity of food is imported from the North or other places, there are problems concerning food safety and quality, and it is not possible to inspect all kinds of food. What has gone wrong in this respect? Is the Government being incapable? I met a civil servant during lunch today. I would lodge a complaint on behalf of him in passing here, Secretary, and please could you listen: He said that he was unable to buy any formula milk for his son. He thus asked whether you could ask Mrs Rita LAU to order some formula milk from overseas for allocation to them. The reason, of course, is the fear aroused by melamine which has led to bulk purchases of formula milk in Hong Kong by people from the North and thus formula milk is always out of stock in Hong Kong.

People are certainly concerned about nutrition. Secretary, we always mention eradication of poverty during meetings. In regard to the Social Security Assistance Index of Prices or the way to gauge the food expenditure of poor families, how should it be measured? Some people may have to live in cubicles. However, not only is the rental of such cubicles rising, but the electricity charges, transportation fees and every other item of expenditure are also increasing. These people thus have to scrimp on food and clothes. Has this situation not indirectly led to their imbalanced nutrition? In a word, this is the result of unequal distribution of wealth. In Hong Kong now, there are more than a million poor people and hundreds of thousands of low-income workers. When we are discussing in this Chamber how to strengthen and improve primary healthcare, how should we respond to the aspirations of these people? Do we think that they are all low-class people who do not deserve government assistance

in other aspects, such as a wage increase so that they can have more income for self-strengthening, building up their self-esteem, self-dignity and self-support?

President, when a person is poor, he will have more unpleasant encounters, and I have had such experience. I once bought three cans of twice cooked pork for \$10, and I vomited seriously immediately after consuming it. I bought the twice cooked pork from the CRC supermarket back then. I am not sure whether this is the present portrayal of the living straits of poor people. I am now not a poor person and do not have such living experience to share anymore. As a Member, I now support my living with the remunerations and do not need to buy three cans of twice cooked pork for \$10.

I do not know much about medical care and thus will not follow other people's arguments. I only wish to emphasize one point and, that is, if the Government does not step up redistribution of wealth, it definitely cannot solve the most fundamental problem of public health, not to say other problems like screen-like buildings, air pollution, and so on. Secretary, you have successfully shifted the focus of the Hong Kong people by saying that if people stop smoking, we will have cleaner air. This of course is a lie. At present, there is almost no public area where people can smoke. Within almost a mile around the Sha Tin MTR Station, smoking is prohibited, but I inhale a lot of black emissions instead. For in the vicinity of Tai Wai MTR Station, not a few screen-like buildings have been built and air ventilation is thus blocked. *(The buzzer sounded)*

MR IP KWOK-HIM (in Cantonese): President, primary healthcare can be divided into three levels. The first level is medical care, and its purpose is to prevent minor ailments of the public from deteriorating; the second level is the prevention of diseases, and the purpose is to prevent healthy persons from falling ill; and the third level is to promote health through the building up of a healthy lifestyle, so that the public will not only be free from sickness, but also have a healthy body and mind. These three levels are equally important, being a troika in promoting primary healthcare. However, the SAR Government has been using medical care as the guiding principle for healthcare in Hong Kong, with the troika having actually become a single engine carriage.

If we leaf through one of the recent budgets at random, we can easily find that the total resources for medical care allocated by the Government in each year

has amounted to tens of billion dollars, which is quite a large sum of money, but the resources allocated for disease prevention and health promotion are rather disproportionate. Take the 2010-2011 fiscal year as an example, only \$2.1 billion are deployed for the prevention of disease, and the allocation for health promotion work is even less, being only \$280 million. In fact, the promotion of health is a very important task. The fact that the absence of illness or ailment in a person does not mean that he is healthy, but a healthy person is definitely not ill or infirm.

The work in promoting health includes the fostering of a good diet and living habits, a positive and optimistic outlook on life, and so on; all of these are ways to promote health. A person is able to resist diseases and live a happier life only if he is physically and mentally healthy. Honestly speaking, medical care service is a bottomless pit, and no matter how much resources are allocated, be it tens of billions or even hundreds of billions of dollars, it will not be adequate, but it is impossible for the Government to allocate resources without a limit. Therefore, strengthening the work in the promotion of health merits the top priority, which is also a long-term approach to easing the heavy burden of public-sector medical expenses. An ideal model of primary healthcare should start with the building up of a healthy city, and the three levels of tasks, namely, medical care, disease prevention and health promotion, should be developed in a balanced manner.

At present, the SAR Government's primary healthcare work is mainly carried out through the health authorities, while other government departments are not actively involved or engaged. Nevertheless, in attaining health for all, actually, cross-discipline collaboration is needed, as the WHO said, "healthy city should embody multi-sectoral collaboration, and the transportation, housing, education and labour sectors should participate in shaping public policies relating to the health and well-being of the community".

President, last year when I travelled to Malaysia, I found that the Malaysian Government was most proactive in promoting national health, almost in an omnidirectional manner. For example, in respect of labour affairs, the Government there would introduce some policies to require employees over 40 years of age to undergo health check-ups. With regard to food safety, the Malaysian Government launched a reduced sugar consumption campaign last year by urging its people to reduce their consumption of sugar on the one hand,

negotiating with restaurant operators and food manufacturers and urging the industry to reduce the amount of sugar used in their products on the other. The Malaysian Government made 2011 as a health awareness year in order to create a harmonious and healthy Malaysia.

In contrast, the SAR Government needs to work more proactively to promote primary health. On the one hand, it should bring various Policy Bureaux together to promote primary health at the policy level on all fronts, it should collaborate with local groups and organizations to promote the work at the district level on the other. In my capacity as the representative of the District Council (DC) Functional Constituency, I also consider that DCs can make more contribution and more promotional efforts in this area. In fact, the Western and Central DC has set up a healthy city committee dedicated to promoting the Central and Western District as a healthy city. I can cite some examples here, such as the North District Council, which has also joined many neighbourhood organizations in organizing hiking activities for local residents, with a view to encouraging local residents to do exercise to keep their physical fitness. The results are very marked and they have attracted many residents to participate. Through these hiking activities, kaifongs may realize the benefits of exercise and make friends with each other, and their lives will become more interesting and colourful in this course. In fact, healthy activities promoted by district organizations can enhance health awareness of the public, and I consider that more effective than the issuing of some health leaflets or showing some APIs by the Government. Therefore, I very much hope that today's motion debate can strike home the message of participation of the whole community. It will only be realistic and effective if society at large and all sectors participate in the consultation on primary healthcare.

With these remarks, President, I support the motion.

MR WONG YUK-MAN (in Cantonese): President, the motion debate today has once again brought into light many problems, with one of them being the mindset of the Government in policymaking.

Instead of pledging additional resources and taking drastic reform measures for public-sector medical care, the Government resorts to the private market and shirks its responsibilities, thus aggravating the problem. This kind of thinking is

cognate with its fiscal philosophy. As evident in its approaches and principles of public finance management, as debated under the previous motion today, the Government always has blind faith in the market.

Given the backtracking of the Government in its policy on public-sector medical care, what we can feel is that primary healthcare lacks support at the fundamentals, and that society is doomed to a tragic end.

This year, Hong Kong has entered the peak season of influenza earlier than usual. Over the past week, the number of attendances at the Accident and Emergency Departments has exceeded 5 900, the medical wards at public hospitals have reached their full capacity, and the number of hospitalized children is on the rise. The authorities have so far received 17 cases of institutional outbreaks, and the weekly tally is estimated to reach 40 to 50 during the peak period. But since November last year, the number of people having received vaccinations has yet to reach the target, so the risk of complications and death among high-risk patients has increased significantly. This shows that members of the public are weak in their ability and awareness of epidemic prevention. This also reflects that government resources currently dedicated to primary healthcare are acutely inadequate. The healthcare system and the work on primary healthcare are still treatment-oriented, with efforts on publicity, education and prevention being overlooked. This is the first problem.

The second problem is the contemptuous attitude against primary care. All along, we oppose the voluntary Health Protection Scheme (HPS), through which the Government will shirk its responsibilities in provision of healthcare, as the focus of reform of the HPS does not fall on public-sector institutions. In this way, not only the health levels of the underprivileged and society as a whole will not be improved, but there will also be a surge in medical cost. Moreover, there will also be many defects when it comes actual operation. In the long run, it will not serve any helpful purpose in improving the quality of healthcare.

It is most disgusting to note the Government using \$50 billion to lure people to subscribe to the HPS three months ago, and now, it has begun the discussion on primary care and disease prevention with merely an injection of \$4.1 billion. The priority in handling the two and the differences in the amount of money committed are utterly ridiculous.

Moreover, the consultation paper on the HPS, on the one hand, emphasizes that the scheme does not turn away subscribers and guarantees renewal for life. But on the other hand, as the utilization of primary medical care is highly elective and more prone to moral hazards, the Government does not propose to require coverage for primary care as a must under the HPS. If the Government does not include out-patient services as the core items to be covered, how can the goal of not turning away subscribers be achieved?

There is also the problem of a mismatch of resources, which we have discussed for a long time. In the public-sector healthcare system under the Hospital Authority, the top echelon is fattened whereas the bottom is thinned. While front-line staff are working to the point of exhaustion, the top management only cares about pay hikes. Given the huge gap in terms of workload and remuneration packages, how can junior staff be committed to their work?

In fact, there are many examples that illustrate the blind faith of the Government in the market and its negligence of duties, as mentioned earlier. Let me take the patients seeking treatment with vouchers under the ongoing Cataract Surgeries Programme as an example. I have stayed at the Hong Kong Eye Hospital for 10 days or so. From the conversations I have had with the elderly people seeking treatment for their eyes there every day, I could tell the Secretary that their stories are really full of miseries. They are on the verge of becoming blind. The problem is that the existing initiatives of public-private partnership, including the Cataract Surgeries Programme, the Tin Shui Wai Primary Care Partnership Project and the Elderly Health Care Voucher Pilot Scheme, together with the promotional effort for the HPS, indicate the inclination of the Government to encourage, in the form of subsidy, public reliance on the services available in the market, in order to reduce their reliance on the public sector.

The reality is: where can the grassroots get extra money to pay for such popular health practices as a regular check-up? Buddy, they really cannot afford it. How can ordinary wage earners afford such check-ups? Where can they get the money to pay the fee for colonoscopy, gastroscopy and other treatments? When health problems arise, they can only wait for death.

Given the current situation in Hong Kong, particularly that of the elderly, it is really hard to imagine how the Government will handle the issue and what kind

of society Hong Kong will become in the next eight to 10 years. Am I right in saying that elderly persons are facing problems in such aspects as healthcare, welfare and basic living nowadays? Be it the treatment of cataract or the various services offered at public hospitals, the queue is just getting longer and longer. Even though the medicine for curing a certain disease is available, it cannot be prescribed to those who cannot afford it. Instead, they will only be prescribed alternatives which are less effective, so they can do nothing but wait for death. What a society is it if elderly persons are left to wait for death?

In the face of the trend of an ageing population, the Government only takes piecemeal measures without devising any holistic plans. It is most adept at resorting to the market for everything out of the belief that the market is the panacea for everything, since market principles are most foolproof. However, market principles do not work in the area of public healthcare where, without any room for negotiation, the Government has to make commitment. Is the Government thinking that it can wash its hands off after spending \$50 billion on the HPS? Where in the world can one find such a bargain? Secretary, is it possible that the Government can wash its hands off by setting up a \$50 billion fund for the implementation of the HPS? It is impossible for the Government to pass this obligation over. If it does, the street will be filled up with patients, particularly those who are aged.

Insofar as this issue is concerned, many of the suggestions raised in the motion debate as well as in the amendments proposed by Members today are actually practicable. I hope the Secretary can heed good advice by carefully examining all the amendments and suggestions raised by Members in the motion debate today and understanding their concern about primary care, and then the Government can introduce complementary policies. Far from being arrogant, the Government should come down off the high horse and be a bit more modest in treating the elderly persons. If it cannot do so, please tell us. If possible, actions should be taken right now, such that the Government would command more of my appreciation. Of course, structurally, there are many things the Government may find unable to do.

DR RAYMOND HO (in Cantonese): President, first of all, I have to make a declaration. I am serving in various healthcare areas.

President, Hong Kong has seen a great number of man-made medical blunders in recent years, which have subsequently triggered discussions on the shortage of healthcare workers. The latest healthcare reform proposals put forward by the Government only centre around the reduction of the Government's future healthcare expenditure, without responding squarely to the shortage of healthcare professionals. In order to attain the goal of health for all, comprehensive medical equipment and adequate manpower resources are indispensable. Even if the universal health insurance scheme is accepted, the present healthcare support may probably be unable to cope with the actual needs. In the dreadful event of the scheme allowing participation but not covering all kinds of treatment, members of the public wishing to take out insurance under the scheme will suffer ultimately.

The Government's healthcare reform proposals promote vigorously the concept of family doctors. By establishing long-term good relationships with patients and their family members, doctors can gain a deeper understanding of their patients' medical history, thus enabling them to accurately identify the cause of a disease in their diagnoses, offer them treatment or, when necessary, refer them to specialists, thereby lessening the risk of causing delay to their clinical conditions.

Family doctors can perform various roles concurrently. Having grasped their patients' family background, they can even attend to their medical queries and worries, besides offering them treatment, as in general circumstances. Particularly, with the information boom nowadays, given the Internet, the public can have access to medical and health-related information through various media channels. Sometimes, messages or data that stem from discussions in the community and spread as hearsay have greater impacts than correct, professional medical knowledge. With the support of doctors' professional advice, correct messages on health for all can be spread more effectively to each and every level and corner of society.

However, in order to understand their patients, doctors undoubtedly have to spend more time on them, and this will in turn lead to increases in their consultation fees. In recent years, in order to counter inflation, members of the public had to rack their brains to reduce their daily expenses. Therefore, the promotion of the concept of family doctors will be met with a certain degree of resistance. The Government's plan of reducing healthcare expenditure at the

same time will cause certain impacts on grass-roots people who lack financial means.

In addition to promoting the concept of family doctors, the Government should also improve the rehabilitation services for recovered patients and the elderly. Patient organizations have all along been dissatisfied with the Government's inadequate provision of residential care services, which renders many needy persons unable to receive appropriate care. This problem has troubled many recovered patients and families of elderly persons. It has been proposed in the Chief Executive's policy addresses of the previous years that the supply of residential care services be enhanced. We look forward to the expeditious implementation of those measures as we are still awaiting evident results, so that recovered patients who have waited bitterly for years can receive appropriate care.

All along, the Government has been advocating care for the socially disadvantaged, boasting about its efforts in providing the grassroots with assistance over the past years. However, on primary healthcare policies, it just sails its boat against the currents and seeks to cut its burden of healthcare expenditure. If the \$50 billion fund earmarked earlier by the Government for the healthcare financing option is only to be spent on financing the public to take out health insurance, the Government's resources may not be fully utilized for protecting public health. The Government should increase its resource commitment to improving the quality of primary healthcare.

President, I so submit. Thank you.

MS CYD HO (in Cantonese): President, today's debate is really very good. I thank Mr LEE Wing-tat for bringing up the Declaration of Alma-Ata so that we can have some discussions. Many colleagues have earlier on referred to this Declaration. Clause I of the Declaration touches not on healthcare, but health, and describes that health is a state of complete physical, mental and social wellbeing, which naturally includes medical care; but the provision of medical care is absolutely not the principal part. To implement Clause I of the Declaration of Alma-Ata in such a hectic metropolis as the one we are living in, people of course have to be conscious of maintaining their health, and they need to know how to take care of themselves.

Many colleagues have earlier on mentioned check-ups. However, I really want to point out that check-ups will not make you healthy. If you have been suffering from illnesses, you will still fall sick even though you do 10 check-ups every year. A check-up will only make you become alert and make you realize that your health is not too good, and that you need to change your lifestyle, or else your health condition will continue to deteriorate. But the most important factor remains that you have to change your lifestyle. If you continue to work 20 hours non-stop and eat irregularly, coupled with inadequate rest and tremendous work pressure, nothing is going to help even if you do check-ups once a month. On the contrary, the more you know, the more you get worried, so much so that your health will degenerate even faster.

As such, President, when we talk about the Declaration of Alma-Ata, we are in fact talking about everyone's quality of life. First, living in such a hectic city where we dine out so often, I have to advise you of the importance of a nutritious diet. In fact, The Chinese University of Hong Kong and the University of Hong Kong have now begun providing some dietician services — some of our colleagues have used their slimming services with very good results — which should actually be promoted in a manner affordable to the ordinary public. I also notice that the Department of Health holds a yearly competition advocating nutritious diets for the participation of commercial eateries so as to encourage the catering industry to introduce some good diets in their menu. I also hope that the authorities can provide more resources in this regard with a view to encouraging the eateries to include nutritious diets in their menu and making it a requirement for bidding the restaurant services particularly in schools or some government departments, and so for the bidding of restaurant services in our new Legislative Council Building in the future.

Doing exercise is another manifestation of an awareness of personal health. Last week, we discussed the unsuccessful attempt for endorsement of the bid for hosting the Asian Games. However, the sports policy must be earnestly implemented, particularly in relation to sports for all, which concerns the health of members of the public. As regards sports education, we should train more physical fitness instructors and advise people of different ages of the types of exercise that best suit them. On community facilities, Hong Kong is actually a good place for hiking, which is a kind of sports that can be practiced very easily and most inexpensively. In this connection, it should be promoted jointly by the Home Affairs Bureau, the Leisure and Cultural Services Department and the

Agriculture, Fisheries and Conservation Department, but naturally not by the Secretary who is attending this debate.

Second, in promoting health for all, we have to relieve the pressure of urban life. Here, we must affirm the Secretary's past efforts in launching the smoking ban. Despite the fact that smokers will consider the Secretary having made them feel depressed to an extent that their mental life is affected, it has greatly improved the respiratory system of non-smokers. However, there are many other problems affecting the quality of life, such as noises and light pollution, for which the Government should enact legislation to enhance regulation, so that members of the public can have a quality deep sleep to enable them to resume vitality in the shortest time. All these are reflected in Clause VII of the Declaration of Alma-Ata and require, in addition to the health sector, the collaboration of all related sectors, including agriculture, animal husbandry, food, industry, education, housing, communications and other sectors. In this regard, it is actually far from being adequate for only the Secretary to be here to listen to our debate today. I hope that the Government can adopt an inter-departmental approach and a holistic view to promote health for all.

Third, it is financial inequality that hampers the health of the poor and the underprivileged. Therefore, it is most correct for Mr Alan LEONG to propose in his amendment that maximum working hours be prescribed, and I am totally supportive of Mr Alan LEONG's amendment. In fact, there are many people who wish to keep themselves healthy and do not want to work all day and night like a slave. They want enough rest. However, given that our minimum wage is set at such a low level with the absence of maximum working hours, it is often beyond our ability to maintain our health due to financial pressure irrespective of how great our wish is. So, President, it is very important for the Government to provide resources for this, and there is now absolutely a mismatch in resource allocation. A provision of \$50 billion proposed to subsidize private healthcare insurance to help just a small number of people who have already taken out private healthcare insurance, instead of using the amount to promote health for all, is absolutely a mismatch of healthcare resources.

President, I have also taken out medical insurance with the allowance provided by the Legislative Council. Though I do not have any ailment, this year's insurance premium has increased by more than \$1,800 from last year's

\$9,050 without reason. Not only have I not been offered any no-claim concessions as I had not suffered from any illness, but I have seen my premium increased by over \$1,000. President, I really have to consider it seriously. I had better use the amount of \$10,000 or so to join a health club, and spent the time for medical consultations to do fitness exercises. This may be a better way to maintain a healthy body. So, I think the same also applies to the Government, whose policy objective should be health for all, rather than making healthcare financing its prime task. My greatest worry is the Government employing a piecemeal approach, one of treating the head when the head aches; and after healing the headache, the foot hurts; and yet having treated the foot, the headache comes again. If the Government, as always, does not treat the problem by rolling out an all-round and holistic policy, we can only solve the financing problem of a small group of people, thus creating greater sequelae. In this connection, I hope the Secretary can change the Government's policy so that this Government will not fall sick, and our society will be free from illnesses naturally.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): Mr LEE Wing-tat, you may now speak on the amendments. The speaking time limit is five minutes.

MR LEE WING-TAT (in Cantonese): President, in general, we support the amendments as some of the views contained therein are broadly similar to ours.

There is one point I would like to discuss with the Secretary, which concerns the medical health indicator for Hong Kong people. Is there an adequate database? What Dr Joseph LEE said earlier was very good. How many obese boys and girls are there in Hong Kong? Within these five to 10 years, needless to say, the number has of course increased, but is the increase sharp? Has the Government any indicator to show that this growth trend has to be suppressed to a certain number before bringing it down gradually, or, in five to 10 years, the number of our obese boys and girls will somewhat be less than now?

Hong Kong people enjoy eating. Living in this gourmet paradise, people are eating more and more. Is there sufficient data on obesity and the common problems of these middle-aged men and women, such as indicators for hypertension, diabetes and high cholesterol? Is there any indicator to show that in five to 10 years, there will be a fall in the number of patients? Actually, this is also one of the items for discussion in this motion debate. In some countries, for example, in some cities or regions of the United States, they have this indicator which urges the health ministers of the cities or countries concerned to not just treat patients but, as colleagues earlier said, to also formulate a set of proactive policies engaging all nationals. Then, the health awareness of the community will be raised and good results achieved in accordance with the indicator. Of course, I know the Secretary will say that it is very difficult to come up with such an indicator. I know it is difficult, but in view of this trend in society, if we do not take on a proactive attitude to tackle the problem, we are in fact failing our duty.

President, regarding the various proposals put forward in the other amendments, such as the allocation of more resources to individual diseases, we do not have strong opposition, but I would rather the Secretary listen more to our opinions on two proposals. First, can there be a slight increase in resource allocation? I said earlier I understand that existing services cannot be changed as we have to rely on "new money" for such funding. I wish that every time when colleagues meet with the Financial Secretary, they would bring up this issue proactively so that when allocating "new money", a certain amount will be directed towards the development of primary healthcare.

Second, this is more specific. Earlier, colleagues mentioned that the elderly have to wait for a long time for places in the Elderly Health Centres (EHCs) which are very useful to them. In fact, many District Council (DC) members of political parties are helping the Government to a certain extent, although you can say that they may be doing so for the sake of urban development or votes. Many elderly who are living in housing estates will let DC members measure their blood pressure. Actually, they may well have their blood pressure measured more often than me. Though I have a sphygmomanometer at home, I do not measure my blood pressure frequently. Those elderly are very laborious, they do so weekly. This is good to them as they can know if their blood pressure is normal. If it turns out to be not, we will

tell them to go for a check-up, and this, to a certain degree, is helping them. In this respect, DC members are serving the grassroots, but they cannot provide check-ups in greater detail. For some political parties which are more affluent, they even provide check-ups for diabetes. Since those test papers are very expensive, to the Democratic Party which are relatively poor, we do not provide this service. The DC members of our party only resort to measuring by machines. This is also good because when the elderly are used to taking the measurement weekly, they can keep track of whether their blood pressure is normal. In addition, when it becomes a habit for them to go for the measurement, they can also chat with the others. This in fact is good.

I hope the Secretary can seriously consider developing these elderly or woman health centres more proactively. In my opinion, the grassroots are seriously denied of such services. Thank you, President.

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, here I would like to specially thank all Members for their views on primary health and medical care. As mentioned in my first speech, primary medical care is a key component of primary healthcare, whereas enhancing primary medical care is the prime task undertaken by the Government in promoting healthcare reform.

Just now, a Member asked this question: Has the Government neglected services in other areas because of the health insurance proposal raised during the past three months? This is absolutely incorrect. The growth in both the public and primary sectors is very important to us. The various reforms proposed by us are interconnected to ensure the healthy development of our future healthcare system.

In order to realize the goals of providing person-centred care and promoting health for all, the Government will focus on the development of primary care on two fronts, namely the "Strategic Framework for Prevention and Control of Non-communicable Diseases" (the Framework) and the "Primary Care Development Strategy". I hope to take this opportunity to explain to Members the latest progress in these areas and our next step.

Under the Framework, the Government attaches great importance to promoting a healthy living style and, through reducing the risk of

non-communicable diseases (NCDs), raising the standard of living for the community.

While the Government has formulated a comprehensive strategy for the prevention and control of NCDs, the Department of Health (DH) also published the Framework in October 2008 to strive to tackle major risk factors which have a major impact on public health and can be prevented or ameliorated.

The Working Group on Diet and Physical Activity, under the Steering Committee on Prevention and Control of NCD established by the Government, launched in September 2010 an "Action Plan to Promote Healthy Diet and Physical Activity in Hong Kong" which outlines the concrete actions to be taken by various government departments and relevant organizations in the promotion of healthy diet and physical activities in the coming years.

As regards Hong Kong's overall Primary Care Development Strategy, based on the recommendations of the Working Group on Primary Care, we have formulated the relevant strategy. We will also promote initiatives for enhancing primary medical care in three major areas as an important part of the healthcare reform.

First, in the area of developing primary care conceptual models and reference frameworks, reference frameworks for diabetes and hypertension care in primary care settings were recently published on the Internet in January this year, for use as common reference by healthcare professionals in different sectors to facilitate their provision of sustainable, comprehensive and evidence-based treatment in the community. In the next stage, we will draw up conceptual models and reference frameworks for the elderly and children. In the future, these frameworks will be simplified to make it easier for the general public to understand.

On the setting up of a Primary Care Directory, we began inviting doctors and dentists in December 2010 to join the Directory. We also prepare to launch the first edition of the Doctor and Dentist sub-directories in March this year to, through the provision of practising information on individual doctors and dentists, enable the public to choose family doctors and dentists suitable to their needs and build up partnership with their family doctors and dentists.

I shall now respond to the issues raised by Mr CHAN Hak-kan earlier. As we mentioned earlier, a sub-directory would be developed for Chinese medicine practitioners, and sub-directories for nurses and other allied health professionals would also be developed later.

In our experimenting with and developing the delivery models of primary medical care, we will continue to jointly explore with healthcare professionals and service providers in different sectors the delivery models of different types of community health centres (CHCs). The first purpose-built CHC, situated in Tin Shui Wai, is expected to be completed in the first half of 2012 to provide the district with more comprehensive, co-ordinated, person-centred and multi-disciplinary primary medical care. These services can also be provided through a network to other districts, even though CHCs do not really exist in those districts.

The Government has launched a series of pilot projects through the Hospital Authority (HA) to enhance primary care in treating chronic diseases. Some of these projects involve public-private partnership or collaboration between the public sector and non-governmental organizations (NGOs). These projects include the Multi-disciplinary Risk Factor Assessment and Management Programme, Nurse and Allied Health Clinics, the Patient Empowerment Programme, the Tin Shui Wai Primary Care Partnership Project, and the Public-Private Chronic Disease Management Shared Care Programme.

Some Members also mentioned earlier the Elderly Health Care Voucher Pilot Scheme. We are now conducting an interim review of the operation of the Scheme, and hope to complete the review and publish its details and outcome in the first quarter of this year. Subject to the outcome of the review, we will consider whether there is a need to extend or improve the Scheme, including enhancing the Scheme with particular emphasis on ways to promote access to preventive care among the elderly, with a view to achieving the objective of enhancing the health of the elderly.

As for primary dental care services, a three-year pilot project will be launched starting from April this year to provide subsidy to NGOs for the provision of free outreach primary dental care services for the elderly in residential care homes and day care centres. It is anticipated that the three-year pilot project can cater to approximately 100 000 attendances.

On the provision of mental health services at the primary care level, the Government has introduced a number of initiatives to enhance support for mental patients in the community, including setting up common mental disorders clinics to provide timely evaluation and treatment services for patients with common mental disorders as well as launching the Integrated Mental Health Programme to tackle more effectively cases of mild mental illness in the community.

Furthermore, the Primary Care Office under the DH will also collaborate with healthcare professionals to launch a territory-wide Primary Care Campaign in March this year. The campaign aims to engage healthcare professionals to promote primary care among the public at large, particularly encouraging the public to build up partnership with their family doctors and adopt a preventive approach in improving health.

Some Members have also mentioned that, while it is important for healthcare professionals and the public to understand and participate in primary care, the importance of healthcare manpower to the long-term development of medical care cannot be neglected, either. The Government will adopt a number of initiatives, including encouraging tertiary institutions to increase the number of places and enhancing the HA's training programmes, to ensure adequate manpower for the provision of various medical services.

Primary care development in Hong Kong is an ongoing and evolving process. Having regard to the different stages of social development and different health needs in the community, the Government will adopt different foci and initiatives to enhance primary health and care services.

Participation by and collaboration between all sides are required for the sustained development of primary care. The Government has been maintaining a close work relationship with our neighbours in providing timely and accurate information on and giving notification about NCDs to one another. Moreover, the DH has often worked in collaboration with its local, regional and global partners with a view to promoting exchanges in expertise and experience in disease prevention and control.

I hope Members can support the Government's efforts in developing primary medical care, including the various initiatives to promote the

development of primary care as I mentioned just now, such as enhancing primary dental care services, setting up CHCs on a trial basis, and so on.

I would also like to respond to the views expressed earlier by Members on several aspects.

First of all, I am very grateful to Mr LEE Wing-tat for doing a lot of homework and making many suggestions. I can categorically say that a lot of "new money" will be put on the development of primary care. However, Members must understand that we cannot rely entirely on the public system to develop all services. We must collaborate with the private sector to ensure fees and charges are reasonable and the quality and quantity of services can be monitored before services can be delivered in this area.

Regarding the two questions mentioned by Mr LEE Wing-tat, to start with, I am grateful to many political parties for helping their constituents or members of the public to undergo physical check-ups in the community. However, I think that the standard of check-ups must be maintained (*Laughter*), especially for measuring hypertension. I believe the elderly will get very excited when they go to Members' offices and meet with Members, and their blood pressure will definitely get very high. They must sit down for a while before their blood pressure can be measured five minutes later. They should not be advised to see the doctor unless their blood pressure really gets very high and it is proved after several measurements that they really have problems. Otherwise, everyone will have hypertension, and this will constitute a big problem.

As regards the second question, some Members mentioned how Mr Anthony WU, Chairman of the HA, told me about having red wine with salted fish. As far as I know, though Mr WU has introduced this dish and such a combination, he does not have it every day. (*Laughter*) As for how much he has eaten and whether the dish is healthy, it depends on how much he has consumed. But generally speaking, salted fish contains carcinogenic substances. (*Laughter*) I see that he is in pretty good shape and does adequate exercise, so he is not an unhealthy person.

On the other hand, Dr Joseph LEE asked whether the Government was promoting primary healthcare in a selective rather than comprehensive manner. I can say most categorically that we are making promotional efforts in a

comprehensive manner. Although some issues are not taken charge of by the departments under my charge, such as air quality, labour issues, and so on, we understand that complementary efforts by all sides in Hong Kong are required before we can have a healthy society and health people.

Of course, I will talk more about the needs concerning my work in my response, especially our contact with patients at the first level, as this is very important. Generally speaking, it is the easiest for members of the public to get information on health education or answers to some of the health questions about which they are concerned during their contact with doctors or healthcare personnel. I think that healthcare personnel have certain responsibilities in this respect. Therefore, we must make more efforts on this front.

Several Members have also mentioned that primary medical care is not confined to only family doctors, it is actually about diversified and multi-disciplinary services. At present, collaboration between the public and private sectors or with NGOs is required before the objectives set in this area can be achieved.

A Member has also raised this question: Do we have a good information system or health indices to tell us how healthy Hong Kong people are or whether their health is improving or worsening? Some of these figures are kept by the DH and various relevant departments, and some of them can be used for international comparisons. Nevertheless, it is quite complicated to do so. I believe it is very difficult for non-professionals to put all the relevant figures together and publish them as an index.

I have some views on this as I once undertook research in this respect. For instance, the WHO has an index on "Quality of Life", which comprises 24 items. Basically, seven or eight of these items relate to such issues as human rights, freedom and personal safety, not about common physical health issues. The physical health issues merely account for a very small part in the index on "Quality of Life". Therefore, we must find out what figures and data we seek to collect. In my opinion, every government department and sector in the community has certain responsibilities in undertaking work in this respect.

A Member has also asked whether more people should be encouraged to undergo annual physical check-ups. As mentioned in my response just now, an expert team is currently studying this to find out what sort of check-up is effective

in order not to mislead members of the public or cause fear among them as they find some figures are higher or lower than certain standards. Therefore, we must handle this with special care. In respect of physical check-ups, we must be very careful in deciding how to proceed.

Some Members have also mentioned the unsatisfactory result of some public-private partnership programmes, such as the Cataract Surgeries Programme. But judging from the response we have received so far, we have at least helped quite a number of cataract patients, with their waiting time reduced from three years to two. Therefore, we consider that the service provided has been effective in some measure. Of course, we will continue to review and enhance the subsidy provided under the Programme.

As for the question raised by Members concerning whether it is necessary for us to provide new or particularly expensive types of drugs and vaccines, we need to be more careful because we currently have many types of vaccines, just as the issue raised by Mr Alan LEONG just now concerning pneumococcal vaccine. Scientifically, there are over 90 serotypes of pneumococci. Although the difference in buying 10-valent or 13-valent pneumococcal vaccine is not substantial, we need to note the fact that very often, these viruses or bacteria may continue to mutate because of the availability of more and more vaccines. Whether the relevant vaccines can keep pace with the development of nature and ecology is extremely important. Therefore, we have to rely on expert recommendations in deciding to purchase what kinds of vaccines. We should also give members of the public the clear message that more expensive drugs are not necessarily better. Many drugs are patented because they are new, so their prices must be set higher before their costs can be recovered. Sometimes, these drugs may be sold at higher prices, but they might not necessarily be better in terms of efficacy than some of those which have gone through a longer trial period. Therefore, it is stated very clearly in the HA Drug Formulary that if it is very certain that some drugs have greater efficacy, the HA will buy them by all means. I hope Members can understand this.

The last point I would like to raise concerns Mr WONG Kwok-hing's proposal on men's clinics — he is not present in this Chamber at the moment. We have gynaecologists, but we do not have specialists for men. Generally speaking, many diseases contracted by men are similar to those by women. Hence, the same methods are applied in other specialties to treat all patients, whether they are men or women. As regards the issue raised by Mr WONG

concerning whether "men are weaker and women are stronger", I need to explain that the Member thinks that the number of men having cancer is larger mainly because of lung cancer as, according to our analysis over the years, many men are smokers. Hence, I think that preventive work is necessary because smoking is, to a certain extent, related to lung cancer.

The difference between men and women in their most special need lies in the treatment of urinary problems. I believe there are quite many specialists in urology in both the public and private sectors. There is no need to make special arrangements to provide specialists in urology for men because the number of male clients in the urology specialty is usually larger. Hence, it is unnecessary to specially set up a urology specialty exclusively for men.

When it comes to screening, I must point out that we must carefully find out what kinds of screening are effective to the public. For instance, we have introduced cervical cancer screening because it is effective and we consider that it can bring certain benefits and raise women's early awareness of cervical cancer. However, the efficacy of many other screening programmes has yet to be ascertained. In particular, some "false positive" or "false negative" cases have been reported in the course of screening. If found to be "false positive", some people without contracting any diseases may worry for a long time, and many other studies have to be conducted before their anxiety can be dispelled. Hence, we have to be particularly careful with screening.

Our expert groups will continue to undertake studies on screening. If any suitable technology can be introduced for early detection of certain diseases, we will undertake studies by all means to enable us to make purchases timely. We must particularly thank Members again for their views on screening.

As for the other views expressed by Members, other government departments may need to take action or respond, so I will relay these messages to them. In this respect, I would like to thank Members once again for being so interested in the subject of health.

As I mentioned earlier, sports are extremely important. I can also be described as a member of the sports community. Personally, I think that starting to exercise when one is young will have a positive impact on one's physical fitness, spirit and work attitude. One will also get a lot healthier. Nevertheless, I am a bit disappointed because many Members do not support the bid to host the

Asian Games. The Asian Games is indeed a very good momentum for taking forward sports in Hong Kong. But it is too late to discuss this now.

I hope Members will continue to render support to sports and try their best to support any health activities or healthy living style promoted by the Government. I also hope Members can set an example so that more members of the public will follow us in leading a healthy life.

Thank you, President.

PRESIDENT (in Cantonese): Dr Joseph LEE, you may move your amendment.

DR JOSEPH LEE (in Cantonese): President, I move that Mr LEE Wing-tat's motion be amended.

Dr Joseph LEE moved the following amendment: (Translation)

"To add ", as" after "That"; to add ", and the World Health Report 2008 emphasizes once again that primary health care should be positioned to attach equal importance to both prevention and treatment as well as the development of comprehensive health care" after "target of health for all"; to delete "and" after "promote residents' health;"; and to add "; (g) to make estimates on the resources and manpower required for the provision of primary health care, so as to establish its way forward and related details; (h) to enhance the communication, co-operation and co-ordination among medical professionals in the public sector and private sector, with a view to more comprehensively finding out and meeting people's needs; (i) to expand health services teams for enhancing health care in schools, residential care homes for the elderly, etc., with a view to further implementing community-based health care and promoting holistic health; and (j) to encourage the general public to take part in caring for their own health, so as to strengthen their initiative and self-management in caring for their own health" immediately before the full stop."

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

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

(Members raised their hands)

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

(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 CHAN Hak-kan, you may now move your revised amendment.

MR CHAN HAK-KAN (in Cantonese): President, I move that Mr LEE Wing-tat's motion, as amended by Dr Joseph LEE, be further amended by my revised amendment.

Mr CHAN Hak-kan moved the following further amendment to the motion as amended by Dr Joseph LEE: (Translation)

"To add "; (k) to improve the modes of provision of primary medical care, with a view to providing person-centred and community-based multi-disciplinary team services; (l) to improve public primary medical care and provide adequate resources to ensure that the socially disadvantaged and the elderly can more easily receive comprehensive

primary medical care and nursing care; (m) to increase the amount of Elderly Healthcare Vouchers to \$1,000 and lower the eligibility age to 65; (n) to provide elderly persons with public dental services; (o) to introduce a cervical cancer vaccination programme and a breast cancer screening programme for the suitable women; (p) to provide adequate services to attain the goal of early detection and early intervention, thereby assisting children with learner diversity problems; and (q) to launch a colon cancer screening programme for people from age groups with higher risks" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr CHAN Hak-kan's amendment to Mr LEE Wing-tat's motion as amended by Dr Joseph 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): Dr PAN Pey-chyou, you may now move your revised amendment.

DR PAN PEY-CHYOU (in Cantonese): President, I move that Mr LEE Wing-tat's motion, as amended by Dr Joseph LEE and Mr CHAN Hak-kan, be further amended by my revised amendment.

Dr PAN Pey-chyou moved the following further amendment to the motion as amended by Dr Joseph LEE and Mr CHAN Hak-kan: (Translation)

"To add "; (r) to promote territory-wide participation so as to forge a consensus on formulating a strategy and direction for promoting health for all; (s) to establish a database, and through scientific surveys, to find out the health conditions of people in various districts and groups; (t) to conduct exchanges with other cities on the Mainland and overseas, with a view to learning and drawing lessons from their experience in promoting health for all; (u) to negotiate and collaborate with neighbouring places to establish a regional framework, so as to resolve the health problems of public concern; and (v) to extend the School Dental Care Service to secondary school students, so as to strengthen students' dental health care" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Dr PAN Pey-chyou's amendment to Mr LEE Wing-tat's motion as amended by Dr Joseph LEE and Mr CHAN Hak-kan be passed.

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

(Members raised their hands)

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

(No hands raised)

PRESIDENT (in Cantonese): I think the question is agreed by a majority respectively of each of the two groups of Members, that is, those returned by

functional constituencies and those returned by geographical constituencies through direct elections, who are present. I declare the amendment passed.

PRESIDENT (in Cantonese): Ms Miriam LAU, you may now move your revised amendment.

MS MIRIAM LAU (in Cantonese): President, I move that Mr LEE Wing-tat's motion, as amended by Dr Joseph LEE, Mr CHAN Hak-kan and Dr PAN Pey-chyou, be further amended by my revised amendment.

Ms Miriam LAU moved the following further amendment to the motion as amended by Dr Joseph LEE, Mr CHAN Hak-kan and Dr PAN Pey-chyou: (Translation)

"To add "; (w) to explore the provision of appropriate assistance to encourage all people to undergo physical check-up, thereby achieving the targets of upgrading public health and lessening health care expenditure in the long run; (x) to increase allocation of resources to shorten elderly persons' waiting time for day surgery on diseases such as cataract and hernia" 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 LEE Wing-tat's motion as amended by Dr Joseph LEE, Mr CHAN Hak-kan and Dr PAN Pey-chyou 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 Alan LEONG, you may now move your revised amendment.

MR ALAN LEONG (in Cantonese): President, I move that Mr LEE Wing-tat's motion, as amended by Dr Joseph LEE, Mr CHAN Hak-kan, Dr PAN Pey-chyou and Ms Miriam LAU, be further amended by my revised amendment.

Mr Alan LEONG moved the following further amendment to the motion as amended by Dr Joseph LEE, Mr CHAN Hak-kan, Dr PAN Pey-chyou and Ms Miriam LAU: (Translation)

"To add "; (y) make the social environment much healthier through efforts in different policy areas, such as expediting air quality improvement and setting maximum working hours, etc.; (z) establish additional elderly health centres and woman health centres, etc., so as to reduce the present waiting time of more than 24 months for elderly health centre services and explore the provision of regular physical check-up for grassroots and provide a greater variety of vaccination programmes, such as 13-valent pneumococcal conjugate vaccination; and (aa) more actively promote and advocate the importance of mental health among members of the public, increase funding for psychiatric service and set up a mental health council with members comprising medical workers, patients, patients' family members and other stakeholders, and expeditiously formulate a mental health policy, so as to co-ordinate primary mental health services and provide patients with basic, comprehensive, sustained and co-ordinated treatment and nursing care" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr Alan LEONG's amendment to Mr LEE Wing-tat's motion as amended by Dr Joseph LEE, Mr CHAN Hak-kan, Dr PAN Pey-chyou and Ms Miriam LAU be passed.

PRESIDENT (in Cantonese): I now call upon Mr WONG Kwok-hing to move his amendment to Mr Alan LEONG's amendment.

MR WONG KWOK-HING (in Cantonese): President, I move that Mr Alan LEONG's amendment be amended.

Mr WONG Kwok-hing moved the following amendment to Mr Alan LEONG's amendment: (Translation)

"To add "health centres for men," after "establishing additional"."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment moved by Mr WONG Kwok-hing to Mr Alan LEONG's amendment be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr Alan LEONG's amendment, as amended by Mr WONG Kwok-hing, to Mr LEE Wing-tat's motion as amended by Dr Joseph LEE, Mr CHAN Hak-kan, Dr PAN Pey-chyou 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): Mr CHAN Kin-por, you may move your revised amendment.

MR CHAN KIN-POR (in Cantonese): President, I move that Mr LEE Wing-tat's motion, as amended by Dr Joseph LEE, Mr CHAN Hak-kan, Dr PAN Pey-chyou, Ms Miriam LAU, Mr Alan LEONG and Mr WONG Kwok-hing, be further amended by my revised amendment.

Mr CHAN Kin-por moved the following further amendment to the motion as amended by Dr Joseph LEE, Mr CHAN Hak-kan, Dr PAN Pey-chyou, Ms Miriam LAU, Mr Alan LEONG and Mr WONG Kwok-hing: (Translation)

"To add "; and (ab) to allocate additional resources for members of the public to undergo health risk assessments and distribute health check vouchers to those aged 50 or above, so as to enable them to find out the changes in their physical health and seek early treatment, or to improve their health through physical exercises" immediately before the full stop. "

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr CHAN Kin-por's amendment to Mr LEE Wing-tat's motion as amended by Dr Joseph LEE, Mr CHAN Hak-kan, Dr PAN Pey-chyou, Ms Miriam LAU, Mr Alan LEONG 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): Dr LEUNG Ka-lau, you may move your revised amendment.

DR LEUNG KA-LAU (in Cantonese): President, I move that Mr LEE Wing-tat's motion, as amended by Dr Joseph LEE, Mr CHAN Hak-kan, Dr PAN Pey-chyou, Ms Miriam LAU, Mr Alan LEONG, Mr WONG Kwok-hing and Mr CHAN Kin-por, be further amended by my revised amendment.

Dr LEUNG Ka-lau moved the following further amendment to the motion as amended by Dr Joseph LEE, Mr CHAN Hak-kan, Dr PAN Pey-chyou, Ms Miriam LAU, Mr Alan LEONG, Mr WONG Kwok-hing and Mr CHAN Kin-por: (Translation)

"To add "; (ac) to promote public-private partnership and expand the existing health care voucher scheme, so as to assist the elderly and

low-income earners in receiving better primary medical care; and (ad) to promote health screening programmes which have been medically proven to be effective, such as fecal occult blood test, etc" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Dr LEUNG Ka-lau's amendment to Mr LEE Wing-tat's motion as amended by Dr Joseph LEE, Mr CHAN Hak-kan, Dr PAN Pey-chyou, Ms Miriam LAU, Mr Alan LEONG, Mr WONG Kwok-hing and Mr CHAN Kin-por 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 LEE Wing-tat, you may now reply and you have one minute 12 seconds.

MR LEE WING-TAT (in Cantonese): President, I will only speak very briefly.

I thank the Secretary for listening to our comments very carefully and he could also see several main points. The first is that a very broad consensus has been reached in the legislature, even though Members have set out different items under this consensus; second, if it is indeed true, as the Secretary claimed, that in

the past few years, the funds allocated to primary healthcare have increased, I hope this trend will continue.

I hope that in the additional funds allocated, the Secretary I know that the Secretary is hamstrung because each year, the Secretary would receive an envelop that allocates a fixed amount of funds to him. Often, the Secretary would receive funds for specified purposes. I do not mean he would surely get them, but the additional amount of funds allocated surely would not be very great.

I will repeat the same words: If there is an increase in the funds allocated, I hope the Secretary can invest a greater proportion of such funds in the development of primary healthcare, so that the general public can be benefited.

Thank you, President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Mr LEE Wing-tat, as amended by Dr Joseph LEE, Mr CHAN Hak-kan, Dr PAN Pey-chyou, Ms Miriam LAU, Mr Alan LEONG, Mr WONG Kwok-hing, Mr CHAN Kin-por and Dr LEUNG Ka-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 motion as amended passed.

NEXT MEETING

PRESIDENT (in Cantonese): I now adjourn the Council until 11 am on Wednesday, 26 January 2011.

Adjourned accordingly at fourteen minutes to Eight o'clock.

Appendix I

WRITTEN ANSWER

Written answer by the Secretary for Food and Health to Mr LEUNG Ka-lau's supplementary question to Question 2

Supplementary information on measures taken by the Hospital Authority (HA) to improve doctor's working environment is as below:

(a) *Improving doctors' work hours*

To improve the working hours of doctors, the HA has deployed additional medical manpower to the pressurized specialties since 2007. The total number of doctors in HA has also increased from around 4 800 in 2007 to 5 160 in 2010. As shown in the Annex, the proportion of HA doctors working for more than 65 hours per week on average has dropped from around 18% in September 2006 to 4.8% by the end of December 2009. The proportion of doctors who performed overnight on-site on-call and granted immediate post-call time-off also rose from 65% in 2006 to 82.4% in December 2009.

(b) *Reviewing On-call arrangements*

The HA has reviewed doctors' on-call system and implemented measures to improve the on-call system, taking into account the different service requirements of individual departments. These measures include to minimize the number of doctors on-call through assigning ward round duties to those performing on-call duties during holidays, to share out the on-call duties through cross-hospitals/cross-cluster call roster for suitable departments and subspecialties.

(c) *Strengthening manpower*

The HA will also implement a number of measures to strengthen the medical manpower, which include stepping up the employment of retired/resigned doctors on a part-time basis to help alleviate the

WRITTEN ANSWER — *Continued*

workload of front-line doctors, and flexibly deploying medical staff and resident trainees to specialties with heavy workload. On the other hand, the HA will also provide additional promotions and special honorarium to doctors to retain medical manpower.

(d) Enhanced support to medical staff

The HA has also strengthened the service of care technicians since 2008 to alleviate the workload of front-line doctors. The HA has been providing training to the care technicians for the latter to perform technical tasks for doctors, including phlebotomy, Electro-Cardiogram and Intravenous Cannulation. As at January 2011, around 420 care technicians are providing phlebotomy service in various HA hospitals. The HA will also increase clerical staff at wards to reduce non-clinical work of doctors.

To further improve the working condition of front-line doctors, the HA is now discussing with the staff and relevant stakeholders to explore further measures and initiatives to improve doctors' working environment.

Annex

Number of doctors in different specialties and
the Average Weekly Work Hours (AWWH)

<i>Specialty</i>	<i>Percentage of doctors with AWWH more than 65 hours (September 2006)</i>	<i>Percentage of doctors with AWWH more than 65 hours (July to December 2009)</i>	<i>Number of Doctors*</i>		
			<i>July 2007</i>	<i>July 2010</i>	<i>Net Change</i>
Neurosurgery	73%	12.5%	77	91	14 (+ 18%)
Surgery	45%	18.6%	441	497	56 (+ 13%)
Obstetrics and Gynaecology	40%	17.9%	203	214	12 (+ 6%)
Paediatrics	40%	7.0%	302	317	15 (+ 5%)

WRITTEN ANSWER — *Continued*

<i>Specialty</i>	<i>Percentage of doctors with AWWH more than 65 hours (September 2006)</i>	<i>Percentage of doctors with AWWH more than 65 hours (July to December 2009)</i>	<i>Number of Doctors*</i>		
			<i>July 2007</i>	<i>July 2010</i>	<i>Net Change</i>
Orthopaedics and Traumatology	29%	15.6%	290	310	20 (+ 7%)
Medicine	21%	1.5%	1 100	1 141	41 (+ 4%)
HA Overall	18%	4.8%	4 799	5 160	361 (+ 8%)

Note:

* Number of doctors calculated on full-time equivalent basis and rounded to the nearest digit.