

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 16 March 2011

The Council met at Eleven o'clock

MEMBERS PRESENT:

THE PRESIDENT

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

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

THE HONOURABLE LEE CHEUK-YAN

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

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

DR THE HONOURABLE MARGARET NG

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE CHEUNG MAN-KWONG

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

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

THE HONOURABLE LEUNG YIU-CHUNG

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

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

THE HONOURABLE LAU KONG-WAH, J.P.

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

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

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

THE HONOURABLE ANDREW CHENG KAR-FOO

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

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

THE HONOURABLE 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 CHIM PUI-CHUNG

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

THE HONOURABLE KAM NAI-WAI, M.H.

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 ALBERT HO CHUN-YAN

THE HONOURABLE RONNY TONG KA-WAH, S.C.

THE HONOURABLE CYD HO SAU-LAN

PUBLIC OFFICERS ATTENDING:

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

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

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

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

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

THE HONOURABLE EDWARD YAU TANG-WAH, J.P.
SECRETARY FOR THE ENVIRONMENT

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

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

CLERKS IN ATTENDANCE:

MS PAULINE NG MAN-WAH, SECRETARY GENERAL

MRS CONSTANCE LI TSOI YEUK-LIN, ASSISTANT SECRETARY
GENERAL

MRS PERCY MA, ASSISTANT SECRETARY GENERAL

OBITUARY TRIBUTE

PRESIDENT (in Cantonese): Will Members please remain standing to observe one minute's silence to mourn the victims of the earthquake and tsunami that occurred in Japan.

(Members remained standing to pay obituary tribute)

PRESIDENT (in Cantonese): End of the obituary tribute.

TABLING OF PAPERS

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

- No. 77 — HKSAR Government Scholarship Fund
Financial statements together with the Director of Audit's report for the year ended 31 August 2010
- No. 78 — Research Endowment Fund
Financial statements together with the Director of Audit's report for the year ended 31 August 2010
- No. 79 — Report of changes made to the approved Estimates of Expenditure during the third quarter of 2010-11
Public Finance Ordinance: Section 8
- No. 80 — Quality Education Fund
Financial statements together with the Director of Audit's report for the year ended 31 August 2010
- No. 81 — Education Development Fund
Financial statements together with the Director of Audit's report for the year ended 31 August 2010

Report No. 16/10-11 of the House Committee on Consideration of Subsidiary Legislation and Other Instruments

QUESTIONS UNDER RULE 24(4) OF THE RULES OF PROCEDURE

PRESIDENT (in Cantonese): Members have expressed great concern about the incident of explosions and radiation leakage at a nuclear power plant triggered by the earthquake and tsunami in Japan. Mr Alan LEONG, Mr KAM Nai-wai and Mr Paul TSE respectively made requests to me to raise urgent questions that are closely related to this incident in this meeting today. In accordance with Rule 24(4) of the Rules of Procedure, I have granted their requests.

In addition, in accordance with Rule 16(4) of the Rules of Procedure, I have also granted leave to Ms Miriam LAU to move a motion of adjournment after dealing with all the other items on the Agenda today for the purpose of debating the impact of the radiation leakage on Hong Kong.

Safety of Food Products Imported from Japan

1. **MR ALAN LEONG** (in Cantonese): *President, Japan experienced an earthquake of unprecedented magnitude, which also triggered a tsunami and a nuclear crisis. Here, I express my mourning of the deceased and my condolences to the stricken population.*

President, given that after the occurrence of the most serious earthquake ever recorded in Japan, there were successive explosions at the nuclear power plants in Fukushima, some members of the public in Hong Kong are worried that food products imported from Japan will be contaminated by radiation. In this connection, will the Government inform this Council:

- (a) of the types of food products currently imported into Hong Kong which come from areas that may be exposed to radiation and the quantities imported each day;*
- (b) given that the Secretary for Food and Health indicated on 14 March that the Centre for Food Safety (CFS) had carried out tests on fresh food products imported from Japan, whether the authorities can clarify the criteria adopted at present in testing the level of radioactive contamination in Japanese food products, as well as the measures to be adopted by the authorities when some food products*

are found to have a level of radioactive contamination exceeding the normal standard; and

- (c) *given that the Secretary for Food and Health indicated on 14 March that he would closely monitor food products imported from Japan, such as details of their places of origin, the time of departure from the farms, and so on, regarding the importation procedures for the food products mentioned above, whether the authorities and the Japanese Government have established crisis management and reporting mechanisms, so as to obtain full information on the sources of food products imported into Hong Kong and prevent food products which have been contaminated by radiation from being imported into Hong Kong; if they have, of the details; if not, the channels through which the authorities will receive the relevant information?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, Japan has just suffered from the most serious earthquake ever recorded in the country and a series of explosions at the nuclear power plants in Fukushima. We feel sorry for the significant human loss and devastation caused. The Hong Kong Special Administrative Region (SAR) Government would like to offer our deep sympathy and regards to the people and Government of Japan at this difficult time. We are prepared to offer all necessary assistance when required.

In Hong Kong, some members of the public are concerned that food products imported from Japan might have been contaminated by radiation. The Government is responsible for monitoring the food safety in Hong Kong and will release the results of our surveillance programme in a highly transparent manner so as to relieve public concern.

Radioactive material can affect our body through three ways, including (a) direct radiation; (b) through skin contact with and breathing in the contaminated air; and (c) through consuming the contaminated food and water.

If radioactive fission products are released into the atmosphere, some of the gaseous and volatile radioactive isotopes could be carried by wind. The invisible radioactive material would behave in a way similar to a plume or cloud

of smoke dispersing into the atmosphere, with some of its contents deposited onto the ground. The concentration of radioactive materials in the plume decreases as they move further away from the relevant site. Through the Plume Exposure Pathway, an individual could be radiologically contaminated from direct exposure to radiation emitted by airborne and deposited material, or from internal exposure by inhalation of airborne material.

When radioactive substances in the plume are deposited on plants, soil or water, they might enter the food chain. In the first instance, plants and animals could become surface contaminated and tissue contamination could occur after inhalation or after intake or ingestion of radiologically contaminated nutrients (animals eating a large quantity of contaminated items can concentrate radioactivity in their tissues). This tissue contamination will reduce over time. While surface contamination can be largely removed by washing, tissue contamination cannot be so removed.

People can ingest the substances directly, or indirectly through eating the products of animals (including fish) which have themselves eaten contaminated substances. Through this Ingestion Pathway, people may still become radiologically contaminated even they are not living in areas under the plume or after a lengthy period of time from the incident by consuming radiologically contaminated foodstuffs.

So long as the level of contamination does not exceed a certain level, people consuming these contaminated foodstuffs will unlikely experience either short-term or long-term ill-effects. The most important consideration is the total radiation dose from consuming radiologically contaminated foodstuffs (including water). The impact of radiation on human health depends on its intensity, the length of exposure, the type of radiation and the kind of body cells exposed.

As a matter of fact, naturally occurring radioactivity is common in the environment. Our body metabolic processes can often repair any potential damage caused by low levels of radiation exposures. In a nuclear power plant accident, the general population is not likely to be exposed to high radiation doses. The consumption of radioactively contaminated foodstuffs may result in long-term effects such as an increased risk of cancer in exposed persons. In general, foodstuffs available on markets are unlikely to be contaminated with

very high levels of radioactive substances after a nuclear emergency. Therefore, the chance of acute health effect is unlikely.

In response to the nuclear plant explosions after the earthquake in Japan, the CFS has, since 12 March (the day of the nuclear incident), stepped up surveillance and has tested the radiation level of fresh food imported from Japan, including vegetables, fruits, and milk. The CFS currently adopts the standards laid down by the Codex Alimentarius Commission in the Guidelines Levels for Radionuclides in Food following Accidental Nuclear Contamination in testing the radiation levels of food. To ensure the food from Japan is free from contamination, the CFS concentrates the surveillance on fresh food items, especially those from the central part of Honshu. For other food items, the CFS will make reference to the risk assessment and target those produced after the explosions of the nuclear plants and which stand a higher risk of contamination. The CFS will continue to monitor closely the food imported from Japan in the near future. If the place of origin or the time of production is linked to the incident, the CFS will test the radiation level of these food items to ensure they are not contaminated.

The CFS has liaised with the relevant Japanese authority for information and will continue to monitor the latest developments.

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

- (a) Currently, the food from Japan only constitutes a small part of our total imports. Imported fresh food from Japan consisted mainly of meat, aquatic products, milk, frozen confections, vegetables and fruit. The total import of the above foodstuffs amounted to 380 tonnes in 2010, with market shares ranging from below 1% (for example, vegetables and fruits) to 5% (for example, meat, milk and frozen confections). Import of poultry and poultry eggs from Japan has been suspended since the outbreak of avian influenza last year.

As of present, the Japanese Government has not been able to delineate the area affected by radiation contamination. The CFS has, since 12 March, stepped up surveillance on Japanese fresh food imported by air, testing the radiation level for each consignment. As at 5 pm yesterday (15 March), 34 samples have been tested and

all results were satisfactory. None of these samples was consigned from Sendai or Fukushima.

- (b) The CFS currently adopts the standards laid down by the Codex Alimentarius Commission in the Guidelines Levels for Radionuclides in Food following Accidental Nuclear Contamination in testing the radiation levels of food. Relevant radionuclides include iodine-131, caesium-134 and caesium-137, and so on, which are most closely associated with health risks.

If a consignment of food is tested to have exceeded the contamination standard, the Food and Environmental Hygiene Department (FEHD) will immediately detain that consignment and arrange for disposal.

- (c) Since the nuclear plant explosion in Fukushima, the CFS has been in close contact with the Consulate-General of Japan in order to obtain more information and has kept a close eye on the developments in the relevant areas. As the situation in Japan is still developing, the CFS will continue to liaise with the relevant Japanese authority to keep abreast of the latest development. Announcements will be made as and when appropriate.

MR ALAN LEONG (in Cantonese): *President, I am grateful to the Secretary for preparing a reply within such a short time. From the first two pages of the Secretary's reply, it can be seen that the administrative work of monitoring food imported from Japan may continue for a long time. May I ask the Secretary if he has made preparations for the manpower arrangements? Are the resources of the Government for coping with this additional task adequate?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): *President, I thank Mr LEUNG for his concern about our work. For the time being, we cannot foresee how long the present situation will persist, particularly given that today, there are still reports of possible further leakage from the nuclear reactors there. Therefore, we have to see for how long the radiation leakage in Japan will continue. In the short term, there is no special impact on our work because we*

have been conducting such tests all along. In the past three years, we collected 5 700 food samples for tests on radiation and we are now only paying greater attention to food imported from Japan. The workload has not increased significantly and the relevant procedure also poses little difficulty.

Of course, if we step up the tests in this regard, we have to make some adjustments to other areas of work on food safety, in particular, the demand on the work of the Government Laboratory. We will make corresponding decisions in light of the duration of the situation. If there is a need to increase the manpower and resources, of course, we will try to secure the resources for the relevant work. We believe we can observe the relevant situation for a few weeks more, so as to make decisions for the longer term.

Generally speaking, the estimate made in accordance with international standards is that the area within a radius of 50 km to 100 km from the location of the radiation leakage will be affected. Therefore, the farmland near the Fukushima Prefecture may be affected. According to what can be seen now, the farmland there may also be affected by the earthquake or the tsunami, so it may not be able to yield any food. I believe the Japanese authorities will pay attention to the issue of food contamination and safety and will also be able to keep it under control. If there is any deterioration in the situation, we certainly have to examine if other places in Japan are affected and what the test results on its water sources or aquatic products are. We also have communication with Japan in this regard and if the Japanese authorities have any relevant findings, we will be informed of them as soon as possible and adjustments will also be made to the policy on importation.

PRESIDENT (in Cantonese): A number of Members are waiting to ask questions, so will Members please make their questions as concise as possible? If Members have any views, please wait until the adjournment debate to be held later today to present them.

MR ANDREW LEUNG (in Cantonese): *President, thanks to the Secretary for the detailed reply. The Secretary said in his reply that when radiation enters the food chain, it will contaminate food but he also said that the extent of contamination beyond a certain radius would be smaller. Of course, we are*

very concerned about food safety for the Hong Kong public and in fact, many small and medium enterprises also depend on the food import business.

When it comes to the panic among the public about radiation entering the food chain, milk products are one example. In particular, the supply of infant formula milk is quite strained and panic buying has also occurred in Hong Kong. What approach and special measures does the Secretary have to ensure that parents can continue to buy uncontaminated formula milk with peace of mind and what substitutes are available to parents?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, the radioactive contamination of cow's milk is due to the ingestion of contaminated grass by cows, which then produce contaminated milk. According to expert opinion and experience, if cows eat contaminated grass on a certain day, the milk produced on the next day will already be contaminated and the casual relation is very direct. We know that there are few dairy farms near Fukushima Prefecture and thus the milk produced there is not that much. Most of the milk produced in Japan comes from Hokkaido. We will also maintain close contact with Japan to understand the relevant situation. For the time being, we do not think that the cows or the milk in Hokkaido have been contaminated due to the present situation.

The CFS held a meeting with all Japanese food importers on Monday, that is, the day before yesterday, and it appreciated their concern in this regard. Both parties also hope to enhance the flow of information to gain an understanding of the situation of the Japanese business sector. The Government will also disseminate to them the information released by the Japanese Government as quickly as possible. We know that people are very much concerned about the present situation but at least, we think that in the short term, the situation of the contamination of cow's milk is under control but if the problem worsens, we will certainly take other corresponding measures.

MR WONG YUNG-KAN (in Cantonese): *President, I believe the radiation leakage at the nuclear power plants in Fukushima Prefecture will have a great impact on food production because a lot of sashimi food product in Hong Kong comes from Japan, in particular, a lot of fish are imported from the Fukushima*

Prefecture and Hokkaido. May I ask the Government if it is enough to just conduct tests on 34 samples after the occurrence of the incident? Will the Government further step up the tests on radiation in food, so that the public can buy food with peace of mind?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, we conduct tests on the radiation level of every batch of food. Be it fish, vegetables or other milk products, we adopt the same approach. We also know that after the earthquake in Japan, the supply of food to Hong Kong has decreased and the rates of decrease vary for various kinds of food. However, generally speaking, the number of batches has been reduced by about a half. In the last couple of days, there may have been some increases but the level has not yet returned to the former level. We will continue to carry out the relevant inspections on each batch of food.

On aquatic products, apart from carrying out inspections in this regard, we will also ascertain the origins of the so-called "Japanese sashimi" because a lot of such food may not have come from Japan. As Members may be aware, the Legislative Council will debate the Food Safety Bill at the end of this month and we also hope that the Bill can be passed to enable the sector to provide clearer information on the origins of the goods purchased by them, so that we can trace the origins of food products. No matter how, we will step up the tests at the import and retail levels.

MR TOMMY CHEUNG (in Cantonese): *President, since Japan is also very strict with the food exported by it, may I also ask the Secretary if the Government has made enquiries on whether or not tests on food products for export are carried out in Japan before exportation? Concerning the recent problem of radiation, will they step up the tests on food products for export there before exportation?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, as far as I know, all along, Japan attaches great importance to food safety and the industry participants there also have a strong sense of responsibility in ensuring food safety. For this reason, we believe we should trust that Japan will do a proper

job in this regard. However, the FEHD and the Government will both fulfil all the duties in respect of imports, so we will conduct the relevant tests.

We understand that Japan may now have to consider its own local food supply too, so the supply situation may be a bit strained. I believe that in the short run, it may not be possible for Japan to export food to Hong Kong at the former level. Rather, the worry now is whether or not the food supply in Japan is adequate and we have to consider if the provision of assistance is necessary. No matter how, if any food supplied to Hong Kong comes from Japan, apart from conducting tests, we will also examine its origins. If the food comes from central or northern Honshu, we will pay particular attention and conduct more tests.

I mentioned just now that apart from conducting speedy tests on food to check if the food is radioactive, we also have instruments to carry out speedy tests to detect the three types of radionuclides mentioned by me in the main reply, that is, iodine and caesium. If there is any further need, for example, if we detect any suspicious case, it can be referred to the Government Laboratory for further tests on radionuclides. For the time being, we have not detected any unusual radiation but in the long term, we will step up efforts in this regard.

MR TOMMY CHEUNG (in Cantonese): *The Secretary did not answer my question. I asked the Secretary whether he would follow up it, Japan has carried out any*

PRESIDENT (in Cantonese): Mr CHEUNG, the Secretary has already answered it.

DR MARGARET NG (in Cantonese): *President, it is most imperative that the general public can receive correct information in a timely manner. On the one hand, this can prevent unnecessary panic among the public and on the other, it is also necessary to make the public maintain an appropriate level of vigilance. May I ask the Secretary through what channels the public can receive the relevant messages? Is any hotline provided? If the public want to know which kinds of food are safe or unsafe, how the supply situation of food or if they want*

to know if they have been physically affected by radiation, what channels of enquiry, such as hotlines, are available to them? In particular, as the Secretary pointed out just now, at present, the situation in Japan is still developing, so in these circumstances, the requirement of timeliness is all the more important.

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, I said just now that every day, we would inspect the food coming from Japan and if there is anything unusual, we will surely make announcements. Even if nothing unusual has happened, we will still publish the categories of food that are found to be satisfactory after tests. If there is any new development in Japan affecting its food chain and causing radioactive contamination of the food, we will of course step up our efforts and inform the public of this. For the time being, we can say with confidence that all food products imported into Hong Kong at present are safe.

DR MARGARET NG (in Cantonese): *The Secretary did not answer if the public are concerned and want to enquire*

PRESIDENT (in Cantonese): Are you asking if there is any channel for them to make enquiries?

DR MARGARET NG (in Cantonese): *..... is there any channel?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): President, the FEHD maintains a website and of course, the CFS also has a website, so the public can obtain the relevant information through them. If the public has any question, they can make enquiries with these departments.

PRESIDENT (in Cantonese): We have spent more than 24 minutes on this question. Second urgent question.

Hong Kong's Contingency Measures for Radiation Leak at Fukushima Nuclear Plant in Japan

2. **MR KAM NAI-WAI** (in Cantonese): *President, I extend my deepest sympathy to the victims of the incident and my profound condolences to the people of Japan.*

In view of the severity and urgency of the incident of radiation leak at the Fukushima nuclear plant (Fukushima plant) in Japan, and the Central Government commencing its evacuation of Chinese nationals from certain areas of Japan, will the Government inform this Council:

- (a) whether it has made enquiries with the Japanese Government on the situations of the various nuclear reactors at the Fukushima plant and information relating to the leak of various types of radioactive materials and radiation; if it has, of the details; if not, the reasons for that;*
- (b) whether it has assessed the probability and possible extent of Hong Kong being affected by the radiation leak incident; if it has, of the details; what contingency measures it has at present to deal with the situation where Hong Kong is affected by the radiation leak incident; whether it has assessed the risk and probability of similar type of crises occurring at the Daya Bay nuclear plant; if it has, of the details and its contingency measures for that; and*
- (c) whether it has assessed if Hong Kong has enough manpower, equipment, drugs and related resources to deal with incidents of Hong Kong being affected by a radiation leak, and whether relevant drills have been conducted; if it has, of the details; if not, the reasons for that; whether it will arrange health check-ups for people who returned to Hong Kong from Japan recently; if it will, of the details and the timetable; if not, the reasons for that; and what plan it has to help Hong Kong people who are currently stranded in Japan to return to Hong Kong?*

SECRETARY FOR SECURITY (in Cantonese): President, my consolidated reply to the three parts of the question is as follows:

Japan is a member state of the International Atomic Energy Agency (IAEA), bearing the responsibility to notify the IAEA of any nuclear incident or accident according to the guidelines. We understand that, since the earthquake at the outer sea of the Miyagi Prefecture on 11 March, the Japanese Government has been notifying the IAEA of the nuclear power plant incident and publicizing the latest news to the international community through public channels.

According to the Japanese Government, the Fukushima Daiichi nuclear power plant suffered the major impact of the earthquake. The nuclear power plant has six reactor units. In the past few days, the cooling systems of reactor units 1 to 4 have been malfunctioning respectively. The nuclear power plant has taken various measures of cooling by injecting water to the reactor vessels. Based on information from various sources and local nuclear expert's assessment, despite the fact that there have been reports of explosion or fire at the concerned reactor units, there is no evidence to show severe damage of the outer shell of the reactor according to the present assessment and thus no evidence to suggest emissions of radioactivity caused by the release of a large amount of radioactive matters from the reactor core. Japan has classified this event as a level 4 "Accident with Local Consequences" on the International Nuclear and Radiological Event Scale (INES), in which the highest level is level 7. The Japanese authorities have taken measures to evacuate residents within the 20-km zone around the nuclear power plant and request residents living within the 20 km to 30 km range from the plant to stay home, which is consistent with the international standard. At the same time, the Japanese Government is publicizing twice a day the radiation dose rate measurements of different parts of the country. We are monitoring the incident development around the clock.

Numerous experts have explained the incident to the public in these few days. The Hong Kong Observatory (HKO) has stated that for the past few days to the next few days, the air masses reaching Hong Kong during the period mainly comes from the Mainland China and the vicinity of Hong Kong instead of Japan. Therefore, Hong Kong basically will not be affected by the radiation from Japan. Yesterday Mr LEUNG Kwong-ho, Chairman of the Energy Advisory Committee, explained from an engineering point of view that the diffusion rate of radiation is 1 over 30 000 for every 5 km. Therefore, the

radiation impact on public health is fairly low for an area outside the 20-km zone of the nuclear power plant, such as Tokyo, which is 250 km away from the Fukushima Prefecture.

After the earthquake, the HKSAR Government has activated the 24-hour Emergency Monitoring and Support Centre to closely monitor the development of the incident. Ten members of staff of the Immigration Department have been despatched to set up health desks at the Narita and Haneda airports with staff of the Hong Kong Economic and Trade Office in Tokyo to render any practicable assistance to Hong Kong residents in need there.

We have also been closely liaising with the airlines. So far, the flights from different parts of Japan (including Tokyo) to Hong Kong remain normal. On the other hand, airlines have promised to increase flights from Tokyo to Hong Kong to bring back Hong Kong residents who wish to return earlier. I also appeal to Hong Kong tourists who are in Tokyo to stay clam and pay attention to the announcement of the local government. Those residents who wish to return to Hong Kong earlier may contact airlines or our assistance hotline "1868" for help. We have secured the co-operation of local airlines to provide sufficient flights and seats to travellers in need.

As said, the Japanese Government has classified the event at Fukushima Daiichi nuclear power plant as a level 4 "Accident with Local Consequences" on the INES. Based on international experts' advice, an evacuation or other special measures should only be targeted at the 20-km zone around the nuclear power plant with radiation leak. According to the Japanese Government, the 20-km zone around Fukushima Daiichi nuclear power plant has been cordoned off since 12 March and visitors were barred from entering the area. Hence, the risk of visitors in popular travel destinations, such as Tokyo which is 250 km away from the nuclear power plant or Osaka which is even further away, contaminating from direct radiation should not be high. Therefore, it is not necessary to impose compulsory radiation check on travellers from Japan, and Hong Kong residents should not be over anxious.

However, considering the possible concern of residents returning from Japan, we have, in conjunction with the Airport Authority, set up a health desk at the airport. Travellers who are worried about their radiation exposure may seek assistance.

In Hong Kong, the HKO has set up 10 radiation monitoring stations within the territory which operate around the clock and transmit data back to the Observatory every minute. The HKO has also collected air samples to examine for radioactive elements. After the earthquake, the HKO has been closely monitoring the Japanese Fukushima nuclear power plant incident and has activated the Monitoring and Assessment Centre to monitor the radiation level within the territory. The HKO has also increased the examination frequency from once every few days to once a day. Up to now, the HKO's monitoring results have indicated that the radiation level of Hong Kong is normal.

Besides, we understand that the National Nuclear Safety Administration of the Ministry of Environmental Protection has requested the other provincial environmental protection departments to strengthen the monitoring. We note that the coastal regions including Liaoning, Jiangsu, Zhejiang, Shanghai, Fuzhou and Guangdong have already activated their monitoring systems. In particular, Shanghai has activated the state-of-the-art "super high volume aerosol sampler" which is able to take sample of 1 000 cu m per hour and take sample within the shortest time to test for abnormal radioactivity in the atmosphere. The monitoring results have indicated no abnormal radioactivity within the territory of China. Hong Kong is further away from Japan than the Mainland coastal region just mentioned and thus our assessment that Hong Kong will not be affected by the radiation from Japan is consistent with the Mainland monitoring results.

The HKO will continue to closely liaise with the Mainland meteorological authorities and they will immediately inform the HKO for following up if abnormal radiation level is detected in the Mainland. If necessary, the HKO will further step up the monitoring by sending mobile survey teams to measure the radiation level and radioactive plume within the Hong Kong territory.

The Daya Bay Nuclear Power Stations are located in an area where no earthquake of magnitude 6 or above has ever taken place. In fact, Hong Kong and the Daya Bay area are not situated on an active fault zone, nor within an area with geological conditions vulnerable to severe earthquakes. In this regard, the chance of serious destruction caused by the occurrence of severe earthquakes is slim. Unlike the Fukushima nuclear power plant which adopts the "boiling water reactor" design, the Daya Bay Nuclear Power Stations adopt the "pressurized water reactor" design. Each reactor in Daya Bay is protected by three tiers of barrier to prevent the leak of radioactive matter from the core. In

addition, a multiple protective mechanism is in place. Even if one of the protective systems fails, there are still many stand-by options, which will be automatically activated, to ensure that various safety targets are met. The design has a well-proven safety record worldwide.

To minimize the possible impact of any incident on Hong Kong's public health and safety, the HKSAR Government had put in place a Daya Bay Contingency Plan before the power stations were up and running. The roles of all relevant departments, the work they are required to conduct, and the necessary protective equipment in the event of an incident are all set out in the Contingency Plan, which has been uploaded onto the website of the Security Bureau. Details of the Contingency Plan are available for public access. The Plan has listed the roles to be undertaken by all relevant departments in the event of radiation leakage. The departments are equipped with protective gear that meet their operational needs and appropriate medication (including iodine tablets), which are available for use by front-line staff and members of the public in need when necessary. We have been regularly inspecting and renewing all types of protective and inspection equipments. Drills on radiation leakage are also conducted from time to time to ensure the personnel of departments concerned are able to handle the incidents effectively. In light of the current nuclear incident in Japan, the HKSAR Government has immediately reviewed and confirmed that all concerned reactor units have sufficient manpower, equipments and ancillary measures to handle any possible nuclear incidents in Hong Kong.

MR KAM NAI-WAI (in Cantonese): *President, the incident in Japan is saddening and worrying. We have been watching news reports and learnt today that the concrete shell of one of the reactors in the nuclear power plant might have been damaged. In his reply just now, the Secretary said that Japan has classified this incident as a level 4 incident. However, many international experts share the view that the incident should be classified as a level 6 incident, only one level lower than the Russian incident. Despite the Secretary's reminder that we should not be over anxious, we would like to remind the Government that we should be vigilant in peacetime and prepare for danger. Of course, whether or not we are now living in peacetime is another question.*

President, it was mentioned in the main reply that drills had been conducted by the Government, yet Hong Kong people do not think that relevant drills have ever been conducted. Will the Government arrange for the public to

actually participate in public safety drills to bring home to them what can be done to protect themselves when they are exposed to nuclear radiation? Can the Secretary inform Members of the quantities of our equipment and appropriate medication as well as the number of people who can use such equipment and medication?

SECRETARY FOR SECURITY (in Cantonese): President, the Japanese authorities have classified the current nuclear incident as level 4 and reported it to the IAEA. Based on the information, the IAEA has also classified the incident as level 4 for the time being. Although I have noted the claim made by some experts of the French authorities that the incident might have reached level 6, this assessment was not made by the experts in Japan. Therefore, even the IAEA has classified the incident as level 4 for the time being.

As regards the relevant drills mentioned by Mr KAM Nai-wai, drills are conducted by the relevant government departments or organizations, such as the Mass Transit Railway Corporation Limited and various government departments, from time to time. As regards Mr KAM Nai-wai's question of whether there is a need for all Hong Kong people to participate in drills, like primary or secondary students participating in fire drills, we will consider if there is a need to do so.

PRESIDENT (in Cantonese): Has your supplementary question not been answered? Please raise your follow-up concisely.

MR KAM NAI-WAI (in Cantonese): *President, I would like to ask whether our equipment and medication*

PRESIDENT (in Cantonese): Are you asking whether there are sufficient equipment and medication?

MR KAM NAI-WAI (in Cantonese): *..... sufficient? How many people can use such equipment and medication? The drills I requested might not*

PRESIDENT (in Cantonese): Please be concise.

MR KAM NAI-WAI (in Cantonese): *might not involve millions of people, but at least they should bring home to the public of the existence of public drills and what they can do to protect themselves from radiation leaks.*

PRESIDENT (in Cantonese): Mr KAM, your follow-up question is very clear.

SECRETARY FOR SECURITY (in Cantonese): President, our equipment is sufficient. However, I cannot give a reply on the quantity of equipment we have at the moment, and whether it is of model "E" or whatever model. If possible, I will give a response in writing. (Appendix I)

MR CHAN HAK-KAN (in Cantonese): *President, just now the Secretary said that there was sufficient equipment, including iodine tablets. However, I learnt from the newspaper today that only front-line Marine Police officers are "equipped with" iodine tablets which can neutralize nuclear radiation. Other front-line officers, such as police officers, firemen and ambulance officers, are not given iodine tablets. May I ask the Secretary whether, in light of the relevant experience gained from the nuclear incident in Japan, a fresh review will be conducted to give physical and psychological protection to our front-line police officers and ambulance officers?*

SECRETARY FOR SECURITY (in Cantonese): President, many thanks to Mr CHAN for the supplementary question. Actually, the news today is quite misleading. Why did the news mention that only Marine Police officers are given iodine tablets? This is actually not the case. Iodine tablets are distributed to front-line Marine Police officers because the area stationed by Marine Police officers covers Tung Ping Chau, which is approximately 20 km from, and also the closest to, the Daya Bay Nuclear Power Stations. Instead of distributing iodine tablets to front-line officers when they do not need such tablets, sufficient iodine tablets are provided in other government departments, especially departments responsible for making contingency responses to nuclear

incidents, for use by their staff, whether they are firemen, police officers or officers from other government departments, when such needs arise. Marine Police officers are given iodine tablets because they are responsible for stationing the areas at the front line.

MR LEE WING-TAT (in Cantonese): *President, it is reported that the Japanese Prime Minister was very angry in a meeting held yesterday with the key members of the company responsible for the operation of the nuclear power plant, alleging that the company staff had delayed the announcement on the nuclear leak and the occurrence of serious incidents. Actually, of all the nuclear incidents occurred around the world, one of the most fatal problem is not only nuclear leak, but delay in reporting to their governments by operators of nuclear power plants.*

What I wish to point out is that although the Hong Kong Government is represented in the Hong Kong Nuclear Investment Company Limited (HKNIC), the operator of the nuclear power plant is a Mainland company, and there had been reports of several minor incidents in the past — I must emphasize this point — and reports were not made to the directors of the HKNIC by the Mainland company until it was very late.

President, may I ask the Secretary whether he will, after this incident, discuss with the leadership of the operator of the Daya Bay Nuclear Power Stations the need to further improve the notification mechanism so that, in the event of any incidents, whether major or minor, the directors of the HKNIC and the Hong Kong Government will be notified immediately?

SECRETARY FOR SECURITY (in Cantonese): *President, thanks to Mr LEE for the supplementary question. The delay or failure in reporting cases, as mentioned by Mr LEE just now, actually related to several level 0 or 1 cases last year. According to the international practice, there is simply no need for these level 0 incidents to be reported to the senior management. Nevertheless, owing to the occurrence of these incidents last year and public concern, we have joined the Environment Bureau in holding meetings with the relevant Mainland authorities. During the meetings, we relayed to them public views and expressed the hope that the relevant company could publish relevant information more promptly and in a more transparent manner. We have now been given a*

positive message that information on level 0 or 1 incidents will be published as well. Of course, after this nuclear power station incident in Japan, we will examine if there is a need to discuss with the relevant company on the enhancement of transparency in this respect.

MR LEUNG KWOK-HUNG (in Cantonese): *President, I have heard many questions raised by colleagues about food checks. I think it is extremely important to conduct checks on people and goods entering the territory at the airport and ferry terminals, including checks on travellers, luggage and cargo. May I ask the Secretary for Security whether relevant measures are in place to conduct checks and whether cleansing devices are available so that, once inbound passengers are found to be contaminated, they can be cleansed expeditiously to enable them to continue with their living?*

SECRETARY FOR SECURITY (in Cantonese): *President, as I said in the main reply, the level of radiation suffered by travellers currently returning to Hong Kong from Tokyo is not high. Therefore, we do not require travellers to undergo radiation examination before they can be allowed into Hong Kong currently. Nevertheless, as I said in the main reply, travellers who think they might have been contaminated may seek assistance from us. We will conduct checks on individual travellers.*

As for cargo or food, I understand that the Customs and Excise Department (Customs) and colleagues responsible for food and environmental hygiene have already stepped up checks on cargo and food from Japan for contamination.

MR LEUNG KWOK-HUNG (in Cantonese): *President, the Secretary has not answered my question. I know that contaminated human bodies will have no problems after bathing. Therefore, travellers should not constitute too serious a problem, provided they are cleansed or bathed immediately.*

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

MR LEUNG KWOK-HUNG (in Cantonese): *My question is about luggage and cargo, as only food is being examined at present.*

PRESIDENT (in Cantonese): Secretary, the Member asked whether luggage and goods will be checked other than food.

SECRETARY FOR SECURITY (in Cantonese): President, we do not required any compulsory checks on the luggage of travellers returning to Hong Kong from Tokyo. The Customs only conducts law-enforcement checks for contrabands. We do not conduct any radiation checks on every piece of luggage for the time being.

MR LEUNG KWOK-HUNG (in Cantonese): *President, he has not answered me. I was advising him that such work must be undertaken expeditiously because radiation contamination is very dangerous.*

MISS TANYA CHAN (in Cantonese): *President, after this incident in Japan, some countries in the European Union, which have been using nuclear power, have reassessed the functions of their nuclear power stations, reactors, and so on. May I ask whether there will be similar requirements for the Daya Bay Nuclear Power Stations to reassess their safety and existing safety standards on evacuation arrangements, reactor units, and so on. Given the safety efforts made by other countries, may I know whether similar arrangements have been made for Hong Kong's Daya Bay Nuclear Power Stations, which is the closest to Hong Kong?*

SECRETARY FOR SECURITY (in Cantonese): President, I am afraid I cannot answer Miss Tanya CHAN's technical question on the Daya Bay Nuclear Power Stations here. However, according to the information I have obtained, the Daya Bay Nuclear Power Stations use the French "pressurized water reactor" design, not the "boiling water reactor" design adopted by the Fukushima nuclear power plants. The design adopted by the Daya Bay Nuclear Power Stations is more

advanced. Moreover, all places that have adopted the "pressurized water reactor" design in the world have well-proven safety record.

As I pointed out in the main reply, each reactor in the Daya Bay Nuclear Power Stations is protected by three tiers of barrier to prevent the leak of radioactive matter from the core. In addition, a multiple protective mechanism is in place. Even if one of the protective systems fails, there are still many stand-by options to meet various safety standards. Of course, after the Fukushima nuclear incident, both the Security Bureau and the HKNIC will definitely review how a lesson from the nuclear leak incident can be learnt to ensure we have better safety protection.

MS EMILY LAU (in Cantonese): *President, besides Japanese Prime Minister Naoto KAN's criticism of the nuclear power plant's failure in "making reports" of the incident, as mentioned by Mr LEE Wing-tat just now, even the member states of the IAEA share the view that Japan has not provided all the information. As a result, the incident was not classified as a level 4 "Accident with Local Consequences" until now. Actually, the reactors in the nuclear power plant, which are still exploding and burning, may really reach level 6 or 7. May I ask whether the authorities have thought over whether the present arrangements on all fronts are adequate for protecting Hong Kong people, if the developments in relation to the incident are really so acute?*

SECRETARY FOR SECURITY (in Cantonese): President, colleagues in various government departments and many experts and scientists have been holding meetings over the past few days. Of course, all the information we have acquired was released by the Japanese Government and from the real-time reports made by the electronic media. Was all this information complete? I think only Japan's nuclear power company knows whether all the information has been released.

During the Government's internal discussions in these few days, we certainly believed that the incident was level 4 or 5, though we had also considered the worst case scenario, like the major nuclear explosion that occurred in Chernobyl years ago — we had also made reference to the impact of this incident on Hong Kong. According to expert advice, the design of the nuclear

reactors in the Fukushima nuclear power plant and the situation of the incident are very much different from that of Chernobyl years ago because the design of the reactors has a protective shell. During the major explosion in Chernobyl back then, the entire nuclear power plant was in operation — the incident was attributed to the replacement of its cooling system. The old cooling system was shut down before the new cooling system was not yet put into operation. As a result, the operating nuclear power plant continued to generate power. Because of the absence of a protective shell, explosions, if any, would lead to upward shooting of something like a nuclear bomb or cloud.

To our understanding, the reactors in the Fukushima nuclear power plant have an automatic system. After the earthquake, the six reactor units — I do not know the exact number of the units — all the power generating units were stopped. In spite of this, a charcoal burner would still emit residual heat after burning. This is why their priority now is to find something with a cooling effect to lower the temperatures inside the reactors.

Furthermore, as the nuclear reactors are equipped with a protective shell, which is still intact at the moment, we may possibly see a very small amount of leakage, though it is entirely different from the amount found in Chernobyl years ago. On second thought, what is the impact on Hong Kong should there be a major explosion, like the one in Chernobyl? According to expert advice, the farther away from these radioactive materials, the smaller is the damage to human bodies. First, the radioactive materials cannot travel that far; and second, according to our observation of Japan's weather during this period of time of the year, wind would be blowing from west to east. Therefore, the chances of wind blowing towards Hong Kong should not be great. Even if the wind really changes direction and blows towards Hong Kong, the level of radiation reaching Hong Kong will only have a very slight impact on human bodies, given that Hong Kong is more than 1 000 km from Japan. According to our detailed observation in the past few days, the impact of Japan's nuclear incident on the safety of Hong Kong people will not be very great under whatever circumstances.

PRESIDENT (in Cantonese): We have spent more than 28 minutes on this question. Third urgent question.

Personal Safety of Japan-bound Hong Kong Travellers

3. **MR PAUL TSE** (in Cantonese): *President, as with other Honourable colleagues and the general public, I would like to offer my sympathies and condolences to all those who died in this event. My thoughts and prayers are with them.*

President, one the past two days, I have received requests for assistance from more than a hundred travellers who have booked tours to Japan or purchased their tour packages as well as from workers of the tourism industry. They expressed grave dissatisfaction with the Security Bureau's policy of not issuing a black travel alert for "the whole of Japan" even under the situation where tsunamis, aftershocks and radiation leak had occurred successively in the wake of a 9.0 magnitude earthquake in Japan. They also said that they kept calling the Travel Industry Council of Hong Kong (TIC) but their calls were unanswered as the lines were busy, and thus they had nowhere to turn to for assistance. In this connection, will the Government inform this Council:

- (a) of the specific reasons for not yet issuing a black travel alert for "the whole of Japan" to date;*
- (b) whether it has assessed how many Hong Kong tourist guides and travellers will go to Japan in the coming three months without coverage under the travel accident insurance and employees' compensation insurance policies (the travel insurance policies of many insurance companies are already rendered void under a red travel alert); and*
- (c) in the light of the worsening radiation leak in Japan, whether it has assessed how many travellers will need to undergo a radiation contamination check when they return to Hong Kong from Japan, and whether there are sufficient manpower and resources in Hong Kong to cope with the large-scale check-up exercise to be carried out on returning travellers who might have been contaminated by nuclear radiation; if it has, of the outcome of its assessment; if it has not, whether such an assessment can be conducted immediately?*

SECRETARY FOR SECURITY (in Cantonese): President,

- (a) The Outbound Travel Alert (OTA) System aims to facilitate Hong Kong residents to better understand the possible risk to their personal safety when travelling overseas. When a large-scale natural disaster or incident occurs elsewhere which may affect the personal safety of Hong Kong residents, the Security Bureau will assess the risk and consider the need for a travel alert. The main factors to be taken into consideration include: level of threat to personal safety; duration of the threat; whether the threat is targeted at tourists, and so on. We will obtain information on the local situation through various means, including the Office of Commissioner of the Ministry of Foreign Affairs of the People's Republic of China in Hong Kong and the local Chinese Diplomatic and Consular Missions, the travel industry, consulates general in Hong Kong, as well as the overseas Economic and Trade Offices of the HKSAR Government. We will also make reference to the travel information and alerts issued by other countries.

On 11 March (about 1 pm, Hong Kong time), a severe earthquake (magnitude 9) hit the coast off the Miyagi Prefecture in Japan, which caused a tsunami. The HKSAR Government issued a Red OTA for Japan on 11 March. Since the earthquake, we have been closely monitoring developments. In view of the incident at the Fukushima nuclear power plant, the HKSAR Government on 12 March issued a Black OTA for Fukushima Prefecture of Japan, while Red OTA is maintained for the rest of the country. Taking account of the seriousness and uncertainty of the incident of the nuclear power plants in Fukushima Prefecture, the HKSAR Government decided on 15 March to extend the Black OTA from one prefecture to four prefectures (that is, Miyagi Prefecture, Fukushima Prefecture, Ibaraki Prefecture and Iwate Prefecture), urging Hong Kong residents to avoid all travel to these prefectures. The Red OTA is maintained for the rest of the country, indicating that there is significant threat and residents should adjust travel plans and avoid non-essential travel. Those already there should remain calm and pay close attention to local government reports and related information.

Based on international experts' advice, an evacuation or other special measures should only be targeted at the 20-km zone around the nuclear power plant with radiation leak. The Japanese authorities have taken measures to evacuate residents within the 20-km zone around the nuclear power plant and request residents living within the 20 km to 30 km range from the plant to stay indoors, which is consistent with the international standard. Currently, there is no indication that people in areas outside the Miyagi, Fukushima, Iwate and Ibaraki Prefectures are subject to any immediate threat to personal safety. Therefore, the HKSAR Government does not issue Black OTA for the whole country. In fact, the travel alert for Japan issued by the HKSAR Government is consistent with that issued by other governments.

- (b) Under the Employees' Compensation Ordinance (Cap. 282), all employers are obligated to take out employees' compensation insurance policies for their employees, and ensure that the policies taken out can cater for their operational needs. Employees' compensation insurance policies provide protection for all employment. We understand that the level of OTA generally would not affect the scope of protection by the employees' compensation insurance policies.

The Labour Department advises that employers and employees should discuss and agree clearly on the terms and conditions of employment applicable to business visits outside Hong Kong in advance, in order to protect the rights and benefits of both sides and to avoid unnecessary disputes. In drawing up the arrangements and contingency measures for business visits outside Hong Kong, employers should give prime consideration to employees' safety and make reference to the OTA issued by the Security Bureau, and be considerate to the circumstances of individual employee by adopting a flexible approach.

For the tourism sector, we have learned from the travel agents concerned and the TIC that travel agents will not compel employees to escort tour groups to places for which an OTA has been issued. Where necessary, the TIC would step in to mediate. The TIC has

not received any request for help from tour escorts about escorting tour groups to Japan since the Government issued the OTA for Japan.

On travel insurance, protection provided under insurance policies (for example, coverage for medical expenses, personal accidents, travel delays, personal belongings) remains applicable and effective in cases of earthquake and tsunami. In general, travellers who have taken out travel insurance will not lose their protection as a result of the Government issuing an OTA for Japan. The position of individual case will depend on the provisions of the relevant insurance policies. We encourage outbound travellers to take out travel insurance that meets their needs before departure and pay attention to the coverage provided.

- (c) The Japanese Government has classified the event at Fukushima Daiichi nuclear power plant as a level 4 "Accident with Local Consequences" on the International Nuclear and Radiological Event Scale (INES). Based on international experts' advice, an evacuation or other special measures should only be targeted at the 20-km zone around the nuclear power plant with radiation leak. According to the Japanese Government, the 20-km zone around Fukushima Daiichi nuclear power plant has been cordoned off since 12 March and visitors were barred from entering the area. The risk of visitors in popular travel destinations, such as Tokyo which is 250 km away from the nuclear power plant or Osaka which is even further away, contaminating from direct radiation should not be high. Therefore, it is not necessary to impose compulsory radiation check on travellers from Japan, and Hong Kong residents should not be over anxious.

However, considering the possible concern of residents returning from Japan, we have, in conjunction with the Airport Authority, set up a health desk inside the restricted area at the airport. Travellers who are worried about their safety may seek assistance at the help desk.

In fact, to minimize the possible impact of any incident on Hong Kong's public health and safety, the HKSAR Government had put in

place a Daya Bay Contingency Plan to handle nuclear power plant incident. The roles of all relevant departments in the event of a nuclear leakage incident are detailed in the Contingency Plan. The departments are equipped with protective gear that meet their operational needs and appropriate medication, which are available for use by front-line staff in need when necessary. We have been regularly inspecting and renewing all types of protective and inspection equipment. Drills on radiation leakage are also conducted from time to time to ensure the personnel of departments concerned are able to handle the incidents effectively. In light of the current nuclear incident in Japan, the HKSAR Government has immediately reviewed and confirmed that all concerned units have sufficient manpower, equipment and ancillary measures to handle any possible nuclear incidents in Hong Kong.

MR PAUL TSE (in Cantonese): *President, for the travellers, whether travelling to Japan is an obvious threat or a serious threat is actually a question of common sense. As we all know, there is certainly a serious threat.*

President, insofar as the incident is concerned, the threat comes not only from aftershocks but more importantly, also from radiation leak. As it is very difficult to predict the extent of contamination by radiation since it is affected by factors like the change of wind direction and others like rainfall or snow. Food and water may also be contaminated as a result. Therefore, the threat is very grave indeed.

President, one of the most important indicators as we find in the existing mechanisms adopted by the Security Bureau is that Japan is a hot tourist spot and there is no place in the world like Hong Kong which sees Japan as such an important travel destination. It follows that Hong Kong has both the right and responsibility to attach greater attention than other countries to the seriousness of the present travel alert. Now as our country has already begun evacuating its nationals, we are still sending our travellers to Japan on tours. President, is this a big joke? Since the Japanese Government is unable to tell exactly the gravity of the radiation leak and how fast the radiation levels may vary, should the authorities in Hong Kong not issue a black travel alert? This is just common

sense. Even if any mistake is made, this is only erring on the side of caution. It is common sense.

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

MR PAUL TSE (in Cantonese): *I hope that the authorities will expeditiously give consideration to, even if an OTA is not issued for the whole of Japan, at least issuing a Black OTA immediately for Tokyo and the whole of north Japan instead of the current action, that is, issuing the Black OTA only issued for four prefectures. Would the authorities consider that?*

SECRETARY FOR SECURITY (in Cantonese): President, as I have just said, we make an objective assessment of the situation according to an existing mechanism before any OTA is issued. I wish to correct Mr TSE, and that is, we did not "send" any travellers to Japan. They went there of their own accord.

A Red OTA means people should avoid going to the place in question and non-essential travel is to be avoided. Would travelling to the places concerned an essential part of an itinerary? This would have to be decided by the travellers themselves. If I am to raise the OTA for Tokyo or the whole of Japan to black, then I have to recall those staff of the ImmD sent there to provide assistance to Hong Kong people. This is because there is no reason for me to warn other people against travelling to these places while sending my colleagues there.

According to advice provided by experts, as at today, the radiation threat to which Tokyo is exposed although the radiation level detected there yesterday was 20 times higher than that under normal circumstances and it may appear to be terrifying, we can see that the actual figure is lower than 1 sievert, or the radiation level equivalent to taking one x-ray examination. This is certainly minimal and will not pose any threat to health. So for the time being, we will maintain the Red OTA for Tokyo and its surrounding areas.

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

MR PAUL TSE (in Cantonese): *President, I was referring to relevant workers in the trade as well as the flight crews. We are forced to send them to Japan.*

MR JEFFREY LAM (in Cantonese): *Japan is a popular travel destination for Hong Kong people and generally, there are tours or people on DIY tours going to Japan every day. Due to the earthquakes, tsunamis and radiation leaks in Japan, many travellers would prefer not to embark on their journeys. This causes a great impact on both the travellers and travel agencies. We can see that some travellers want to withdraw from some package tours, transfer to some other tours or cancel their air tickets. As airlines refuse to reimburse the money paid for air tickets, this poses tremendous difficulties to travel agencies which purchase air tickets on behalf of the travellers. A lot of disputes have arisen, prompting many people to call the TIC for assistance.*

May I ask the Secretary what the TIC has done to help those in need or those who make enquiries? For example, has the TIC increased the manpower to answer these calls? Has it asked these people to contact the travel agencies to cancel the itineraries or tours? Can the Secretary tell us what the TIC has done in these respects?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, with respect to the recent happenings in Japan, the TIC has co-ordinated with all the travel agencies and made some clear decisions according to the TIC guidelines.

First, no tours will be dispatched to Japan from now up to the 31st of this month. Second, travellers can act according to the TIC guidelines and choose to keep the fees paid for tours for a period of six months or be reimbursed the tour fees after the deduction of handling charges. These are clear guidelines issued after discussions between the TIC and travel agencies. Hong Kong residents are informed of this by announcements made by the TIC.

Over the past few days, the TIC has received hundreds of enquiries about matters concerning change of itineraries. The TIC is doing its best to answer such enquiries.

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

MR JEFFREY LAM (in Cantonese): *President, some travellers wanted to get a refund of the money paid for air tickets but to no avail. With respect to this, how will the Government give assistance to these people?*

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

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, if what Mr LAM is referring to those people who have purchased air tickets or booked hotel rooms themselves on DIY tours, then it would have to depend on the kind of air tickets they have bought, the price and such like facts. It is very difficult to give a general comment.

MRS REGINA IP (in Cantonese): *President, I am grateful to the Secretary for explaining to us the three-tier system for travel alert and the international practices concerned. Secretary, in the case of the catastrophe in Japan, more and more radiation is leaking and there are many uncertainties as well. As some Honourable colleagues have pointed out, we have no idea how much information the authorities have at hand, or maybe they do not even know things could be so bad as they are now.*

In such circumstances, will the Government consider revising the alert system in such a way that consideration is given to not only immediate dangers, but also potential dangers and other uncertainties? I have actually heard voices in the community saying that the Government's issuance of the black travel alert for only four prefectures in Japan has caused much discontent and disappointment among the public.

SECRETARY FOR SECURITY (in Cantonese): President, thanks to Mrs Regina IP for her suggestion. We often conduct reviews of the OTA System and in the coming review, we will include this factor to see if any change can be made in future.

MR JAMES TO (in Cantonese): *President, it is actually not a question of whether any review is conducted or not. The uncertainties mentioned by Mrs Regina IP earlier are those factors cited in the Secretary's press release describing the situation of these four prefectures in Japan.*

The Secretary is an accountable Director of Bureau and I have this question for him. Before he makes any decision, apart from considering the advice of experts, has he ever used his common sense and general knowledge? In the incident that happened in the Philippines, the Government issued a Black OTA applicable to the Philippines as a whole. But now only a Red OTA is issued for Tokyo. Can the Secretary now act on common sense, general knowledge, plus other uncertainties, tell Members that the travel alert for the whole of Japan, or at least Tokyo, will be raised to Black OTA at this very moment?

SECRETARY FOR SECURITY (in Cantonese): President, as I have explained in detail in the main reply, when maintaining the Red OTA for Tokyo and other places in Japan, we have considered the views of nuclear experts and the impact on health of the current radiation levels. So I can tell Members that at this very moment, I still think that our decision is correct.

Of course, some members of the public may be unhappy about this decision, especially those who have applied for leave and paid fees to travel to Japan. This is because some travel agencies or airlines may refuse to make any compensation or give a refund. So these people have passed the buck to the Government, saying that the Government has not issued any Black OTA. I understand the discontents of these members of the public, but as I have said many times, the issue of an OTA is to provide a point of reference for the public and it is not meant to be a ground for refund.

As for the comparison made by Mr James TO on the incident in the Philippines and the situation in Tokyo, I think all the people of Hong Kong will

agree that they are different. In the case of the Philippines incident, as many Hong Kong residents have died, so there are misapprehensions and hesitations among Hong Kong people about going to the Philippines. We are now holding discussions with the Philippine Government and we urge it to introduce a mechanism to protect overseas tourists. We are waiting for a reply from the Philippines and we hope that a review will be conducted of the travel alert for Manila in the near future.

DR PAN PEY-CHYOU (in Cantonese): *Although the Government has issued a red travel alert for most of the places in Japan and the Black OTA is issued only for a few disaster-stricken places, I am worried that in the days to come as the impact of radiation contamination becomes more apparent, very few Hong Kong people will wish to travel to Japan.*

In Hong Kong, many practitioners in the tourism industry earn their living by working as tour leaders for Hong Kong outbound tours to Japan. Although some of them can change to another job or become leaders for tours to other places, may I ask the Government if it has conducted any review of the long-term impact of this nuclear disaster on the tourism between Hong Kong and Japan, and devised any plans to help practitioners in the industry who may be affected?

PRESIDENT (in Cantonese): Which Secretary will reply?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): Thank you, Dr PAN. At the present stage, our first and foremost task is to ensure the personal safety of the travellers. That is why the tourism industry has made the present decision. When the industry is to decide whether or not to embark on a tour, the first and foremost consideration is also the personal safety of travellers. Of course, we hope that the catastrophe in Japan can be handled speedily.

I reckon that the Japanese Government will exert its utmost to restore the economic conditions of Japan and the standard of living of its people. So, currently, we should not be too pessimistic about the development of tourism between Hong Kong and Japan. We will take actions in the light of the actual

circumstances. As I have said, we will consider the actual situation before we make every decision and some flexibility is required. We will keep a close watch on the situation.

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

DR PAN PEY-CHYOU (in Cantonese): *What I want to ask is: does the Government have such a mechanism? I think the Secretary has not replied as to whether there is any formal contingency plan.*

PRESIDENT (in Cantonese): Secretary, is there any contingency plan?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): President, I am afraid I do not quite understand what Dr PAN means by a contingency plan and what areas is he referring to. Maybe he could explain it.

DR PAN PEY-CHYOU (in Cantonese): *My question is very simple. As the demand of Hong Kong people travelling to Japan has dropped significantly and this causes an impact on those working in the industry as their life will be affected if they cannot work, does the Government have any plan to help these industry practitioners?*

PRESIDENT (in Cantonese): Dr PAN's question is very clear. Secretary, do you have anything to add?

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): OK. At the present stage, I think that we should keep a close watch on the situation of tours bound for Japan. At present, the tourism industry has decided to stop embarking on tours to Japan until the end of this month. As for the pattern of work for those practitioners in the tourism industry, I think discussions can be held with the TIC to see what degree of impact has been

created. Certainly, we would like to learn about their practical situation by engaging in more dialogues with them. As it is usually the tour leaders who are responsible for embarking on tours, then can those leaders for tours to Japan be assigned to escort other tours, like those for Southeast Asia? I trust the travel agencies will make proper arrangements. However, we are also glad to follow the matter up with the TIC.

PRESIDENT (in Cantonese): We have spent more than 25 minutes on this question. Urgent questions end here.

ORAL ANSWERS TO QUESTIONS

PRESIDENT (in Cantonese): First question.

Updating Air Quality Objectives

1. **MS AUDREY EU** (in Cantonese): *President, with regard to the updating of the air quality objectives (AQOs), will the Government inform this Council:*

- (a) *given that it had been stated in the Policy Address published in October 2009 (that is, more than a year ago) that the Chief Secretary for Administration was co-ordinating the work on reviewing and updating the AQOs, of the latest progress of such work; and*
- (b) *since there have been comments that for almost 25 years the Government has never updated the AQOs which were promulgated in 1987, thus failing to respond to the long-standing aspiration of the community, whether the Government will consider requiring the politically appointed officials concerned to assume the political responsibility for this?*

SECRETARY FOR THE ENVIRONMENT (in Cantonese): President, I thank Ms Audrey EU for her question.

- (a) It has always been the SAR Government's key mission and policy objective to improve our air quality, thereby enhancing protection of public health. The Chief Secretary for Administration has been giving advice and steers on policies relating to the improvement of Hong Kong's air quality, especially those that cut across different policy areas. He also chairs high-level meetings to co-ordinate the work of the concerned bureaux and departments in taking forward various air quality improvement measures.

In updating the AQOs, it is also important to formulate additional measures to improve the air quality of Hong Kong for achieving the new AQOs proposed by us during consultation. The two are closely connected and equally important in the long-term strategy to improve Hong Kong's air quality. After completing the public consultation on the AQOs Review, the Government reported the findings of the consultation to the Legislative Council Panel on Environmental Affairs in June 2010, and advised the Panel's Subcommittee on Improving Air Quality in July of the same year on the key considerations in taking forward the recommended air quality improvement measures in the best way and the progress made on those measures for which concrete implementation programmes have been drawn up.

The air quality improvement measures encompass a wide range of issues and cut across a number of policy areas. Many of them are complicated and some are even controversial. For example, how the fuel mix can be updated for the power sector, early retirement of old and polluting vehicles, bus route rationalization, low emission zones, and so on. The Government needs to analyse in detail the different views collected and assess their impacts on the relevant policy issues, in order to fully consider and co-ordinate the implementation of the recommended measures.

To bring early improvement to our air quality, we are endeavouring to introduce those improvement measures that have been recommended for achieving the new AQOs and are already supported or likely supported by the community. Measures that have been rolled out include:

- maximizing the use of the existing natural gas-fired generation units by the two power companies, thereby increasing the share of natural gas in local electricity generation to about 50%, and prioritizing the use of those coal-fired generation units equipped or retrofitted with air pollution control equipment. Implementation of these measures will further tighten the existing emission caps of the power sector by about 30% to 50% from 2015 onward;
- introducing relevant regulations to promote energy efficiency for electrical appliances and buildings;
- proposing emission control for non-road mobile sources;
- Enacting legislation earlier to require drivers to switch off idling engines;
- introducing a subsidy to encourage early replacement of Euro II diesel commercial vehicles with new ones;
- carrying out a trial of and subsidizing the retrofit of "Selective Catalytic Reduction" devices on franchised buses to reduce their emissions;
- planning to designate pilot Low Emission Zones at busy corridors;
- obtaining funding just approved by the Legislative Council to set up a Pilot Green Transport Fund to encourage the introduction of innovative transport technology;
- preparing a proposal to strengthen the control of emissions from petrol and liquefied petroleum gas (LPG) vehicles; and
- providing tax incentives to encourage use of environment-friendly vehicles and waiving First Registration Tax for electric vehicles.

In addition, the Chief Secretary for Administration and the Vice Governor of the neighbouring Guangdong Province jointly chair regular working meetings to oversee the co-operation of the two sides in improving the air quality in the Pearl River Delta (PRD) Region. In 2002, both sides reached a consensus to reduce emissions of major air pollutants by 20% to 55% by 2010. To achieve the 2010 emission reduction targets, the two sides have drawn up and worked in earnest to implement the Regional Air Quality Management Plan. The emission reduction measures under the Plan focus on power plants, motor vehicles and the more polluting industrial processes. To improve regional air quality, the two sides also launched a five-year Cleaner Production Partnership Program to encourage and facilitate Hong Kong-owned factories operating in the PRD Region to adopt cleaner production technologies and practices so as to help reduce pollutant emissions and energy consumption, thereby contributing to better regional air quality.

Our air quality monitoring data have revealed that the emission reduction measures for Hong Kong and the PRD Region have started to make improvements. From 1997 to 2009, our emissions of the four major pollutants reduced significantly from 24% to 57%. For the five years from 2005 to 2010, our ambient concentration levels of sulphur dioxide and respirable suspended particulates reduced by 45% and 18% respectively; the number of hours of reduced visibility recorded by the Hong Kong Observatory dropped by 18%. In the same period, roadside concentrations of sulphur dioxide fell by 55%, respirable suspended particulates by 20%, and nitrogen oxides by 11%.

However, we still face vigorous challenges in certain aspects. For example, in the same period, our roadside concentration of nitrogen dioxide increased by 22%, leading to frequent occurrence of "very high" roadside Air Pollution Index. Tackling this nitrogen dioxide pollution problem is one of our priorities. As mentioned above, we will introduce a number of targeted control measures to address this roadside nitrogen dioxide pollution problem, including retrofitting franchised buses with "Selective Catalytic Reduction" devices,

setting up pilot low emission zones, strengthening emission control for petrol and LPG vehicles, and so on. We hope that the roadside nitrogen dioxide pollution problem will improve significantly after implementation of these measures.

- (b) On updating the AQOs, as I said in reply to part (a) of the main question, we are now carefully studying the views collected during the public consultation and assessing the impacts on relevant policy areas in order to map out the best way to update the AQOs and implement the air quality improvement measures that is acceptable to all sectors of the community. We will endeavour to complete the relevant work as soon as possible and seek the views of the Legislative Council Panel on Environmental Affairs. At the same time, we will work closely with the concerned bureaux and departments and other stakeholders to implement further emission control measures to bring early improvement to our air quality.

President, I will do my utmost in pursuit of better air quality for Hong Kong.

MS AUDREY EU (in Cantonese): *President, our AQOs can celebrate their silver jubilee next year, as it has been nearly 25 years since they were formulated in 1987.*

The guidelines of the World Health Organization (WHO) were issued in 2006, while the Hong Kong Government conducted consultation in 2009. As the Secretary said in the main reply, he reported to the Legislative Council Panel on Environmental Affairs in June last year and to the Subcommittee on Improving Air Quality in July of the same year. At that time, he had actually made a number of proposals to improve the AQOs, and although many Members were not satisfied with the proposals, considering them to be not aggressive enough, he did at least put forward some proposals, but this happened nine months ago in June and July last year. The Secretary said in the main reply that as the proposals are controversial and involve many policy areas, it is necessary to analyse in detail the different views collected and assess their impacts on the relevant policy issues. However, we can almost say that this is the case of a vast majority of, if not all, public consultation exercises. Why is it that after the

consultation was completed and improvement proposals were made, the Secretary still has not given any reply despite a lapse of almost nine months and repeated requests from us?

President, my supplementary question is: What exactly is the problem? Is he afraid that greater public discontent will be aroused if the air quality still fails to meet the standard after making improvements to the AQOs even though the proposals are not aggressive enough? Or, is it because of other reasons? It will be one whole year a few months later in June this year. Will Secretary Edward YAU resign, in order to be accountable as an accountable official? How possibly can it be the case that the proposals have yet been implemented one whole year after consultation was completed and the findings published? Where exactly does the problem lie? If we still hear nothing from him in June, will he bear the political consequence?

SECRETARY FOR THE ENVIRONMENT (in Cantonese): President, as I explained in the main reply and to the Panel on Environmental Affairs before, the entire AQOs Review consists of two parts. The first part is the updating of AQOs, and the second part, which is more important, concerns the ways to meet the proposed standard.

As Ms Audrey EU pointed out in her supplementary question, the original AQOs were formulated in 1987, and this is precisely the reason why this Government hopes to take the opportunity of the issue of new standards by the WHO to conduct discussions on this issue. In the course of consultation, there were some arguments on what level the standard should reach. We have worked pragmatically and adopted objectives which we consider appropriate for Hong Kong, and we have also proposed a series of measures to achieve these objectives. However, we must point out at the same time that in order to meet the standard, some measures must be implemented in parallel. In the past few years, especially after consultation was completed and a series of proposals put forward, we have implemented one by one the first 19 of the 36 proposals which are important and the implementation of which is essential to meeting the proposed standard.

As I mentioned in the main reply, some of the measures are indeed highly controversial. A simple example is that in order for roadside air quality to be

improved in a short time through the AQOs, the relevant work is closely related to exhaust emission from vehicles. In addition to the initiatives proposed by the Government, bus route rationalization or designation of pilot low emission zones is also necessary. At both the District Councils (DCs) and Legislative Council levels, these measures have been discussed and sometimes, they have even caused contentions. Despite this situation for a period of time, regarding those 19 proposals, we have given effect to those that can be implemented, which are the various initiatives I set out in the main reply. In respect of the measures proposed, we will later strive to introduce proposals on which a clearer consensus has been forged and which can be brought into effect, with a view to establishing these objectives as early as possible.

MS AUDREY EU (in Cantonese): *My question is*

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

MS AUDREY EU (in Cantonese): *..... He submitted the various proposals to us as early as in June last year but eventually failed to put them into practice. What I mean is, come June, we will have waited for one whole year. If he still has not implemented the proposals by then, will he assume political responsibility for this by resigning? This is part of the question asked by me.*

PRESIDENT (in Cantonese): Secretary, can you answer it directly?

SECRETARY FOR THE ENVIRONMENT (in Cantonese): President, based on the actual work undertaken and the results that we have achieved, I have explained clearly to Members that we have earnestly implemented various improvement measures apart from carrying out a review since the public consultation was conducted. Evident in some of the statistics that I have just cited, these measures have all been effective and I hope Members can also see the results.

MR ANDREW LEUNG (in Cantonese): *President, in fact, we all hope that there is fresh air in Hong Kong. The Secretary said earlier that in order to achieve this goal, it is necessary to set emission standards, but this will also require the concerted efforts and co-operation of all. The Secretary pointed out earlier that the Government has implemented 19 measures to support this area of work, but if vessels are required to switch to low sulphur diesel, or in order to rationalize bus routes or designate low emission zones as mentioned earlier on, it is often necessary to carry out a lot of consultation and implementation work.*

May I ask the Secretary how he will seek the support of the public and the community, especially the support of Members. It is because when you proposed the use of compact fluorescent lamps for electricity conservation, we opposed your proposal, and when you proposed the ban on idling engines, you were described by the press as "being stripped naked". As a result, even though so much effort has been made, the proposals still cannot be put into practice and the AQOs have become nothing but empty talk. Such being the case, in what way can you possibly bring these proposals to fruition?

SECRETARY FOR THE ENVIRONMENT (in Cantonese): President, thanks to Mr Andrew LEUNG for his supplementary question. I share the view of Mr Andrew LEUNG, and I believe Ms Audrey EU also agrees, that air quality must be improved. This is precisely why this Government has spent so much time and effort on this aspect of work.

As Mr Andrew LEUNG has said, although some measures can achieve the objective of improving air quality, practically speaking, it is still necessary to specifically draw up some proposals before the objective can really be achieved, or else the AQOs may only be a heap of meaningless figures. In this connection, we have implemented proposals which we think are supported by the social consensus and which can be implemented more readily. For instance, as the emission of the electricity industry constitutes a major source of air pollution, we have been able to enact legislation with the assistance of this Council to tighten the emission standards of power companies, thereby making significant improvement. This is attributed mainly to government regulation of the two power companies and the enactment of legislation last year to impose further control on the emission caps of power companies. This has enabled us to

achieve a 60% reduction in emission in this respect during the past four years and the target of achieving a further reduction of 50% in the next five years.

However, some measures do require extensive discussions. The emission from vessels is an example. It is because other than the emission from the electricity industry and road transport, vessels may constitute a new major source of pollution, or their emission may take up an increasingly great percentage. In this connection, the issues that need to be discussed are not just limited to the port of Hong Kong, as it is also necessary to conduct studies covering other ports in the PRD Region. For this reason, apart from discussing it with the local maritime industry, we will also discuss it with Guangdong Province. Moreover, some issues will involve the people's livelihood. A case in point is bus route rationalization mentioned just now. To put it simply, if the number of bus routes can be reduced by 10%, the level of a number of major pollutants can be reduced by about 6% to 7%, and this is directly related to the biggest problem of roadside air pollution that we currently face. Certainly, in handling this issue, it is also necessary to seek the consent of the locals.

Therefore, we hope to combine bus route rationalization with the scheme proposed recently to mitigate the emission of magnesium from old vehicles of the bus companies. Their combination will enable us to explore the feasibility of requiring old buses to make improvement to their emission levels and allowing their entry to certain major pilot low emission zones only when they have reached the Euro IV standard or above. This is what we wish to achieve, but it involves the bus sector and residents of the districts concerned, and also requires the support of various roadside air quality improvement measures. I hope to obtain the support of this Council for this in the future.

MR JEFFREY LAM (in Cantonese): *President, to improve air quality, we all have to put in our effort to ensure that this is not just empty talk. The Government should make an effort to this end, and so should members of the public. I think it is necessary for the Government to introduce an emission control mechanism, and it should strengthen communication with the relevant Mainland Authorities because the air pollution problem is, in fact, partly caused by the Mainland. Air pollution in the Mainland does have a bearing on Hong Kong.*

I have this question for the Secretary. When you enforce or implement these policies, is there an effective inter-departmental mechanism for co-ordination and implementation of various measures? The Secretary mentioned bus route rationalization earlier on. The public are opposed to it, while some Members made different comments in different committees as they demanded on the one hand that the number of bus routes be reduced but said on the other that this could not be done because of opposition from the public. Such being the case, what can you do to effect conciliation? Meanwhile, with regard to communication with the Mainland, can you tackle the air pollution problem by targeting the respective characteristics of the two places? And, what progress has been made in the discussion with the Mainland on the emission targets from 2011 to 2020?

SECRETARY FOR THE ENVIRONMENT (in Cantonese): President, thanks to Mr Jeffrey LAM for his supplementary question. The handling of the air pollution problem is an ongoing, onerous, complicated and even controversial task. The Government has to make much greater efforts, and we also have the duty to hold discussions with various political parties and groupings, the DCs or the industries. We will make continuous efforts to this end, just as what we have been doing.

With regard to Mr Jeffrey LAM's question on co-operation with the Mainland, the air pollution problem in Hong Kong is caused not only by the local power plants, traffic and transportation networks and roadside pollution, because if we look at the macro environment, the economy and urban development in the PRD do play a significant part in causing the problem. In this connection, we have been addressing the problem in two main directions. First, a few years ago we reached a major consensus with Guangdong Province on the direction. We agreed in 2002 to meet the target of reducing emissions by 20% to 50% in the two places by 2010 using 1997 as the base year. It is time for both places to review this general direction this year. We hope that a conclusion can be drawn on this area of work this year based on the statistics as at last year and draw up a new target for the next decade.

Moreover, both sides have also agreed to tackle the problem by focusing on the sources of pollution in their respective regions. The sources of pollution in the Mainland are indeed different from those in Hong Kong, especially as many

sources of pollution in Guangdong Province can be traced to industries and traffic conditions. For this reason, we can see that over the past few years, in respect of fuel, vehicular emission and installation of desulphurization and denitrification systems for industries and power generation, the Mainland has made a lot of efforts. In Hong Kong, however, the major sources of air pollution primarily stem from urban pollution. I believe that in the next decade, a targeted approach may need to be adopted in the light of the different conditions in the two places, in order to address the air pollution problem. Having said that, both sides should share the common goal of improving the air quality in the entire region. We also hope that new objectives can be set for the next decade in the Guangdong-Hong Kong mechanism to provide a direction of work for both places.

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

Measures to Enhance Enterprises' Competitiveness

2. **MR JEFFREY LAM** (in Cantonese): *President, with regard to enhancing the competitiveness of Hong Kong enterprises, will the Government inform this Council:*

- (a) *given that the revised estimate of the revenue from profits tax for 2010-2011 is \$93.5 billion, which is \$15 billion (that is, 19.1%) more than the original estimate, yet the Government has neither reduced the profits tax rate nor introduced the arrangements of "group loss relief" and "loss carry-back", of the reasons for that; whether it has estimated the impact on tax revenue of reducing the profits tax rate for 2011-2012 to 15%;*
- (b) *given that the profits tax rates in the neighbouring regions (for example, Singapore) are very close to that in Hong Kong, what new measures the Government has in place to enhance the competitiveness of Hong Kong enterprises in response to the calls from the commerce and industry sector over the years; and*

- (c) *how the authorities will dovetail with the "Twelfth Five-Year Plan" formulated by the Central Government and assist the small and medium enterprises (SMEs) in Hong Kong in breaking into the domestic markets of the major cities, as well as the second and third tier ones, on the Mainland (for example, whether the authorities will consider setting up funds or loan schemes for such purpose)?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, my reply to the three parts of the question is set out below, covering the reply from the Commerce and Economic Development Bureau in response to part (c) of the question.

All along, Hong Kong has been an attractive world-class city for business operations. Our competitiveness rests with our simple and low tax system, open markets, free flows of information and capital, an independent Judiciary, the rule of law, quality professional support services as well as sophisticated infrastructure.

The competitiveness of Hong Kong's tax system lies in our low tax rate and our simple tax regime. The overall tax burden in Hong Kong is one of the lightest in the world. As demonstrated by some international study reports in relation to tax burden of enterprises and individuals, Hong Kong's tax system still upholds its advantages over our competitors in areas of maintaining competitiveness, facilitating business operations and attracting investment. These reports point out that profits tax should not be the only determining factor when assessing the impact of tax regimes on enterprises' competitiveness in various jurisdictions. Other taxation measures affecting enterprises and employees, such as sales tax and contributions made by employers and employees to provident funds, should also be taken into account. For enterprises, our tax system remains as one of Hong Kong's competitive edges not only because we have a relatively low profits tax rate, but also because we surpass many other economies in the region in areas like sales tax and contributions to provident funds.

Profits tax is the largest source of government revenue, but it is highly sensitive to economic fluctuations. Also, our tax base is narrow. In the year of assessment 2008-2009, only some 80 000 corporations (or 13%) out of about

630 000 registered corporations paid profits tax. In other words, nearly 90% of the corporations need not pay any tax. The profits tax paid by the top 1 100 corporations already contributed 67% of the corporate profits tax revenue. Despite the fact that the estimated profits tax revenue for 2010-2011 has been revised to \$93.5 billion, which is \$15 billion more than the original estimate, we should, in considering whether to reduce profits tax rate, assess thoroughly the overall government financial position to ensure that there is sufficient revenue in the long run to cope with increasing public expenditure in the next few years. We should not adjust the tax rates, which would have long-term implications, based merely on the increase of tax revenue in a particular year. As a rough estimate, if the profits tax rate for 2011-2012 were reduced to 15%, it would cost the Government around \$7.5 billion a year. Given the above, we do not consider it appropriate to reduce the profits tax rate at this stage.

We understand that the business sector would like to enhance its competitiveness by reducing cost. We have provided tax incentives in specific areas while adhering to the taxation principles. For example, 100% tax deduction has been provided to expenditure incurred on research and development as well as purchase of "patent rights", "rights to any know-how", eligible environmental protection machinery and environment-friendly vehicles, even though it is capital in nature. Moreover, to promote wider application of intellectual property rights by enterprises and to facilitate development of creative industries, we have introduced into the Legislative Council on 9 March this year legislative amendments to the Inland Revenue Ordinance to effect the proposal to allow profits tax deduction for capital expenditure incurred on the purchase of "copyrights", "registered designs" and "registered trade marks".

Over the past years, the Government has also introduced various tax measures to promote the development of relevant industries, thereby consolidating Hong Kong's position as an international financial, commercial, tourist and logistics centre. These measures include waiving hotel accommodation tax, waiving the duties on wine, beer and other alcoholic beverages except spirits, exempting offshore funds from profits tax and abolishing estate duty.

The "group loss relief" suggestion involves a number of complicated issues, such as how to ascertain whether companies are members of the same group, and their loss set-off arrangements with each other. The proposed

measure could also be easily abused for tax avoidance. Hence, its implementation must be complemented by complicated legislative provisions to define clearly the scope of application so as to avoid tax abuse. This would inevitably complicate our simple tax regime. Separately, as SMEs in general do not operate as a group, the "group loss relief" suggestion could not benefit the SMEs at large, which constitute 98% of business establishments in Hong Kong.

As for the "loss carry-back" suggestion, since the proposed measure may result in tax refund at any time, it may cause drastic and unpredictable fluctuations in tax revenue, rendering the tax revenue more vulnerable to economic cycles. We believe that our current arrangement for enterprises to carry forward their losses without time limit to offset profits in future years should be able to assist enterprises to manage their losses and remains attractive to investors.

Given the above considerations, we are of the view that it is not appropriate to introduce the "group loss relief" and "loss carry-back" arrangements at this juncture.

The National 12th Five-Year Plan (FYP) affirms the policy of expanding domestic demand. Encouraging Hong Kong enterprises to tap the Mainland domestic market is also one of the major initiatives in the "Framework Agreement on Hong Kong-Guangdong Co-operation" signed between Hong Kong and Guangdong in April last year.

The Government of the Hong Kong Special Administrative Region (SAR) has been assisting Hong Kong enterprises in opening up the Mainland domestic market through various efforts. The Commerce and Economic Development Bureau and relevant departments maintain close liaison with the Mainland Authorities at various levels to convey to them the trade's views and discussed with them proposed measures. The Hong Kong Trade Development Council also organizes many trade fairs in different Mainland provinces and cities to enhance the awareness over Hong Kong brand products in the Mainland.

As regards financial support, the Trade and Industry Department has in place various funding schemes, for example, the SME Development Fund (SDF) and the SME Export Marketing Fund (EMF), to enhance the competitiveness of enterprises and to assist them in tapping the Mainland domestic market. To

strengthen support for SMEs in this regard, the Commerce and Economic Development Bureau will seek the approval of the Finance Committee of the Legislative Council for injecting \$1 billion to the SDF and EMF in the middle of this year.

MR JEFFREY LAM (in Cantonese): *President, the Secretary mentioned in the main reply the abolition of estate duty, which he thinks is conducive to the economic development of Hong Kong. I also wish to point out that the abolition of estate duty is indeed a desirable measure. Although it has cost the Government revenue, it has brought about an increase in the number of investors in Hong Kong, which is definitely a gain rather than a loss.*

The Secretary kept repeating in the main reply that the Bureau has to conduct a study on the proposal of reducing the profits tax rate to 15%. May I ask the Secretary when the relevant study will be completed?

Besides, the Secretary also mentioned in the main reply that according to estimate, if the profits tax rate were reduced to 15%, it would cost the Government \$7.5 billion in 2011-2012. However, I have also done some computations. The estimated profits tax revenue for next year is \$96.9 billion, and \$7.5 billion will account for 7.7% of this amount. Has the Secretary examined whether reducing the profits tax rate can attract more investors to make investments in Hong Kong? Will the business turnover of enterprises be increased as a result? Will reducing the relevant tax rate bring about a gain rather than a loss? Moreover, in running in the election of the Chief Executive in 2007, Mr Donald TSANG undertook that the Government would reduce the profits tax rate to 15% when economic stability is restored in Hong Kong. In that case, when is the right time to do so?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): *President, thanks to Mr LAM for the question. In assessing whether there is any room for reducing the profits tax rate, we have to make a number of considerations, including the gradual reduction of tax revenue, the overall competitiveness of our tax regime compared with that of our neighbouring regions, and whether Hong Kong can financially afford a gradual reduction of tax revenue, if any, in the long run.*

Just now, I have also mentioned in the main reply that insofar as overall competitiveness is concerned, Hong Kong is very competitive, and I am not going to elaborate on this here. The results of comparing the few studies mentioned by me show that with regard to the tax regime, Hong Kong is more competitive than the other competitors in the region. Even Singapore compares unfavourably with us in this regard. As for the undertaking made by the Chief Executive in the 2007 election, he said the relevant tax rate would be reduced gradually if the economic and financial conditions so permit. The standard rates of profits tax and salaries tax were already reduced by 1% in 2008-2009. As I pointed out in the main reply, given our current narrow tax base and the various challenges ahead, such as the ageing population and the ever increasing government expenditures, I think this is not the right time to reduce the profits tax rate further.

MR ANDREW LEUNG (in Cantonese): *President, the two conferences in Beijing have just been concluded, and the 12th FYP, which is a major policy objective to be implemented, will soon be announced. In the main reply, the authorities stated that they understand the Mainland's policy objective of expanding domestic demand, but then in the two paragraphs that follow, the authorities only stated that the Government has been making efforts in this respect. In the face of this great opportunity and huge market, may I ask the Secretary for Commerce and Economic Development what new initiatives the Government will launch to meet this new challenge? The Premier once said Hong Kong should capitalize on this opportunity to develop its economy. It would indeed be inconceivable for the Government to stick to its existing work and only spend \$100 million to \$200 million a year to develop new markets even in the face of such a huge market. May I know how the Secretary will grasp this opportunity and do a good job of this?*

SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT (in Cantonese): Thanks to Mr Andrew LEUNG for his question on how the Government will capitalize on the opportunities arising from the policy on expanding domestic demand under the 12th FYP.

Regarding the Government's current initiatives, such as providing support to enterprises, I believe Mr LEUNG knows them very well. Our task is to start with such initiatives as building our brands and establishing domestic sales channels. On the one hand, we would provide to the industry information on the

procedures adopted or legislation imposed by various local governments in the Mainland on vetting and approving sales channels, this will help the industry decide in which Mainland markets they should develop their businesses. Moreover, we will step up our effort on two fronts. First, the Trade and Industry Department (TID) will help SMEs develop and promote their brands, and it will also step up its promotion effort in Mainland municipalities. Second, the TID will create more opportunities for the industry to come into contact and liaise with the relevant parties in the Mainland.

Besides, the TID will also enhance its support to SMEs with regard to information. It will make available more information both on its website and resource centres. Besides, the TID has also set up the SME Export Marketing Fund (EMF). As stated in the main reply, the Commerce and Economic Development Bureau intends to further inject \$1 billion to the two existing Funds, and the EMF can directly benefit SMEs. Moreover, I also wish to provide Mr LEUNG with some supplementary information. Insofar as the EMF is concerned, the amount of grant applied for by 90% of the applicants so far has not exceeded the maximum cumulative amount of grant. After the injection of the additional funding to the EMF, it is expected that SMEs will receive greater financial support.

DR RAYMOND HO (in Cantonese): *President, the Secretary for Financial Services and the Treasury said if the profits tax rate were reduced to 15%, it would cost the Government around \$7.5 billion a year. I certainly understand that under the Basic Law, Hong Kong shall maintain a low and simple tax regime. This competitive edge will enable our commercial activities to become more robust and also enable us to maintain our competitiveness. However, many neighbouring regions, such as Singapore, have reduced their tax rates.*

The Secretary pointed out in the main reply that by rough estimation, if the profits tax rate were reduced to 15%, it would cost the Government \$7.5 billion. However, does the Government know that reducing the relevant tax rate will enhance our competitiveness and increase our commercial activities, which will in turn increase the Government's tax revenue? Has the Government worked out in detail the estimated increase in profits tax revenue as a result of reducing the relevant tax rate? Will the Government work it out and provide us with the relevant information?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, these figures were obtained by rough estimation based on the existing number of enterprises which pay tax to the Government and how much it would cost the Government if the profits tax rate were reduced. However, as to the question of whether reducing the profits tax rate by 1% or a certain percentage will enhance the competitiveness of Hong Kong and induce more corporations to set up their headquarters here and pay tax to the Government, it involves some conceptual and theoretical designs and discussions.

Insofar as the tax regime is concerned, Hong Kong is now very competitive compared with its neighbouring places. Instead of only focusing on the profits tax, we should also take into account other kinds of tax, such as sales tax. As far as attractiveness is concerned, the ranking of Hong Kong in the region is even higher than that of its neighbouring places, including Singapore, which has always been regarded as a competitor of Hong Kong. This shows Hong Kong is very competitive.

As to the question of whether the relevant tax rate can be reduced, we certainly hope that a tax cut can be offered in order to benefit the business sector. However, those who have paid attention to our revenue position over the years may be aware that our tax revenue is subject to great fluctuations. Under this circumstance, we consider it inappropriate to introduce this initiative at this juncture. Let me give Members some examples. The profits tax revenue was approximately \$93 billion in 2010-2011, \$76 billion in 2009-2010 and about \$100 billion in 2008-2009. All these were figures for recent years. As for 2005-2006, the relevant total tax revenue was about \$70 billion, and in 2004-2005, it was \$60 billion. These figures show that there are great fluctuations in the tax revenue of Hong Kong. Therefore, we must make careful consideration with reference to these statistics and the economic condition.

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

DR RAYMOND HO (in Cantonese): *President, actually my supplementary question was whether the Secretary could, by making reference to past performance*

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

DR RAYMOND HO (in Cantonese): *In other words, will he refrain from using a rough estimate as the basis for deciding not to adjust the profits tax rate? What I mean is a more thorough, substantiated and scientific study should be conducted to find out the estimated tax revenue increase or decrease as a result of reducing the relevant tax rate to enhance our competitiveness. I would like to have these figures.*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, perhaps I did not make myself clear enough just now. Actually, we do not have the exact figures. We only noticed the competitiveness of Hong Kong relative to other places. As to whether our competitiveness will be greatly enhanced if our profits tax rate is reduced to 15%, we are doubtful about it at the moment. Our major consideration is whether there are now sufficient justifications to reduce the relevant tax rate, having regard to the fluctuations in tax revenue. This is our major consideration.

PRESIDENT (in Cantonese): Third question.

MPF Scheme

3. **MR KAM NAI-WAI** (in Cantonese): *President, it has been reported that one of the reasons for the public outcry over the Financial Secretary's recent proposal in his 2011-2012 Budget of injecting \$6,000 into each Mandatory Provident Fund (MPF) account is that quite a number of members of the public consider the management fees and administration fees charged by MPF trustees to be very high. For example, there has been an MPF account with a contribution of \$6,000 yielding a return of \$1.07 only in two years but the management fee for the same period was as high as \$140, or 140 times of the former. In this connection, will the Government inform this Council:*

- (a) *of the number of trustees in the market at present, whether it knows the highest and lowest amounts of management fees and*

administration fees charged by them; how the Government will further improve and regulate those fees; whether it has any plan to introduce legislation to regulate them; if it has, of the progress; if not, the reasons for that;

- (b) *whether the Employee Choice Arrangement (ECA) for MPF schemes can be implemented within this year as scheduled; of the progress of the relevant efforts, the measures to be taken by the Government to ensure that following the implementation of the ECA, the trustees will engage in healthy competition, prompting them to lower their management fees and administration fees, and how it will ensure that the trustees and the intermediaries will maintain good service quality; and*
- (c) *since it was reported that the Chairman of the MPF Authority had said that in view of Hong Kong's ageing population and difficulties in livelihood faced by some elderly people, the Government needed to assess if the livelihood protection provided to retirees was sufficient, whether the Government has commenced a study on the establishment of a universal retirement protection system; if it has, of the progress; if not, the reasons for that?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, my reply to the three parts of the question is as follows:

- (a) At present, there are 19 approved MPF trustees. The Administration and the Mandatory Provident Fund Schemes Authority (MPFA) have been taking measures such as enhancement of market transparency and increase in market competition with a view to bringing about adjustment in the fees of MPF funds through market forces. Since 2007, the MPFA has provided the Fees Comparative Platform on its website to provide major fees information of MPF funds for the reference of scheme members. Through the platform, scheme members can have access to information on the fees charged by the funds they have chosen and compare their performance and fees with those of other funds, which will assist them in the making of choices that suit their needs.

On enhancing market competition, in addition to the ECA mentioned in part (b) of the question which will increase employees' choice and market competition, the MPFA will continue to issue letters to employers encouraging them to provide more than one MPF schemes for their employees. The MPFA will also step up education and publicity work.

The above measures have achieved certain impact on fees reduction. The Fund Expense Ratio for the period from April 2009 to March 2010 was 1.85%, which was more than 10% lower than the 2.1% for the period from April 2006 to March 2007. In the past three years, all MPF trustees have reduced fees, and more than half of them have reduced fees more than once. We also noticed that some trustees have reduced the fees of existing funds/schemes or introduced new MPF funds/schemes with lower fees in recent months. On this basis, the Administration and the MPFA will continue to make use of market forces to encourage MPF trustees to adjust their fees levels.

- (b) The Administration and the MPFA are preparing legislative proposals to strengthen the regulation of MPF intermediaries and will brief the Legislative Council Panel on Financial Affairs and commence consultation work in April. We expect to introduce the Bill into the Legislative Council this year with a view to implementing the ECA as soon as possible next year. In addition, the MPFA have commenced the preparatory work for implementation of the ECA. They include ensuring the alignment of the various systems of the MPFA and trustees, strengthening MPF investment education to assist employees to make choices that suit their needs, and strengthening the training and regulation of MPF intermediaries.

We believe that in anticipation of the implementation of the ECA, trustees have started to become more competitive. Some trustees have already reduced fees or introduced new MPF funds with lower fees. The MPFA will monitor the development closely.

As for ensuring the service quality of trustees, the MPFA have been implementing measures such as on-site inspections, review of reports submitted by trustees, and handling complaints against trustees, and have been taking appropriate follow-up actions.

- (c) On the question of universal retirement protection, as the Secretary for Labour and Welfare explained at the meeting of the Panel on Welfare Services on 10 January 2011, Hong Kong has adopted a three-pillar model of retirement protection: the non-contributory social security system (including Comprehensive Social Security Assistance (CSSA), Old Age Allowance (OAA) and Disability Allowance), the MPF System which was introduced in 2000 after careful and extensive discussions in the community, and voluntary private savings. The Administration has been monitoring closely the operation of this model in the light of Hong Kong's changing socio-economic circumstances and has introduced enhancement measures as necessary. A recent example is the increase in the level of OAA to \$1,000 with effect from January 2009. The Financial Secretary also proposed in his 2011-2012 Budget to increase subsidy to senior citizens under the CSSA Scheme. On the other hand, the Administration and the MPFA have been reviewing and improving the operation of the MPF System.

The Central Policy Unit (CPU) is refining its study on the sustainability of the three-pillar model of retirement protection in Hong Kong having regard to the latest developments. In the process, the CPU will take account of the opinions of the community on retirement protection for the elderly and tap the views of academics, professionals, think-tanks and relevant stakeholders. In considering the way forward, the Administration will take into account the findings of the study and other pertinent factors such as how to ensure the sustainable development of the social security system, safeguard traditional family values, and maintain our overall economic competitiveness as well as simple tax system.

MR KAM NAI-WAI (in Cantonese): *President, I asked in my main question whether the Government would study the establishment of a universal retirement*

protection system, and the Government indicated in its reply that it was still exploring the way forward. I do not know whether the Secretary has not noted Premier WEN Jiabao's request that Hong Kong further strengthen efforts in building up the social security system, in particular, to take care of the disadvantaged. However, at present, the Government is not sympathetic to the sufferings of the people, nor does it care about the disadvantaged. Is the Government really studying the universal retirement protection system? Till when will the study still continue?

Besides, in part (a) of the main reply, the Government indicated that the current fee rate is 1.85% on average. President, Australia also implements an MPF scheme. Its minimum rate is only 0.32%. Ours is six times theirs. Do we, after all, need to introduce legislation to force these profiteering trustees to lower their fees?

President, my supplementary question is: When will the Government complete the timetable for the universal retirement protection scheme, and in the meantime will it introduce legislation and conduct studies to lower the fees charged by the trustees?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, thanks to Mr KAM for his supplementary question. The supplementary question is divided in two parts. Regarding the study by the CPU, I would like to explain that the study in progress is quite comprehensive, and it will gain a deeper understanding and perform analyses having regard to the latest changes in the social and economic environment, the development of relevant policies and the updated data.

This study — maybe Secretary Matthew CHEUNG has also mentioned it before — in fact includes a territory-wide household survey. The data thus collected will be used to build a micro-simulation model, which makes a projection of the elderly's income, expenditure, savings, assets, and so on, in 30 years' time. Therefore, this study will be very time-consuming, but we are working on this. We have also considered the impact of some recent measures, such as the impact of measures like increasing the OAA to \$1,000 on the relevant development.

In addition, as regards part (b) of the supplementary question, I wish to point out that we are conducting a study. Once the study is completed, I will be able to comprehensively review the policy in the light of the data. Insofar as the present three-pillar model in Hong Kong is concerned, the MPF pillar provided retirement protection to many working people over the many years since its establishment underpinned by social consensus at the time. But in this regard, I agree that in light of the changes in society and in public expectations, we need to keep improving the acceptability of the MPF, and reduce the fees, so that the MPF will receive more support from the public.

As regards fees, I wish to point out that the figures just mentioned are averages. If one looks at some fees recently charged for MPF, one will find many of them are in fact very low. For example, we have analysed the data on fees in relation to some portfolio-type funds, including the average rates and some slightly higher or lower fee levels. The average rate for funds with lower fee levels is 0.13%. I have chosen respectively from different types of funds, such as mixed assets funds and bond funds, the ones with the lowest fee level, to calculate the average, and arrived at 0.13% as the average charge rate of the funds. Of course, this refers to the minimum level of fees. While comparing the charged fees, we have also heard the voice of the Hong Kong public and the requests from this Council over the past two years, and therefore requested the trustees to reduce their charges in all aspects. The work in this regard has been effective. Certainly, we will not be complacent about this. We hope to further make room for downward adjustment of the charges by some arrangements such as reducing administrative costs, introducing the ECA and increasing market competition.

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

MR KAM NAI-WAI (in Cantonese): *President, I asked him when the study on the implementation of universal retirement protection would be completed. I asked him when the study would be completed, but he has not answered. He just kept saying that the study is in progress.*

PRESIDENT (in Cantonese): Secretary, can you give an answer on when the study will be completed?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, the study being conducted by the CPU is related to the overall Regarding the study on the sustainability of the three pillars, there is no timetable for its completion for the time being.

MR CHEUNG KWOK-CHE (in Cantonese): *President, I think the entire community and this Council have discussed the three pillars many times, but the Secretary in the Council today just answered us with the words of Secretary CHEUNG. The MPF was based on a universal consensus back then, as he mentioned, but the universal consensus today is universal retirement protection, how would he reply?*

Obviously, the public have now cast a vote of no confidence in the MPF. Many academics have conducted surveys, in which 80% of the respondents demanded universal retirement protection. Our Council has also discussed it many times, and we all are in favour of it. I also know that, in addition to the study mentioned by the Secretary just now, the Government has carried out two studies in the past. Obviously the Government attaches great importance to this matter. Is the Government conducting the third study in response to the social trend?

I am not asking the Secretary about the third study, because it is still in progress, and earlier on the Secretary could not answer Mr KAM Nai-wai's question on when the third study will be completed. As regards the two completed studies, can the Secretary publish the findings so as to enable the whole community to make more suggestions to the Government

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

MR CHEUNG KWOK-CHE (in Cantonese): *I asked: Can he publish the findings of the two studies?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, the findings of many studies conducted by the CPU are meant for internal reference to facilitate policy analyses. What I can stress is that we attach great importance to this issue. The CPU is conducting a more comprehensive study, which we believe will enable us to better understand the current economic situation of Hong Kong and some recent policy adjustments, and perform some analyses of a larger scale. It also enables us to calculate the 30-year projection of a sustainable three-pillar model. We think that this is very important, and therefore will continue to work in this area.

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

MR CHEUNG KWOK-CHE (in Cantonese): *President, we have reasons to ask him to publish the findings, because with no transparency at all, he*

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

MR CHEUNG KWOK-CHE (in Cantonese): *..... said that work is in progress, and then he said our said that our argument is wrong*

PRESIDENT (in Cantonese): Do you mean to ask the Secretary whether the Government will make public the two previously conducted studies?

MR CHEUNG KWOK-CHE (in Cantonese): *Yes, will those two studies be made public?*

PRESIDENT (in Cantonese): Secretary, regarding the two studies conducted previously, will the Government make public the findings?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Certainly, the CPU has conducted five related studies from 2007 to 2010, and I know that it has published some findings. However, very often, the findings of its studies are for internal use in policymaking considerations. At present, we think that a study of a larger scale should be conducted, so that we can gain a better understanding of the necessary information.

MR CHAN KIN-POR (in Cantonese): *President, thanks to the Secretary for telling the truth. Some funds are charging 0.15%, which is far lower than that in Australia, so in fact employees have a choice.*

What I want to say is: Although Hong Kong has experienced financial turmoil twice in the past 10 years since the inception of the MPF, I have the latest figures showing that as at the end of last year, the actual average return was 5.5% after deducting the management fees or administration fees. I personally think that this is very good, because the Consumer Price Index averaged only 0.7% in the same period, so the rate of return was far better than inflation. However, if you have chosen a low-risk fund, of course, its return will be very different from those of high-risk funds, such as equity funds.

My supplementary question is — surely we have to understand that high-risk funds do not guarantee capital preservation, and warrant a longer investment period for stable returns — whether the Government will study perfecting the MPF System in such a way that retired employees do not need to withdraw all the accrued benefits at the age of 65, but can opt for withdrawal in phases instead, so that even when they reach an older age, the investment period can extend accordingly? Will the Government consider doing so?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): President, thanks to Mr CHAN for his supplementary question. Regarding the returns, I would like to add that what Mr CHAN said is correct. The overall pension returns are, in fact, far better than inflation. If we look at some different types of funds, such as equity funds, the average rate of return is 5.7%, while that of mixed assets funds is currently 4.9%. Even for bond funds, it reaches 3.9%. Depending on the funds that members of the public have chosen based on their different investment desires, the returns are quite good, far

better than inflation. These are net returns after the deduction of all fees and charges.

Regarding the review, the MPFA will review a number of issues, one of which being the feasibility of withdrawal of accrued benefits in phases by scheme members. We are considering this aspect, which is a direction of the review.

MS EMILY LAU (in Cantonese): *President, no matter how Mr CHAN Kin-por whitewashes the MPF System, he cannot cover up the public's aversion to it. It is also because of this reason that the Financial Secretary's earlier proposal to inject \$6,000 into each MPF account has led to an outbreak of anger throughout the city.*

May I ask the Secretary whether he knows that The Hong Kong Polytechnic University conducted a very detailed survey during the summer holidays last year, and found that 60% to 70% of the public/respondents were strongly opposed to this system because of its low returns and high fees, and they called for the abolition of the MPF System?

President, the CPU has conducted a number of surveys, but has the Secretary conducted any survey to see why the so-called enhancement solution in their view, that is, the "free choice", so to speak, has never been feasible? At first he stated that should it be feasible, there would be better competition, but it has never been feasible. The public already feel very frustrated.

Do the authorities understand that the public consider this system unable to help them and the community of Hong Kong?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): *President, the establishment of the MPF System was indeed the result of plenty of detailed considerations and discussions in society. Issues such as the proportion of contributions between employees and employers, the salary level up to which contribution is not required, and so on, were repeatedly discussed at that time. Therefore, the adequacy of this system today is a reflection of the outcome of the discussions at that time. But anyway, I wish to point out that nowadays, this system has in fact enabled a large working population of Hong Kong to enjoy pensions. I have read a lot of academic*

research, which shows that if young people start making contributions, the pensions they receive upon retirement will amount to a considerable figure, based on the calculation with an average rate of return at five-odd percent.

However, we should understand that some arrangements for the MPF are in need of improvement. For example, as regards the fees, why do we stress the need to reduce the fee rate? It is because of our work in the past and the imminent implementation of the ECA, which have intensified the competition among fund companies, and I have already seen an extensive reduction of fees. Many funds currently charge their fees at the rate of several tenths of a percent, and their rate of return is comparable with that of other funds.

I believe the public should understand and know these figures, but I will not be complacent. In many aspects, the MPFA has to make improvements. The Government and the MPFA will do their best together to make improvements, so as to reduce administrative costs, give employees more choices, and facilitate administrative operations in order to avoid an increase in costs.

MS EMILY LAU (in Cantonese): *President, my question is very simple: Is the Administration aware that most members of the public are very dissatisfied with this system and want it abolished? It is not about whether the Secretary is complacent, but about the public wanting it abolished. Secretary, are you aware of that? Have you heard these voices?*

PRESIDENT (in Cantonese): Ms LAU, please let the Secretary reply. Secretary, is the Government aware that many people are dissatisfied?

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): The Government has, of course, heard a lot of criticisms about the MPF, and heard the voices of the people as well, but we hope Members will understand that this is a system arising out of a long-term study, and it is in line with the retirement systems with employee and employer contributions established in mainstream economies. It has not come by easily, and it has made some achievements.

PRESIDENT (in Cantonese): We have spent almost 23 minutes on this question. Fourth question.

Problem of Insufficient International School Places

4. **MS EMILY LAU** (in Cantonese): *President, I have learnt that the problem of insufficient international school places has plagued Hong Kong for a long time. Although the authorities allocated four sites for international school development in 2009, I have recently received complaints from some members of the business sector that international school places are still insufficient, making the children of some employees of overseas companies unable to receive education in Hong Kong. Insufficient international school places will seriously affect the incentive of multinational companies in investing in Hong Kong and undermine the Government's plan to develop the Hong Kong Special Administrative Region into a regional education hub. The authorities leased the old school premises of St. Mark's School in Shau Kei Wan to Kellett School Association Limited and Carmel School Association Limited under short-term tenancies in 2009, and the two school sponsoring bodies had only taken 20 weeks to convert the school premises into high-standard international schools. Although there are a number of vacant school premises in Hong Kong at present, the authorities have refused to approve applications for leasing by other school sponsoring bodies. In this connection, will the Executive Authorities inform this Council:*

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

- (a) *whether the authorities will consider approving expeditiously applications by school sponsoring bodies for converting vacant school premises into international schools, so as to solve the pressing problem of insufficient international school places at present; if not, of the reasons for that;*
- (b) *of the number of vacant school premises at present; what plans the authorities have to make use of these valuable resources; and*

- (c) *of the respective numbers and percentages of local and non-local students in international schools at present, with a breakdown by name of school?*

SECRETARY FOR EDUCATION (in Cantonese): Deputy President, the Administration supports the development of a vibrant international school sector in meeting the demand for school places from families coming to Hong Kong for work or investment. Our response to the three parts of the question raised by Ms Emily LAU is as follows:

- (a) The Education Bureau has been taking a three-pronged approach to promote the development of international schools, including allocating vacant school premises and greenfield sites for the development of international schools, and facilitating in-situ expansion of existing international schools. As far as the allocation of vacant school premises is concerned, vacant school premises have been allocated to four existing international schools for expansion purposes, and they have progressively come into operation.

In addition, over the past two years, there were a total of nine international schools applying to the Government for using vacant school premises as temporary campuses under tenancy agreement. The majority of the seven approved applications have completed refurbishment of the vacant school premises and commenced operation. The remaining two applications are being processed. The Education Bureau is finalizing with the two international schools concerned their plans to use the vacant school premises in the near future. We will continue to consider on a case-by-case basis should there be similar applications from school sponsors in future.

With the above measures, around 5 000 additional international school places are expected to come on stream in the coming few years.

- (b) In order to put vacant school premises into gainful use, we have been recycling individual premises for international school or other

educational uses where appropriate. Among the 37 primary and secondary school premises that have become vacant in the past three years, 14 have already been deployed or re-allocated for further educational uses while 13 have been provisionally earmarked for further educational uses, including those for future development of international schools.

- (c) According to the student enrolment survey conducted in September 2010, there are around 32 000 students enrolled in international schools. Of which, 13% are local students and 87% are non-local students. Breakdown by individual schools are set out at the Annex.

Annex

Numbers and percentages of
local and non-local students in international schools
(based on the student enrolment survey conducted in September 2010)

<i>Name of international school</i>	<i>Total number of students</i>	<i>Number of local students (Percentage)</i>		<i>Number of non-local students (Percentage)</i>	
<i>Primary-cum-Secondary</i>					
American International School	609	79	(12.9%)	530	(87.0%)
Australian International School Hong Kong*	1 074	103	(9.6%)	971	(90.4%)
Canadian International School*	1 655	264	(16.0%)	1 391	(84.0%)
Carmel School	181	0	(0.0%)	181	(100.0%)
Chinese International School	1 348	0	(0.0%)	1 348	(100.0%)
Christian Alliance PC Lau Memorial International School*	503	164	(32.6%)	339	(67.4%)
Delia School of Canada	1 036	29	(2.8%)	1 007	(97.2%)
Discovery Bay International School	690	20	(2.9%)	670	(97.0%)
German Swiss International School (English)*	780	152	(19.5%)	628	(80.5%)

<i>Name of international school</i>	<i>Total number of students</i>	<i>Number of local students (Percentage)</i>		<i>Number of non-local students (Percentage)</i>	
German Swiss International School (German)*	388	2	(0.5%)	386	(99.5%)
Hong Kong International School	2 648	176	(6.6%)	2 472	(93.4%)
Hong Kong Academy*	349	15	(4.3%)	334	(95.7%)
Hong Kong Japanese School	730	1	(0.1%)	729	(99.9%)
Kellett School*	516	6	(1.2%)	510	(98.8%)
Kiangsu & Chekiang Primary School and Kiangsu-Chekiang College	648	259	(40.0%)	389	(60.0%)
Korean International School (English)	219	65	(29.7%)	154	(70.3%)
Korean International School (Korean)	137	2	(1.5%)	135	(98.5%)
Lyc'ee Francis International School (English)*	527	12	(2.3%)	515	(97.7%)
Lyc'ee Francis International School (French)*	1 387	1	(0.1%)	1 386	(99.9%)
Sear Rogers International School — Peninsula	236	72	(30.5%)	164	(69.5%)
Singapore International School*	947	300	(31.7%)	647	(68.3%)
<i>Primary</i>					
Beacon Hill School	539	175	(32.5%)	364	(67.5%)
Bradbury School	715	9	(1.3%)	706	(98.7%)
Clearwater Bay School	719	33	(4.6%)	686	(95.4%)
Glenealy School	358	18	(5.0%)	340	(95.0%)
Hong Lok Yuen International School	282	76	(27.0%)	206	(73.0%)
Japanese International School (English)*	155	31	(20.0%)	124	(80.0%)
Japanese International School (Japanese)*	479	0	(0.0%)	479	(100.0%)

<i>Name of international school</i>	<i>Total number of students</i>	<i>Number of local students (Percentage)</i>		<i>Number of non-local students (Percentage)</i>	
Kennedy School	901	31	(3.4%)	870	(96.6%)
Kingston International School	215	140	(65.1%)	75	(34.9%)
Kowloon Junior School	886	575	(64.9%)	311	(35.1%)
Lantau International School	211	0	(0.0%)	211	(100.0%)
Norwegian School	72	0	(0.0%)	72	(100.0%)
Peak School	354	10	(2.8%)	344	(97.2%)
Quarry Bay School	717	55	(7.7%)	662	(92.3%)
Shatin Junior School	898	192	(21.4%)	706	(78.6%)
International Montessori School	76	12	(15.8%)	64	(84.2%)
Think International School	81	66	(81.5%)	15	(18.5%)
Umah International Primary School	69	7	(10.1%)	62	(89.9%)
Yew Chung International School	598	314	(52.5%)	284	(47.5%)
<i>Secondary</i>					
Concordia International School	85	41	(48.2%)	44	(51.8%)
Island School	1 218	88	(7.2%)	1 130	(92.8%)
King George V School	1 710	92	(5.4%)	1 618	(94.6%)
Shatin College	1 193	168	(14.1%)	1 025	(85.9%)
South Island School	1 395	103	(7.4%)	1 292	(92.6%)
West Island School	1 210	139	(11.5%)	1 071	(88.5%)
International College Hong Kong (New Territories)*	116	36	(31.0%)	80	(69.0%)
Total	31 860	4 133		27 727	

Notes:

- (1) Local students include students who are Hong Kong permanent residents (with the right of abode in Hong Kong Special Administrative Region) and do not have any foreign passport (except British National (Overseas) Passport).
- (2) (*) refers to non-profit-making international schools which have been provided with government assistance in the form of allocation of school sites or vacant school premises.
- (3) The above figures do not include special school.

MS EMILY LAU (in Cantonese): *Deputy President, vacant school premises are fairly precious resources. The Secretary said that at present, there are still 37 vacant school premises and among them, 14 have already been deployed or re-allocated for further educational uses while 13 have been provisionally earmarked for further education uses. As regards the rest, it has not been decided how they will be used. In fact, these school premises should not be allocated to international schools only, but to all other schools, because the conditions in many schools are terrible currently, just like hell on earth.*

Deputy President, the Secretary said in his main reply that over the past two years, a total of nine international schools has applied to the Government to lease vacant school premises and seven of them have been approved. As regards the other two international schools — one is perhaps in Sai Kung and the other is perhaps in Stanley — I hope the Secretary can process their applications as quickly as possible.

In addition, may I ask the Secretary if there is any data showing how many non-local students wishing to be enrolled at international schools failed to do so? Some overseas companies said that many of their employees had left precisely because their children could not be enrolled at international schools, so they went to Singapore to work instead. Deputy President, if multinational corporations are not willing to come and do business in Hong Kong, the plan of Hong Kong to develop into an international financial centre or regional education hub will be affected. Does the Secretary have any data to tell us if this problem is still serious?

SECRETARY FOR EDUCATION (in Cantonese): Deputy President, the circumstances of various schools are different. Concerning one or two particularly popular schools among them, of course, enrolling at them is more difficult. However, I can cite a figure, that is, the average enrolment rate of all international schools is only 88%. In other words, it is not true that all the places in these schools have been taken up and the enrolment rates of these schools depend a lot on their locations and operational ability.

As regards the development in the future, I believe Members may all remember that last year, we made available four sites for application to operate new international schools and expansion purposes. The authorities have now successfully allocated these four sites and among them, the Tuen Mun site with

the largest area was successfully bid for by the Harrow International School of the United Kingdom and it will be developed into a school with a larger area and boarding places. We estimate that the number of places in international schools will increase to 5 000 in the next few years. Although it is not possible for us to satisfy the needs of each and every person, I think this number can help meet the demand arising from the increase in arrivals in the next few years.

MS EMILY LAU (in Cantonese): *Can the Secretary provide the figures on how many employees of overseas companies chose to leave Hong Kong instead of working here because their children could not be enrolled at international schools?*

SECRETARY FOR EDUCATION (in Cantonese): Deputy President, I do not have the information in this regard but I can point out that according to our figures, the number of international schools has increased over the past few years, although the rate of increase was not very great. With the completion of four international schools on greenfield sites, we hope that the places in international schools will increase significantly in the next few years.

MR CHEUNG MAN-KWONG (in Cantonese): *Deputy President, the original intention of operating international schools is of course to admit expatriate students but the Annex shows that the percentage of local students admitted by several international schools has exceeded 50%, and among them, that of two of them has exceeded 60% and that of another has even exceeded 80%. The expatriate students studying in these international schools have become the minority.*

Does the Government agree that if this situation continues and the Government pays no heed to it, even though sites are allocated continually for the construction of international schools, the number of places in international schools may still be insufficient? Does the Government have any policy to ensure that expatriate students are given priority in being enrolled at international schools or prevent international schools from admitting too high a proportion of local students, so as to ensure that international schools can admit mainly expatriate students?

SECRETARY FOR EDUCATION (in Cantonese): Deputy President, as I said in my main reply, generally speaking, the proportion of local students enrolled at international schools to all students in international schools is still rather low, standing at only 10-odd percentage points. Mr CHEUNG Man-kwong has pointed out correctly that a couple of schools have admitted somewhat more local students. We all understand that some local students choose to study in international schools and international schools also admit local and non-local students in the hope of promoting diversity and exchanges and broadening students' horizons. It is necessary for international schools to strike the right balance in this regard. Some international schools operate on a self-financing basis, that is, they are private schools, so they have full discretion in matters of enrolment. However, as I said just now, we think that the great majority of international schools mainly admit non-local students.

At present, we also have the policy of requiring school sponsoring bodies seeking the allocation of vacant school premises or sites for the development of international schools to reserve no less than 50% of the places for children of overseas families coming to work in Hong Kong, or to non-local students coming to Hong Kong for studies on student visas. We also notice that the schools concerned can meet this requirement.

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

MR CHEUNG MAN-KWONG (in Cantonese): *Deputy President, I have exactly pointed out that according to the Annex to the main reply, some schools have failed to meet this requirement. How will the Government deal with this issue?*

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

SECRETARY FOR EDUCATION (in Cantonese): Concerning whether or not the requirement has been met, the Administration has not allocated vacant school premises or land to the schools concerned for them to develop international

schools. These schools are all private ones which secured the sites on their own and operate with their own funds. As I said, if they are self-financing private schools, we cannot interfere with their admission of students.

MR CHEUNG MAN-KWONG (in Cantonese): *I wish to clarify that concerning some of these schools — I do not wish to name them — their land actually belongs to the Government.*

DEPUTY PRESIDENT (in Cantonese): Mr CHEUNG, please follow up on other occasions. The Secretary has already answered this.

PROF PATRICK LAU (in Cantonese): *I also think that it is most worthwhile to discuss this issue, so thank you, Ms Emily LAU.*

Before all else, I have to declare my interest. I have participated in designing many international schools, including the Australian International School Hong Kong, the Chinese International School, the Discovery Bay International School, the Hong Kong International School, the French International School and the West Island School.

In my experience, the facilities of international schools are very different from those of local ones. The facilities required by international schools are far more than local schools. May I ask the Secretary if, while vacant school premises are allocated to international schools, consideration will also be given to the demolition of some old school premises to enable international schools to redevelop their school buildings according to their own designs? Is this approach feasible?

SECRETARY FOR EDUCATION (in Cantonese): Deputy President, this depends to a large extent on the school sponsoring bodies. We also have some experience in this regard. Take the French International School as an example, the school building of that school was inadequate for its needs, so we provided a vacant school building to it for use as a provisional school building to facilitate its in-situ expansion. Two or three schools also adopted this approach when carrying out the in-situ expansion of their existing schools.

Of course, we cannot enable all schools to take this approach to redeveloping their school premises because we do not have so many vacant school premises. We hope that when there are more vacant school premises, other schools can adopt this approach to redeveloping their school premises as and when appropriate.

MISS TANYA CHAN (in Cantonese): *Deputy President, I wish to ask the Secretary to clarify his reply just now. I wonder if I got it wrong or what, but did he say just now that the percentage was 15%? Due to the time constraint, Mr CHEUNG Man-kwong could not follow this up further just now. According to the Annex to the main reply, schools with an asterisk after their names refer to non-profit-making international schools which have been provided with government assistance in the form of allocation of school sites or vacant school premises.*

However, we can see from the Annex that the percentages of local students admitted by some of the schools marked with an asterisk are over 30%. For example, that of an international school at the end of the "Primary-cum-Secondary" list is 31.7% and the percentages of the sixth school in the "Primary" list and the last school in the "Secondary" list are 20% and 31% respectively. Deputy President, may I ask the Secretary through you what measures are in place to ensure that international schools meet the requirement on the admission of local students and what is the frequency of the inspections carried out to check if these schools meet this requirement?

SECRETARY FOR EDUCATION (in Cantonese): Deputy President, perhaps I did not speak very clearly just now. Under our policy, if these schools have received various forms of assistance from us, we require that the percentage of non-local students in these schools must be no less than 50%, not 30%. Therefore, all schools meet this requirement.

Of course, we hope that this percentage can be raised further if possible.

MISS TANYA CHAN (in Cantonese): *Deputy President, I also asked the Secretary what the ways of checking and frequency of inspections are?*

DEPUTY PRESIDENT (in Cantonese): Secretary, are there any inspections?

SECRETARY FOR EDUCATION (in Cantonese): At the start of each academic year, we conduct a survey on the proportion of local and non-local students.

MR CHAN KIN-POR (in Cantonese): *Deputy President, I think that whether or not there are enough places in international schools for the schooling of children of expatriates is one major factor in their consideration of whether or not they will come to Hong Kong. In fact, recently, someone also complained to me that it was really difficult to enrol at a school.*

The main reply of the Secretary said that around 5 000 additional international school places are expected to come on stream in the coming few years. May I ask him if the Government has carried out any overall long-term planning to calculate how many international school places expatriates in Hong Kong need, so as to provide more such places? In addition, have the authorities considered the fact that even if international school places are increased by 5 000 in the future, some of them may be taken up by local students. How can the Government ensure that a sufficient number of places can be provided to expatriates?

SECRETARY FOR EDUCATION (in Cantonese): We will certainly try to gain an understanding of the demand situation. Each year, foreign chambers of commerce exchange views with us on the relevant situation and demands. These foreign chambers of commerce also conduct surveys that can help us understand the general demand situation.

To meet demands, it is necessary to make available supply, that is, there must be land and other complementary facilities. Therefore, the Chief Executive specifically earmarked four sites two years ago, in the hope of increasing international school places in one go. As I said just now, these four sites have all been granted and we hope that in the next two to three years, the number of international school places can be increased significantly by 5 000.

In recent years, we have provided several hundred additional places. We hope that with the completion of the four international schools on greenfield sites, the number of international school places can be significantly increased to satisfy the need for a period of time.

MS STARRY LEE (in Cantonese): *Deputy President, coincidentally, it is not just in recent days but on a continual basis that I have also heard some foreign chambers of commerce or friends complain that the number of international school places was chronically insufficient. The majority of them proposed that school sponsoring bodies interested in operating school be allowed to use vacant school premises. They thought that this would be the most effective and expeditious solution. As we can see, many school premises in Hong Kong have been left vacant following the drop in the number of primary and secondary school students.*

The Secretary said in part (b) of the main reply that there are currently 37 vacant primary and secondary school premises and the Education Bureau has already deployed or re-allocated 14 of them for further educational uses while 13 have been earmarked for educational uses, including those reserved for the future development of international schools. In addition, in part (a) of the main reply, it is also said that over the past two years, there were a total of nine international schools applying to the Government for using vacant school premises and seven of the applications were approved.

Secretary, actually, have you looked into whether or not at present, the procedure for converting existing vacant school premises to other uses is unduly complicated and the time required is unduly long and as a result, many school premises have been left vacant for long periods of time and cannot be converted to such other uses as international schools or community use? Secretary, can you undertake to conduct a review to examine if the existing procedure for changing the use of vacant school premises is unduly complicated?

SECRETARY FOR EDUCATION (in Cantonese): In fact, when we allocate vacant school premises, we have to give consideration to many factors and this involves not only the Education Bureau, but also other Policy Bureaux, too.

We will consider a host of factors, including the track record of the school sponsoring bodies, the expansion and development needs of the schools, the admission policy, whether or not the target students are well-defined, the curriculum, the approval process and most importantly, the locations of the vacant school premises. Since the floor areas of some vacant school premises are rather small and their locations pretty remote, often, even if we allocate those school premises, the school sponsoring bodies may not accept them. In this regard, it depends on the needs of the school sponsoring bodies. For example, two years ago, the Sha Tau Kok Government Secondary School closed, so we made the school premises available but initially, no group was willing to operate it but eventually, a group was willing to do so, so it became the International College Hong Kong (New Territories). Therefore, it depends on the wishes of the school sponsoring bodies and if students are willing to study in them.

Let me give another example. The German Swiss International School once made an application to move into a vacant school building at Ma On Shan to facilitate the in-situ expansion of its existing school premises. However, as Members are all aware, due to the objection from students' parents, who believed that the location was too remote, the plan fell through. It can thus be seen that we have to consider a host of factors and there is no hard-and-fast rule, nor can it be said that our procedure poses obstacles to schools. Both sides have to consider many factors.

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

MS STARRY LEE (in Cantonese): *The Secretary did not give me a direct reply. The inflexibility of the system for reuse of vacant school premises has been raised on many occasions and many groups have also talked about it. Just now, the Secretary cited some specific reasons to show why some vacant school premises cannot be used immediately.*

May I ask the Secretary if the relevant mechanism can be reviewed to see if the procedure can be streamlined further, so that more vacant school premises can be reused as international schools or for community purposes? Can he promise that he will review the relevant mechanism?

SECRETARY FOR EDUCATION (in Cantonese): Deputy President, we will further consider this to explore how to do an even better job in this regard.

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

Measures to Promote Development of Chinese Medicine

5. **DR RAYMOND HO** (in Cantonese): *Deputy President, some members of the trade have pointed out that the demand from members of the public for Chinese medicine consultation service has been keen in recent years. The Government has also indicated that it will promote the development of Chinese medicine, making Hong Kong a stage for promoting Chinese medicine to the world. In this connection, will the Government inform this Council:*

- (a) *apart from the additional public Chinese medicine clinics (CMCs) to be established in the Southern District, Kowloon City District, Yau Tsim Mong District and Islands District, whether the authorities concerned will consider further increasing the number of public CMCs and expanding the service to other districts;*
- (b) *whether it knows the names of the public hospitals which provide Chinese medicine service at present; whether the authorities concerned will establish a Chinese medicine hospital in Hong Kong, so as to provide clinical training opportunities for Chinese medicine courses; and*
- (c) *apart from the contents relating to proprietary Chinese medicine (pCm) as mentioned in paragraph 80 of the Policy Address for 2010-2011, whether the Government has a more specific plan in promoting the development of Chinese medicine?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Deputy President,

- (a) The Government has committed to establishing a total of 18 public CMCs in collaboration with non-government organizations and the

Schools of Chinese Medicine of three local universities, to develop "evidence-based" Chinese medicine and to provide training opportunities for graduates of local Chinese medicine degree programmes. We plan to set up one CMC in each district and a total of 14 CMCs have been set up so far, which are located in Central and Western District, Wan Chai District, Eastern District, Kwun Tong District, Wong Tai Sin District, Sham Shui Po District, Tsuen Wan District, Tai Po District, Sai Kung District, Yuen Long District, Tuen Mun District, Kwai Tsing District, North District and Sha Tin District respectively. Moreover, we have firmed up the sites for the two public CMCs in Southern District and Kowloon City District and plan to have them completed and opened within this year to serve the public. We will continue to identify suitable sites in Yau Tsim Mong and Islands Districts so that public CMCs will be set up in 18 districts as planned.

- (b) We hope to combine advantages of Chinese and Western medicine systems in the treatment of specific illnesses through enhancing communication between Chinese and Western medical practitioners and launching Chinese and Western medicines shared care projects founded on evidence-based Chinese medicine under our public healthcare system. Although currently no Chinese medicine departments have been established in public hospitals, three models of Chinese and Western medicines shared care services covering pain management, rehabilitation treatment of stroke/diseases of the nervous system, cancer treatment, palliative care, treatment of diabetes mellitus, dysthymia, gynaecology, traumatology and osteopathy as well as treatment of ear, nose and throat diseases have been made available in 20-odd public hospitals. Services provided under these pilot models include inter-referral service between Chinese and Western medical practitioners, protocol driven service and case conference service. In addition, a larger scale of Chinese and Western medicines shared care services will be considered for incorporation in the proposed Chinese medicine building under the Kwong Wah Hospital Redevelopment Project.

In respect of clinical training, three local universities, namely the University of Hong Kong, The Chinese University of Hong Kong

and the Hong Kong Baptist University, have set up CMCs to provide training for their students. Arrangements have also been made by all the three universities for their students to gain relevant experience in the Mainland. Apart from providing a three-year training programme for graduates, the Hospital Authority (HA) has provided clinical internship and clinical practice opportunities in its clinical centres for training and research in Chinese medicine for students and graduates so that they can have more clinical training exposures.

At present, the Government does not have any plan to establish Chinese medicine hospitals. Organizations interested in setting up private Chinese medicine hospitals are welcome to put forward their detailed proposals to the Government for consideration.

- (c) To safeguard public health and consumer rights and to ensure a high professional standard of the Chinese medicine industry so as to expedite its development in Hong Kong, the Chinese Medicine Ordinance (the Ordinance) was enacted in 1999. The Chinese Medicine Council of Hong Kong was subsequently established to implement the regulatory provisions of the Ordinance and develop the Chinese medicine industry with the concept of "evidence-based medicine" in order to move towards internationalization. Apart from the contents mentioned in the 2010-2011 Policy Address, the Government will continue to create an enabling environment for the development of the Chinese medicine industry through implementing the provisions of the Ordinance, developing standards for Chinese medicine and promoting international exchange and collaboration.

Implementation of the provisions of the Ordinance is essential to enhancing public confidence in Chinese medicine and promoting the development of Chinese medicine in Hong Kong. With the support and co-operation from the industry, the provisions on mandatory registration of proprietary Chinese medicines under the Ordinance came into effect on 3 December 2010. In addition, the requirement that the package of proprietary Chinese medicines must be labelled and contains a package insert in a prescribed manner will also take effect from 1 December 2011. By then, regulation of Chinese

medicine will be further enhanced and more comprehensive to safeguard public health and consumer rights.

On setting standards for Chinese medicine, the development of safety and quality reference standards for Chinese herbal medicines can bring improvements in the use of raw ingredients for proprietary Chinese medicines and boost public confidence in Chinese medicines. It can also serve as the cornerstone for refining the research on Chinese medicine, facilitate alignment with international requirements and expedite the modernization and internationalization of Chinese medicine as well as the trade. In 2002, the Department of Health (DH) launched a research programme on the Hong Kong Chinese Materia Medica Standards (HKCMMS) on safety and quality for Chinese herbal medicines which are commonly used in Hong Kong. The research work of the HKCMMS has garnered support from six local universities. The standards for 60 Chinese herbal medicines have already been released in the first phase of the programme. The whole programme will cover about 200 Chinese herbal medicines and is expected to be completed by 2012. An International Advisory Board has been established for the HKCMMS. The research results of the HKCMMS have gained worldwide recognition and acceptance, making Hong Kong a platform for promoting Chinese medicine to the world.

In addition, the Government actively provides professional support to the World Health Organization (WHO) on the development of traditional medicine, including international classification of traditional medicine and formulation of a strategy for traditional medicine for the next decade. The DH will organize another meeting on international classification of traditional medicine in collaboration with the WHO in March. Through the WHO, the Government has strengthened its ties with the international network, and established an adverse event notification mechanism on Chinese medicine and enhanced its information exchanges and co-operation on regulation of herbal medicine with other regions.

DR RAYMOND HO (in Cantonese): *First of all, Deputy President, I declare that a family member of mine is working in the healthcare profession.*

Although the Secretary indicated his wish to promote the development of "evidence-based" Chinese medicine, the Government has now decided not to set up public Chinese medicine hospitals and indicated that it will wait for interested private organizations to put forward proposals for its consideration. However, in the absence of formal Chinese medicine hospitals, it is impossible to provide adequate clinical internship and clinical practice opportunities for students and graduates of degree programmes.

Without the provision of essential land, private organizations can hardly put forward effective or truly practicable proposals. In this respect, in addition to the earmarking of six sites a year ago for the development of Western medicine hospitals, will the Government provide additional land and welcome private organizations to put forward proposals for the development of Chinese medicine hospitals to the Government for consideration?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Deputy President, the conclusion reached as a result of our discussion with the Chinese medicine and medical professions is that we hope to capitalize, by all means, on research undertaken at this stage on combined Chinese and Western medicines on this front. On Chinese medicine, in addition to local practice opportunities, there are also practice opportunities in well-known hospitals in the Mainland.

Members should understand that, in addition to Chinese medicine service, Western medicine service is also provided by many Chinese medicine hospitals in the Mainland. In some cases, many of the services provided therein are Western medicine. The most important point lies in how to provide hospitalization and traditional Chinese medicine services. Therefore, although we do not have any hospitals providing purely Chinese medicine services, a hospital being developed at present, like the one proposed by the Tung Wah Group of Hospitals, will provide Chinese and Western medicines shared care services. Not only do we support this programme, we also encourage the rendering of assistance in training Chinese medicine students for this purpose in Hong Kong.

As regards the four sites mentioned by the Honourable Member — only four sites, rather than six, have been earmarked for the time being — we have not imposed any limitation that only Western medicine hospitals can be developed on these sites. Any organizations interested in developing healthcare services on the combined Chinese and Western medicines model are welcome. Therefore, we must complement the overall development of Chinese medicine in Hong Kong on all fronts, including the development of professional Chinese medicine practitioners (CMPs) as well as the development of Chinese herbal medicine and proprietary Chinese medicine, given the important role played by Chinese herbal medicine in Chinese medicine.

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

DR RAYMOND HO (in Cantonese): *Actually, what I mentioned just now was four sites, not six. However, I wish to*

DEPUTY PRESIDENT (in Cantonese): The Secretary has not answered which part of your supplementary question?

DR RAYMOND HO (in Cantonese): *Just now I asked whether the Government would provide land specifically for Chinese medicine hospitals to develop Chinese medicine service and welcome private organizations to put forward proposals, and whether the Government would give consideration to this. The Secretary has not answered my question direct.*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Deputy President, some interested persons have indicated to us that they are looking for some sites. Of course, as mentioned by me just now, persons planning to set up Chinese medicine hospitals may make applications for the four sites provided by the Government for the development of private hospitals.

MRS SOPHIE LEUNG (in Cantonese): *Deputy President, in part (c) of the main reply, the Secretary mentioned that the Government would organize another meeting on international classification of traditional medicine in collaboration with the WHO. May I ask, after the enactment of the Ordinance in 1999 and the establishment of the Chinese Medicine Council of Hong Kong, whether the Government had considered aligning the development of Chinese medicine in Hong Kong with that in the Mainland? Have the authorities done so and what can be done to achieve better results?*

Why did I ask this question? Because I have been told that many trained CMPs in Hong Kong do not have sufficient clinical experience. Although many of the CMPs in Hong Kong are called clinical CMPs, they are only practising from a lopsided clinical perspective. Nevertheless, the whole concept of Chinese medicine is about looking after the whole body. In other words, various parts of the body must be taken into consideration, and the focus should not be placed on a certain part to the neglect of others. Therefore, one must have sufficient clinical experience to become a good CMP. But I have been told by some experts that all CMPs in Hong Kong have only received training in a very lopsided manner. May I ask the Secretary whether studies will be undertaken or forums organized with various types of CMPs and renowned CMPs in the Mainland, so as to enable Chinese medicine students trained in Hong Kong to better understand the treatment protocol adopted by CMPs and their provision of holistic care from the healthcare perspective?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Deputy President, I must clarify this. With the participation of three universities, 79 CMPs are trained in Hong Kong annually. These students have to undergo five years training, which is not only quite comprehensive, but also on a par with the standard of CMPs in China. Moreover, they have to spend some time on internship in some of the renowned Chinese medicine centres or hospitals in the Mainland.

Under CEPA, our CMPs can actually apply for practice in the Mainland. Therefore, there is no marked difference between Chinese medicine graduates in Hong Kong and those in the Mainland. Members should understand that the developments of culture and Chinese medicine in China and Hong Kong are different. Even the experience of different provinces and cities on the Mainland is different in pursuing development. Generally speaking, we have excellent ties

with the Central Government, especially the State Administration of Traditional Chinese Medicine of the Ministry of Health. In this regard, we will jointly promote the future development of Chinese medicine. Meanwhile, on the international front, Hong Kong's systems and regimes, which are more modernized, are instrumental to the development of Chinese medicine in other Western countries, and these countries have drawn lessons from Hong Kong as their models and for reference. For this reason, I believe the several directions of development currently adopted by us, including the training of CMPs and regulation of Chinese medicine, are instrumental to the worldwide development of traditional Chinese medicine.

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

MRS SOPHIE LEUNG (in Cantonese): *I asked the Secretary whether he would consider organizing some Chinese medicine forums to enhance mutual understanding between CMPs in the two places, so as to prevent them from indulging in complacency.*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Deputy President, we must always learn with an open mind. Hence, on Chinese medicine, these events will be organized by both the Chinese medicine profession and the DH.

MR WONG KWOK-KIN (in Cantonese): *Deputy President, Chinese medicine is gaining increased popularity and the demand for Chinese medicine has also become increasingly keen in Hong Kong. However, except for the setting up of several CMCs, it seems that the Government has not introduced any major initiative for promoting the development of Chinese medicine. In connection with the overall healthcare reform studied by the Government in the past few years, may I ask the Government whether it has considered the overall positioning of Chinese medicine in the healthcare reform; and if there is such positioning, does the Government have any long-term plan on how to promote the development of Chinese medicine in Hong Kong?*

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Deputy President, our efforts in developing Chinese medicine will not simply stop with the establishment of 18 CMCs. Members must understand that these 18 clinics are used as the basis for training Chinese medicine graduates in Hong Kong. At the same time, the clinics are used to undertake some studies and standardize professional practices, including the sharing of a drug formulary and computer system. Furthermore, Chinese medicine graduates require adequate training and guidance as well as the presence of veteran CMPs.

As I mentioned in the main reply just now, our standards on medicine are becoming increasingly stringent, including registered proprietary Chinese medicines and the setting up of the HKCMMS for raw ingredients for Chinese herbal medicine. All this is instrumental to the overall development of Chinese medicine in Hong Kong.

Insofar as healthcare services are concerned, we think that CMPs play a very important role in primary healthcare. Members should understand that CMPs traditionally provide mainly out-patient consultation service. Given their rich experience, they play a specific role in treating certain long-standing diseases. Therefore, studies are being undertaken on combined Chinese and Western medicines for pain management and treatment of cancer and chronic illnesses. In this respect, some examples have been cited in the main reply.

Hence, in respect of primary healthcare and some specific diseases, we are undertaking studies and pursuing development to enable Chinese and Western medicines to give play to their special characteristics and complement each other. We think this direction can enable Hong Kong to become a Chinese medicine development centre with special characteristics, so as to benefit both Chinese and Western medicines and, in the end, the patients and other people in Hong Kong.

DR PRISCILLA LEUNG (in Cantonese): *Deputy President, in the past 20 years, the numbers of my visits to CMPs and Western medical practitioners were the same. This shows that I believe CMPs and Western medical practitioners have their respective merits. However, Western medical practitioners are dominant in the medical profession in Hong Kong. In the second paragraph of part (c) of the main reply, the Secretary mentioned again that after the*

introduction of the provisions of the new Ordinance in the hearings held by the Legislative Council — I wonder if the Secretary has paid any attention to this because he was absent — many members of the Chinese medicine industry proclaimed that they were not given any assistance during the transitional period and, as a result, some people without means some ancient prescriptions may also vanish without a trace.

In his reply to Dr Raymond HO just now, the Secretary also mentioned that the development of Chinese medicine hospitals, if any, has to be considered in the direction of private development. This was the response that came to my mind swiftly: Why should the Chinese medicine industry rely entirely on itself for the purpose of development without any specific measures from the Bureau in sight? What we wish to follow up is the second paragraph of part (c) of the main reply. Many Members of this Council have joined the call for the relevant authorities to provide assistance to sustain the survival of proprietary Chinese medicines. This transitional period is crucial to their survival. May I ask the Secretary whether he can clarify this?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Deputy President, in respect of the regulations for the registration of proprietary Chinese medicines, we have responded in writing to the aspirations expressed in the relevant panel of the Legislative Council. We have also sent representatives of the DH to give a clear explanation. Members should understand that the relevant Ordinance was enacted in 1999. Over the years, the DH has rendered assistance on various fronts to the industry in seeking certification. We are aware that some members of the industry have yet to gain certification, mostly because of their failure to present acceptable test reports on heavy metals or toxic substances, pesticide residues and microbial limit along with their applications. We understand that some members of the industry consider that they are incapable of meeting these requirements. However, for the protection of public health, I think that the Government is responsible for protecting the public if such reports are not provided to confirm the safe taking of the medicine by members of the public.

For the implementation of the entire Ordinance, considerable time has been given by the authorities to enable the industry to make efforts in this respect, and a lot of promotion efforts have also been made, including meetings of the Chinese Medicines Board, which is under the DH, and its representatives with the

industry. In 2010, some medical students of tertiary institutions were also appointed as promotion ambassadors to visit Chinese medicine traders and pharmacies to help them familiarize themselves with the sales of proprietary Chinese medicines. Therefore, the industry should have fully understood the requirements of labelling or containing a package insert. If they are still unable to do so by now, I believe they cannot meet the standard specified under our legislative intent. Nor can they protect consumer rights. In this respect, we have been acting according to the timetable, so to speak. Members should understand that 12 years have passed since 1999, and this is a very long period.

DEPUTY PRESIDENT (in Cantonese): Is your supplementary question not yet answered?

DR PRISCILLA LEUNG (in Cantonese): *Deputy President, the Secretary did not attend*

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

DR PRISCILLA LEUNG (in Cantonese): *..... the question I raised just now is mainly about the fact that the Secretary has kept saying a dozen years. But the point is: Have they received any assistance? Just now, the Secretary mentioned that their applications lacked some the information they may be unable to provide. What concrete assistance has the Government provided? Now, after the implementation of the Ordinance, although most members of the industry have indicated in some hearings their wishes for the Government to provide special assistance, I have not heard any response to this from the Secretary.*

DEPUTY PRESIDENT (in Cantonese): Secretary, has the Government rendered any assistance?

SECRETARY FOR FOOD AND HEALTH (in Cantonese): Deputy President, after the enactment of the relevant Ordinance, the DH has already communicated with and explained to the industry what they should do and required them to act accordingly. I believe the Government, as a regulator, should not subrogate the industry in carrying such work for it. We can only advise them how to do it and help them look for organizations which can examine or test the ingredients of these Chinese medicines. Hence, I believe these problems can only be resolved by the industry itself.

DEPUTY PRESIDENT (in Cantonese): The Secretary has already answered the question.

DR PRISCILLA LEUNG (in Cantonese): *What I mean is assistance. The Secretary has still not answered my question concerning financial assistance. Has the Government provided assistance during the transitional period?*

DEPUTY PRESIDENT (in Cantonese): Dr LEUNG, the Secretary has already answered the question. Should you have other questions, please follow them up on other occasions. We have spent more than 24 minutes on this question. Last oral question.

MTR Fare Structure and Fare Concessions

6. **MR CHEUNG HOK-MING** (in Cantonese): *Deputy President, some residents in Tin Shui Wai have relayed to me that at present, there is a big disparity in fares between the MTR's domestic East Rail Line (ERL) and West Rail Line (WRL). For example, the travelling time from the ERL's Sheung Shui Station to Hunghom Station is about 38 minutes and the Octopus fare is \$8.2 (\$8.5 for a single journey ticket), whereas the travelling time from the WRL's Tin Shui Wai Station to Hunghom Station is about 31 minutes only, but the fare is \$17.2 (\$18.5 for a single journey ticket), which is more than twice of the ERL's. These residents consider that the MTR Corporation Limited (MTRCL) has been unfair in determining the fares of the two rail lines and thus has directly increased the burden on the livelihood of residents in New Territories West. Besides, the elderly in Hong Kong may enjoy free rides on the Shenzhen Metro,*

which the MTRCL has participated in its construction and operation, but they are not offered similar concession in Hong Kong. Regarding the MTR's fare structure and the fare concessions it offers, will the Government inform this Council:

- (a) whether it knows if the MTRCL has, in determining the WRL's fares, given detailed consideration to the great disparity in fares between the domestic ERL and WRL as well as the affordability of residents in the districts; if it has, of the details; if not, the criteria adopted by the MTRCL for setting the fares;*
- (b) given that fares of the domestic ERL are lower because they are subsidized by revenues from the fares of the cross-boundary line to and from Lo Wu Station which are on the high side, whether the authorities will urge the MTRCL to review if the present revenues from that cross-boundary line or the Lok Ma Chau cross-boundary line can be used to subsidize the WRL; and*
- (c) whether it will consider discussing with the MTRCL again the conducting of a comprehensive review on its fare concession arrangements, actively encourage the MTRCL to offer permanent free rides to the elderly and provide more fare concessions; if it will, of the details; if not, the reasons for that?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Deputy President,

- (a) The WRL commenced operation in December 2003. Prior to commencement of operation, the pre-merger Kowloon-Canton Railway Corporation (KCRC) briefed the Legislative Council, the Transport Advisory Committee and District Councils along the West Rail alignment respectively on the principles for setting West Rail fares. These principles included:
 - (i) the West Rail fares had to be competitive enough for the WRL to gain a foothold in the market;

- (ii) to provide an alternative to the Light Rail (LR) for travelling within the Northwest New Territories;
- (iii) to fully take into account the public's acceptability and expectations; and
- (iv) to achieve the KCRC's long-term financial objectives.

The LR and the MTR bus interchange services are also provided for free for West Rail passengers.

Since the WRL commenced service, its patronage has gradually grown from the initial average daily passenger trips of 100 000 to over 300 000 currently (based on passengers' entry at stations). This demonstrates that the WRL has a certain level of competitiveness in the Northwest New Territories.

The Kowloon Southern Link (KSL) commenced operation in August 2009. The KSL enhances Hong Kong's rail network by connecting the ERL and WRL, with Hung Hom Station being the termini of both lines. Commuting among Hong Kong, Kowloon and the New Territories has become much more convenient. After the opening of the KSL, passengers from Northwest New Territories will be able to reach Hung Hom directly and more expeditiously by railway without having to interchange with other modes of transport. Passengers of the ERL can also enjoy a more convenient service to the West Kowloon area.

Prior to the Rail Merger in December 2007, the ERL and WRL had their respective different fares. The pre-merger fares of the two railway lines formed the basis for the current fares of the two lines. On the day of the merger, the MTRCL introduced fare reductions according to the following five principles:

- (i) abolition of second boarding charge ranging from \$1 to \$7;
- (ii) global fare reduction of \$0.2 for all Octopus card users paying full fares;

- (iii) an extra \$1 reduction for journeys charging \$12 or above;
- (iv) for all journeys charging \$12 or above, if the three measures above when combined still result in less than a 10% reduction, there would be a further reduction to achieve a minimum of 10% reduction for all those journeys; and
- (v) for all journeys charging between \$8.5 and \$11.9, if parts (i) and (ii) above when combined still result in less than a 5% reduction, there would be a further reduction to achieve a minimum of 5% reduction for all those journeys.

As such, the Octopus fares of the WRL from the Northwest New Territories to the urban area were reduced by \$1.2. Together with the abolition of second boarding charge, a minimum of 10% fare reduction was achieved.

Based on the usage of public transport by residents of the Northwest New Territories, the KCRC introduced the promotional schemes of "Monthly Pass" and "Day Pass" in 2004. The MTRCL continued to maintain the arrangement after the merger, and introduced the "Tuen Mun — Hung Hom Monthly Pass" when the KSL was commissioned. For passengers who use the WRL service frequently, they may purchase the "Tuen Mun — Nam Cheong Monthly Pass" at a price of \$410 or the "Tuen Mun — Hung Hom Monthly Pass" at a price of \$480. Passengers with the "Tuen Mun — Nam Cheong Monthly Pass" or "Tuen Mun — Hung Hom Monthly Pass" can make unlimited journeys on the WRL between Tuen Mun and Nam Cheong Stations or between Tuen Mun and Hung Hom Stations within a month. In addition, the LR and MTR bus interchange services are provided for free for these passengers.

If a passenger does not use the WRL service frequently, he/she may also purchase the "Tuen Mun — Nam Cheong Day Pass" at a price of \$21. Passengers with the "Tuen Mun — Nam Cheong Day Pass" can make unlimited journeys on the WRL between Tuen Mun and Nam Cheong Stations on the day of purchase, and enjoy free interchanges with the LR and MTR bus. The "Tuen Mun — Nam

Cheong Day Pass" will not be collected by the ticket gate after use. To encourage passengers to return the used "Tuen Mun — Nam Cheong Day Pass", 10 used or expired "Tuen Mun — Nam Cheong Day Passes" can be exchanged for one free "Tuen Mun — Nam Cheong Day Pass", which is valid on the day of redemption.

- (b) At the Rail Merger, the MTRCL reduced its fares according to the fare reduction package but the Corporation did not change the fare structures of its railway lines. After the Rail Merger, the fare adjustment of the MTRCL (including that for the ERL and WRL) is decided on the basis of an objective and transparent fare adjustment mechanism.

According to the MTRCL, all railway lines are operated as an integrated network after the Rail Merger and there is no arrangement to use the fare revenue of one railway line to subsidize another. MTRCL has been maintaining the fare promotions to WRL passengers including monthly passes and free interchange service with LR, and so on.

- (c) At present, the MTRCL provides various types of fare concessions and promotional schemes every year, including fare discounts of up to 50% off the normal fares for the elderly, children and students, as well as other promotions offered from time to time including free interchanges, free connections and fare savers. The aim is to encourage the public to use rail service and to actively participate in community activities.

The MTRCL would review its various promotional schemes from time to time taking into account the market circumstances. The Government would continue to encourage the MTRCL to provide various promotional schemes to the public having regard to its operational situation, the market circumstances and passenger demand.

MR CHEUNG HOK-MING (in Cantonese): *Deputy President, the Secretary has not answered my question. The thrust of my question was while the fare for travelling from the ERL's Sheung Shui Station to Hung Hom Station, with a*

travelling time of 38 minutes, is \$8.2, the fare for travelling from Tin Shui Wai Station to Hunghom Station, with a travelling time of 31 minutes, is \$17.2. The fare of one rail line is obviously more than twice that of the other. In the main reply, the Secretary only said that the WRL already reduced its fares by 10% at the Rail Merger, and fare concessions such as the "Monthly Pass" and "Daily Pass" are now available. However, she did not address the thrust of my question. Why is the fare charged by one rail line double that of the other despite the similar travelling times? In this regard, will the Secretary make a clarification?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Deputy President, I think Members may also know the history of the ERL. When the ERL underwent electrification in the 1980s, the then KCRC conducted a fare review in the light of the market circumstances. After that, it has been reviewing and adjusting its fares from time to time. The last fare adjustment made for the ERL before the Rail Merger took place in 1997. After the Rail Merger, the overall fair structure has remained unchanged. We have to note, on the contrary, that when the WRL was commissioned in 2003, its fares were set according to certain principles which I have already explained in the main reply. These principles include competitiveness, the provision of an alternative to the LR, regard for the public's acceptability and achievement of the KCRC's long-term financial objectives. Therefore, we consider it inappropriate to draw such a comparison between the two rail lines because a fare adjustment mechanism has been put in place after the Rail Merger.

MR LAU WONG-FAT (in Cantonese): *Deputy President, many large cities in the world adopt a low-fare policy to encourage their people to use mass transit systems in order to alleviate traffic congestion and reduce carbon emission. For example, the Beijing Metro charges passengers a flat fare of RMB 2, irrespective of the distance travelled. Will the Government give consideration to ploughing back part of the profits made by the MTRCL to offering fare subsidies to the public so as to attract private vehicle owners to give up driving to work?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Deputy President, it is our policy to encourage the public to use various means of mass transit, such as buses and trains, and all of us agree that trains should be the

primary means of transport as it is more environmentally-friendly. Therefore, as Members are aware, we will construct different MTR lines or cross-boundary rail lines in the future. The fare adjustment mechanism of the MTRCL is also very transparent and was formulated after thorough discussions. At the Rail Merger, Members could also notice that fare adjustments were made. Back then, substantial adjustments were made to the fares, which made people think that the Merger was desirable. However, it is not our policy to abandon commercial operation principles and efficiency considerations and provide subsidies to the railway corporation across the board. Certainly, we still hope to attract the public to take trains through the provision of efficient and quality services. This is our current approach.

MR TAM YIU-CHUNG (in Cantonese): *Deputy President, according to the business results published by the MTRCL recently, a huge profit of \$12 billion was recorded. In the meantime, however, the Chief Executive Officer of the MTRCL said the MTRCL might apply for a fare increase in accordance with the fare adjustment mechanism which would allow upward or downward fare adjustments. Hong Kong is now at a time of high inflation, and a fare increase by the MTRCL will further fuel inflation and increase the public's burden of travelling expenses. Will the authorities consider putting on hold the MTRCL's fare increase application when it is made or requiring the MTRCL to provide further fare concessions to offset the impact of the fare increase on the passengers?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Deputy President, we appreciate Members' concern about price rises. When agreeing to this fare adjustment mechanism with binding effect back then, we already understood that this mechanism can reflect the affordability of the public in some measure because half the determinants of this mechanism are related to the Consumer Price Indices, and the relevant formula will not be affected unless there are upward movements of these Indices. The other half of the determinants of the mechanism are related to the Nominal Wage Indices. To a certain extent, this mechanism has reflected the macro economic situation of Hong Kong and the public's affordability. In other words, there should be changes in the economic situation and wages before the fare adjustment mechanism is triggered. Therefore, we should work according to this mechanism.

However, as I said in the main reply, we surely will proactively encourage the MTRCL to make more efforts in offering fare concessions. In particular, it should be noted that the "Monthly Pass" of the WRL and the ERL is a good option for the public who frequently travel on these lines. At present, over 10 000 people have chosen to use the "Monthly Pass" because it offers a discount of about 20% to 35% off single-journey fares, depending on the number of train rides taken in a day. If it is used for travelling to and from work, the discount offered ranges from 20% to 35% off single-journey fares. Members of the public may choose concessionary fares according to their needs.

MR WONG KWOK-HING (in Cantonese): *Deputy President, railway corporations of many Mainland provinces and municipalities, including our neighbour, Shenzhen, offer fare waivers to the elderly, and this concession is also offered under some projects in the Mainland managed by the MTRCL.*

Last year, the MTRCL made a profit of \$12 billion, representing an increase of 25%. Under this circumstance, has the Government urged the MTRCL you kept talking about encouragement, but as the major shareholder of the MTRCL, the Government is duty-bound to do so. Why does the Government not prompt the MTRCL to provide free rides for the elderly, while allowing it to offer them fare concessions only on Wednesdays and Saturdays and still charge them a flat fare of \$2? Actually, providing free rides to all the elderly people in Hong Kong will not result in any cost increase because the trains will be operated in the same service frequency. Why does it not do them this favour? Through the Deputy President, I wish to request the Secretary to give a detailed response.

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Deputy President, the MTRCL had responded to such a demand of the community for a considerable period of time. Initially, a fare concession for the elderly was only provided on Sundays, and subsequently, it was also made available on Saturdays. Actually, the MTRCL has also put in place a measure to complement those of the bus companies. At present, the MTRCL offers fare concessions to the elderly on Wednesdays, Saturdays and public holidays, while the bus companies offer fare concessions to the elderly on Sundays. Therefore, the elderly can actually choose to travel on these three days of the week, and this arrangement has been

well received. However, we will certainly continue to encourage them to offer more concessions.

I reckon our policy is very different from that of the Mainland. To my understanding, the concessions offered under the projects managed by the MTRCL in the Mainland, as mentioned by the Member, were actually directly subsidized by the government. However, as I have explained, our current policy is to operate on commercial principles. On the one hand, the MTRCL is a listed company, and on the other, it has to ensure in some measure its efficiency and control its costs.

MR WONG KWOK-HING (in Cantonese): *Deputy President*

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

MR WONG KWOK-HING (in Cantonese): *..... the Secretary has not answered this part of the question: Providing free rides to the elderly will not bring about any cost increase to the MTRCL. In that case, why does the Government not prompt the MTRCL to provide a fare waiver to all the elderly people in Hong Kong? What I mean is a fare waiver.*

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

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): I have already explained my point just now.

MR LEE CHEUK-YAN (in Cantonese): *Deputy President, the situation of residents in New Territories West who take the WRL is worse than that of other people. As Members may notice from the fare comparison, the fares they have to pay are almost twice that of other people. Besides, people who take the WRL may still have to interchange with the LR or other modes of transport before they*

can get to the urban areas. Therefore, transport expenses are a very heavy burden for residents in New Territories West.

My question is whether the Government or the MTRCL has reconsidered because the Bureau mentioned some principles in part (a) of the main reply. The first principle is that the fares of the WRL have to be competitive; the second principle is the KCRC has to achieve its long-term financial objectives. These are two of the principles. Now, I can see that it is very competitive. I remember the Secretary saying, in response to this question which has arisen due to historical reasons, that the ERL had set these fares a long time ago. She said the WRL only had 100 000 passenger trips at that time, and so the fares could not be set too low. However, the WRL has 300 000 passenger trips now, and it is very competitive, with the number of passenger trips having increased from 100 000 to 300 000. Second, the MTRCL has now made a profit of \$12 billion. In other words, there are now these two new factors. In that case, has the MTRCL or the Government, as the major shareholder of the MTRCL, or the Secretary for Transport and Housing given any regard to the residents' burden and used the substantially enhanced competitiveness — from 100 000 passenger trips to 300 000 passenger trips — as the justification to urge the MTRCL to reduce the fares of the WRL?

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Deputy President, we consider it important to provide a balanced transport network to meet the public's transport needs. Regarding the WRL, it has gradually come to the present stage after competition over a period of time. Even to date, it only has one-third of the market share, and it still has to face the competition from various modes of transport, such as buses and minibuses. Therefore, we think the present fares are already set according to a very transparent mechanism, and this adjustment mechanism is also appropriate. Certainly, however, as I mentioned just now, it is desirable and important to offer some appropriate concessions. For example, the Member mentioned interchange services. At present, West Rail passengers may enjoy free LR or MTR bus interchange services.

Besides, I have also mentioned and promoted the "Monthly Pass" just now. Some frequent travellers of the WRL or ERL may actually choose these fare concessions to meet their transport needs.

MR LEE CHEUK-YAN (in Cantonese): *Deputy President, the Secretary has not answered my question. Will she urge the MTRCL to reduce its fares in the light of its enhanced competitiveness? Has she abandoned the four principles, such as*

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

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Deputy President, I do not have anything to add. But I wish to point out that these were the principles adopted for the fare determination back then, and we will certainly pay close attention to the overall situation. As for the issue of adjustment, actually it has already been addressed by our fare adjustment mechanism.

MR WONG KWOK-HING (in Cantonese): *Deputy President, in the last paragraph of the main reply, the Government pointed out that it would encourage the MTRCL to provide various promotional schemes to the public from time to time having regard to the market circumstances and its operational situation. I wish to ask the Secretary this: Does the Secretary know that the MTRCL once offered a fare concession to residents of the Yat Tung Estate in Tung Chung who took the MTR and the Lantau Island bus route No. 38 on the same day by increasing the amount of fare concession from \$1 to \$1.5, but the concession was offered for half a year only and was cancelled on January 8 this year? Do the authorities know that the MTRCL's cancellation of such a concession at will has put the residents at its mercy?*

SECRETARY FOR TRANSPORT AND HOUSING (in Cantonese): Deputy President, to my understanding, when this concession was announced back then, a time limit was already set by the MTRCL. I will continue to encourage the MTRCL to offer fare concessions, and I will advise it to pay special attention to these long-haul services because it is certainly better to have more fare concessions. Mr WONG Kwok-hing's view is noted.

DEPUTY PRESIDENT (in Cantonese): Oral questions end here.

WRITTEN ANSWERS TO QUESTIONS**Taxi Service for Residents of Park Island**

7. **MR TAM YIU-CHUNG** (in Chinese): *President, recently, quite a number of residents of Ma Wan (including Park Island) have relayed to me that, while the population in Ma Wan has continued to increase in recent years, apart from urban taxis (from 8 pm to 7 am only), buses of four routes and permitted vehicles, all other means of public transport are not permitted to access Ma Wan at present, the external transport service available in Ma Wan is therefore far from adequate to meet the demand. Meanwhile, Ma Wan residents travelling to the airport by taxis are now required to pay a double toll as much as \$60 for using Lantau Link at present, which is twice the \$30 toll payable for travelling from Kowloon to the airport by taxis. These residents have requested that urban taxis be permitted to access Ma Wan round-the-clock and the toll collection arrangement of Lantau Link be reviewed so that Ma Wan residents travelling to the airport by urban taxis will not be required to pay a double toll. In this connection, will the Government inform this Council:*

- (a) *whether it knows the average daily number of urban taxis accessing Ma Wan at present; and*
- (b) *whether the Transport Department (TD) has considered relaxing the time restriction on urban taxis accessing Ma Wan, and reviewing, on the basis of the special circumstances of Ma Wan, the toll collection arrangement of Lantau Link, so that Ma Wan residents travelling to the airport by urban taxis will not be required to pay a double toll; if it has, of the details; if not, the reasons for that?*

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

- (a) At present, a daily average of about 155 urban taxis enter the taxi pick-up/drop-off point near Pak Lam Road roundabout (public road) in Ma Wan.
- (b) As the Lantau Link is the only trunk road leading to the airport and Tung Chung, the Government has been taking appropriate measures to maintain smooth flow of its traffic. Further, vehicles travelling

to and from Ma Wan have to route through the Lantau Link and Ma Wan Road. In order to reduce the long-term impact on the traffic of the Lantau Link, Ma Wan Road and all roads in Ma Wan have been designated as a 24-hour prohibited zone, where only vehicles with permits issued by the TD and specified vehicles may enter during specified time periods.

After detailed consideration of the relevant factors to meet the needs of Ma Wan residents, effective from 4 July 2008, the TD has allowed urban taxis to access Ma Wan and operate at the taxi pick-up/drop-off point near Pak Lam Road roundabout from 11 pm. to 7 am every day. Since 26 August 2009, the TD has further extended the access period, which has become from 8 pm to 7 am. Recently, residents and locals of Ma Wan as well as representatives of the taxi trade have separately requested the TD to further relax the time restrictions on taxi access to and from Ma Wan. In this connection, the TD has considered various options, and intends to discuss with the relevant stakeholders on specific recommendations in due course.

Currently, all types of vehicles are required to pay the appropriate tolls for the use of the Lantau Link in accordance with the Tsing Ma Control Area (Tolls, Fees and Charges) Regulation (Cap. 498A). The toll payable by taxis for each trip is \$30.

If a resident of Ma Wan would like to go to the airport by taxi, the taxi concerned has to route via the Lantau Link and Ma Wan Road to enter Ma Wan, and after picking up, the taxi will need to follow the existing road network to the airport and hence route via Ma Wan Road and the Lantau Link again. As the taxi would use the Lantau Link twice, a total toll of \$60 would be incurred and have to be included in the taxi fare. The fare payable for hiring taxis in Ma Wan involving the use of the Lantau Link is specified under Regulation 47 and Schedule 5 of the Road Traffic (Public Service Vehicles) Regulations (Cap. 374D).

In fact, all vehicles are required to pay the appropriate tolls for the use of the Lantau Link in every instance. Altering this arrangement

would have a fundamental impact on the toll structure. Hence, we have no plan to pursue any change.

Regulation of Trading of Warrants

8. **MR CHIM PUI-CHUNG** (in Chinese): *President, an investor complained to me that on 18 January 2011 he had bought the equity call warrants known as DB-HSBC@EC1104B (stock code 25315), of which the trading volume was very large on that day and the traded price was around \$0.14 each, but on the following day the liquidity provider of that warrant suddenly stopped providing bid and ask quotes for that warrant. Regarding the protection of warrant investors, will the Government inform this Council if it knows:*

- (a) the restrictions imposed by the regulatory authorities on the qualifications of warrant issuers, and whether their qualifications have been vetted;*
- (b) whether the regulatory authorities regulate the responsibility of warrant liquidity providers to provide quotes on a daily basis and how large the permissible price range is; and*
- (c) whether the regulatory authorities have assessed if the aforesaid incident involved an act of deceiving investors, and whether such an act has violated the policy and principles of investor protection?*

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Chinese): President, my reply to the three parts of the question is as follows:

- (a) Derivative warrants are a form of structured product. The requirements for listing structured products, including eligibility of issuers, are set out in Chapter 15A of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (Listing Rules), which are administered by the Stock Exchange of Hong Kong Limited (SEHK), under the oversight of the Securities and Futures Commission (SFC).

The Listing Rules require issuers to have net assets of at least HK\$2 billion, and to be regulated by the SFC or the Hong Kong Monetary Authority or have a credit rating that is one of the top three investment grades. Issuers should also have experience and risk management capability to manage issues of structured products.

- (b) Issuers are required to provide liquidity for each structured product that they list on the SEHK. In normal circumstances an issuer shall provide liquidity from five minutes after the market opens until it closes.

That liquidity may be provided by continuously inputting orders into the SEHK's trading system or by entering orders into the trading system in response to requests for quotes.

The method of liquidity provision is to be described in the listing document for an issue. This should also indicate the minimum quantity of the structured product for which liquidity will be provided which must be at least 10 board lots. The maximum spread shall also be specified in the relevant listing document.

- (c) Warrant 25315 is a call warrant over the shares of HSBC Holdings plc and was listed on 5 October 2010 and will expire on 11 April 2011. The exercise price is HK\$96.

From the listing date until January 2011, the daily turnover in the warrant was relatively low. On 13 to 18 January 2011, trading in the warrants increased significantly. At the close of business on 18 January 2011, investors held 122 644 000 warrants. On 19 January 2011, turnover in the warrant dropped significantly. Nevertheless, the issuer provided continuous bid and offer quotes throughout the day. All the quotes provided met the maximum spread specified in the listing document.

The SFC will continue its investor education efforts on derivative warrants and explain to investors the risks associated with trading derivative warrants, especially out of the money warrants.

Review of Definition of Continuous Contract

9. **MR LEUNG YIU-CHUNG** (in Chinese): *President, in reply to a question asked by a Member of this Council in November 2010, the Government indicated that a survey on employees not employed under a "continuous contract" was expected to be completed by the end of 2010, and the Labour Department (LD) would review the relevant provisions of the Employment Ordinance (Cap. 57) (EO) upon completion of the survey. In this connection, will the Government inform this Council:*

- (a) of the details of the findings of the aforesaid survey;*
- (b) why the findings of the aforesaid survey have not yet been published;*
- (c) when the authorities will review the meaning of "continuous contract" under the EO, and in what way they will consult members of the public; and*
- (d) whether the authorities will make reference to those provisions in the 1997 Directive on Part-Time Work adopted and promulgated by the European Council on the protection of "part-time workers" against discrimination, and formulate measures to provide similar protection to Hong Kong employees not employed under a "continuous contract"; if not, of the reasons for that?*

SECRETARY FOR LABOUR AND WELFARE (in Chinese): *President, the EO accords protection to all employees, irrespective of their duration of employment and hours of work per week, in areas such as payment of wages, restriction on deductions from wages, entitlement to statutory holidays and protection against anti-union discrimination, and so on. On the other hand, subject to meeting certain requirements as specified in the EO, employees engaged under a "continuous contract" are further entitled to other employment benefits, such as rest days, paid statutory holidays and annual leave, sickness allowance, severance payment and long service payment, and so on. Under the EO, an employee engaged under a "continuous contract" is defined as one who has been employed under a contract of employment by the same employer for four weeks or more and has worked for 18 hours or more each week.*

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- (a) To facilitate the review of the continuous employment requirements under the EO, the LD has further commissioned the Census and Statistics Department to collect statistical data of employees who are not engaged under a "continuous contract", including, *inter alia*, their distribution and proportion in the labour market, as well as the industries and occupations to which they belong. The survey commenced in the fourth quarter of 2009 and the compilation of preliminary findings was completed at the end of 2010. The data collected are being analysed and studied by the LD for use by the review.
- (b) We are analysing and studying the data collected from the abovementioned survey, which will serve as a reference for our review on continuous employment under the EO. Although the compilation and analysis of the data is time consuming, we will complete the task and publish the relevant findings as soon as practicable.
- (c) Our review on continuous employment is now underway. Since "continuous contract" is the basis upon which employers are required to provide various employment benefits to their employees under the EO, any change in this regard will have far-reaching implications on the labour market and the community as a whole. As such, before deciding whether changes need to be made, the Government must conduct an in-depth study of the subject and consult relevant bodies, including the Labour Advisory Board and the Panel on Manpower of the Legislative Council, and so on.
- (d) In conducting the review on continuous employment, we will make reference to relevant laws and regulations, measures and experiences of other places, including European countries, and study the issue thoroughly and prudently with due regard to Hong Kong's own circumstances. In line with the Government's well established principle of labour policy, we endeavour to ensure that the statutory protection accorded to employees keeps pace with Hong Kong's changing social circumstances and economic development and strikes an appropriate balance between the interests of employees and the affordability of employers.

Inclusion of Investment-linked Assurance Products as Permissible Investment Assets Under Capital Investment Entrant Scheme

10. **MR CHAN KIN-POR** (in Chinese): *President, an "Eligible Collective Investment Scheme" under the Permissible Investment Asset Classes of the Capital Investment Entrant Scheme (CIES) must be a collective investment scheme authorized by the Securities and Futures Commission for sale in Hong Kong to the public. The Government announced in June last year that investment-linked assurance scheme (ILAS) products might be accepted as "Eligible Collective Investment Schemes". Insurance companies may apply to the Immigration Department for the inclusion of their ILAS products as permissible investment assets. Although a number of insurance companies have submitted applications, none of such applications have been approved so far. In this connection, will the Government inform this Council:*

- (a) of the reasons why none of the ILAS products have so far been approved as permissible investment assets, and what solutions the authorities have for the problems concerned; and*
- (b) when the authorities anticipate the first batch of ILAS products approved as permissible investment assets will come out?*

SECRETARY FOR SECURITY (in Chinese): President, according to the CIES rules, any ILAS product authorized by the Securities and Futures Commission for sale to the public in Hong Kong may apply to the Immigration Department to be an Eligible Collective Investment Scheme if it is denominated in Hong Kong dollars and has at least 70% of its average net assets invested in the four specified financial assets (that is, Hong Kong dollar-denominated equities, debt securities, certificates of deposits and subordinated debt).

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

- (a) Some issuers of ILAS products have approached the Immigration Department, and the Department has just received one application for ILAS product to be an Eligible Collective Investment Scheme on 15 March and will process the application according to the CIES rules.

- (b) Upon receipt of all necessary application documents, the Immigration Department will process and approve the applications according to the CIES rules and seek to complete the approval process within around one month.

Manpower Planning for Healthcare Services

11. **MS CYD HO** (in Chinese): *President, a study in the United States indicates that medical inflation has long been two to three times higher than general inflation. The trends in the United States as well as other member countries of the Organization for Economic Co-operation and Development also show that medical inflation has been on the rise. There have been comments that the plan of the Government of Hong Kong to allocate \$50 billion for subsidizing members of the public to buy medical insurance will definitely push up the public's demand for private healthcare services, and both the public and private healthcare systems will also raise their expenditure on staff so as to increase manpower and to train and retain staff. As a result, the proposed medical reform measures will definitely aggravate medical inflation in Hong Kong. In this connection, will the Government inform this Council:*

- (a) *of the inflation figures of Hong Kong's healthcare expenditure in the past three years, and the basis adopted by the authorities in arriving at such figures;*
- (b) *given that there have been comments that the Hospital Authority (HA) can reduce the impact of new drugs on medical inflation by not including all the new drugs in its Drug Formulary (the Formulary), of the medical inflation in Hong Kong in the past three years as estimated by the authorities if all the new drugs needed by patients had been included in the Formulary;*
- (c) *given that there have been comments that the authorities' subsidizing members of the public to buy medical insurance will push up the demand for private healthcare services, thus aggravating brain drain from the public to the private healthcare system, how the authorities will tackle the problem of competition for talents between*

the public and private healthcare systems, and whether it knows the HA's measures to ensure that public hospitals can retain talents;

- (d) *whether it has assessed the anticipated market shares of the services provided by the public and private healthcare systems when the \$50 billion is used up; whether it has assessed if patients will return to the public healthcare system from the private healthcare system when the Government ceases to subsidize members of the public to buy medical insurance; if the assessment result is that such situation will happen, how the HA can increase its manpower within a short time to cope with the demand; and*
- (e) *whether it knows the HA's expenditure on the payroll for healthcare staff in each of the past five years, with a breakdown of the expenditure and the payroll by rank and grade (that is, consultants, doctors, registered nurses, enrolled nurses, chemists/laboratory technicians, physiotherapists, occupational therapists, pharmacists, medical social workers, radiotherapists, other allied health professionals and healthcare supporting staff), and the authorities' plans to speed up staff training for various grades to ensure sufficient manpower supply?*

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

- (a) "Medical inflation" generally refers to the rise in medical costs due to advances in medical technology and public expectations for healthcare to keep up with such advances. It is a common phenomenon, and in no way unique to a certain place or region. The characteristics of a healthcare system would have a bearing on its medical inflation. In Hong Kong, our healthcare system operates on a dual-track system with both the public and private healthcare sectors providing services to the public.

The concept of "net medical inflation" (that is, medical inflation rate over and above per capita real Gross Domestic Product (GDP) growth) was adopted when projection was made on the future growth of health expenditure (up to the year 2033) in the

Consultation Document on Healthcare Reform published in March 2008, having regard to international experience as well as local trend of health expenditure. The assumption is that, in the long run, the net medical inflation rate of public health expenditure would be 0.8% per year on average over and above per capita GDP growth rate while the net medical inflation rate of private health expenditure would be 1.6% over and above per capita GDP growth rate.

- (b) The HA has implemented the Formulary with a view to ensuring equitable access by patients to cost-effective drugs of proven safety and efficacy through standardization of the HA's drug policy and drug utilization. The HA has been expanding the coverage of the Formulary under an established review mechanism in order to benefit more patients. In the recent two years, there has been an annual increase of more than 10% in the HA's overall expenditure on drugs owing to an increase in the number of patients, changes in the prices of drugs, expansion of the clinical applications of drugs and inclusion of new drugs into the Formulary, and so on. The expansion of clinical applications of drugs and inclusion of new drugs into the Formulary have brought about an increase of around 5% in the overall drug expenditure.

(c) to (e)

The second stage public consultation on healthcare reform ended on 7 January 2011. We are now analysing the views of the public received and collated in the second stage consultation on healthcare reform. We will take into account the analysis in working out the way forward including any specific proposals to be taken forward. The use of the \$50 billion earmarked in the fiscal reserve for implementing healthcare reform, and the possible provision of financial incentives for any supplementary financing proposals to be implemented, as well as long-term healthcare manpower planning, will be considered as part of the way forward of healthcare reform.

As stated in the healthcare reform second stage consultation document, the Government's commitment to healthcare is set to

continue to increase as we reform the healthcare system with a view to enhancing the long-term sustainability of the healthcare system. We will continue to uphold the public healthcare system as the safety net for the whole population, which is strongly supported by the public. The Government's annual recurrent expenditure on health will increase from \$30.5 billion in 2007-2008 to \$39.9 billion in 2011-2012, with substantial increase in resources being allocated to improve public healthcare services. The funding provided to the HA by the Government will also be increased to \$36.1 billion.

Healthcare reform and service enhancement have to be supported by human resources. The HA has always been striving to enhance the professional competence of its healthcare staff, improve their working environment, promotion prospect and remuneration package so as to attract and retain talents. Following the implementation of new career development structures for doctors, nurses and selected grades of allied health practitioners since 2007, the HA has, in recent years, launched a series of training programmes to support the development and career advancement of its healthcare staff under the new structure.

For doctors, the HA has implemented a new career structure for the grade since October 2007. The initiatives include introducing a new "nine-year training contract" to cater for the needs of specialist training and ensure that doctors undertaking specialist training have enough time to complete their training, as well as raising the starting pay points of Residents and Associate Consultants. Apart from filling all vacancies of doctors in recent years, the HA has created additional posts of Associate Consultants and Consultants to address actual needs and enhance the promotion prospect of doctors. Besides, the HA has been actively carrying out the Doctor Work Reform to rationalize doctors' working hours and improve their working environment.

The HA is now in active discussion with staff representatives and doctors' unions on measures to retain talents and improve manpower. The proposals under consideration include creation of more

promotion posts of Associate Consultant, grant of special honorarium for extra duties, and provision of more supporting staff to assist doctors in ward duties, and so on.

As for the nursing grade, 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 Registered Nurses to six years; and provision of permanent employment terms to eligible full-time contract Registered Nurses, and so on.

As for the allied health grades, the HA introduced in 2008-2009 a new model of professional development for the Diagnostic Radiographer, Physiotherapist and Occupational Therapist grades and created such senior posts as Consultant Therapist/Diagnostician in individual grades. In addition, to tie in with the development of the allied health grades, the HA established the Institute of Advanced Allied Health Studies in 2007 to devise structured long-term training plan for allied health practitioners, including a three-year in-service training course organized for new recruits of 13 allied health grades.

The HA's total expenditure on payroll for healthcare staff in the past five years is set out at Annex.

We expect a substantial increase in the demand for healthcare practitioners in future. The Government has been working in tandem with the triennial academic development planning cycle of the University Grants Committee (UGC) and has encouraged the relevant tertiary institutions to increase student places for publicly-funded programmes for healthcare disciplines. In 2009-2010, the UGC increased the number of places for degree programmes in medicine and nursing and associate degree programmes in nursing from 250, 550 and 110 to 320, 590 and 160

respectively. In 2010-2011, the number of senior year places in nursing has also been increased from 40 to 100. Furthermore, having considered the Government's advice, the UGC increased the number of student places for several health professions in 2009-2010. The number of first-year degree places for physiotherapists, occupational therapists and radiographers were increased from 60, 40 and 35 to 70, 46 and 48 respectively in 2009-2010. On the other hand, HA nursing schools will continue to organize Registered Nurse Higher Diploma programme and Enrolled Nurse training programme to ensure continuous supply of nursing manpower.

In the light of the various measures to be implemented to improve the healthcare system, including the proposed Health Protection Scheme, if implemented, we will continue to assess the demand for manpower and conduct manpower planning to ensure the availability of sufficient healthcare practitioners to meet service needs.

Annex

The HA's total expenditure on payroll for healthcare staff in the past five years

Grade/Rank	2006-2007		2007-2008		2008-2009		2009-2010		2010-2011	
	Number of staff ⁽¹⁾	Total expenditure on payroll ⁽²⁾ (\$M)	Number of staff ⁽¹⁾	Total expenditure on payroll ⁽²⁾ (\$M)	Number of staff ⁽¹⁾	Total expenditure on payroll ⁽²⁾ (\$M)	Number of staff ⁽¹⁾	Total expenditure on payroll ⁽²⁾ (\$M)	Number of staff ⁽¹⁾ (As at 31 December 2010)	Estimated total expenditure on payroll ⁽²⁾ (\$M) (As at 31 March 2011 ⁽³⁾)
Consultant ⁽⁴⁾	503	1,248	531	1,341	563	1,504	590	1,549	616	1,570
Associate Consultant ⁽⁴⁾	1 010	1,774	1 085	1,931	1 173	2,213	1 242	2,310	1 254	2,309
Resident ⁽⁴⁾	3 104	3,048	3 106	3,194	3 127	3,486	3 163	3,460	3 218	3,382
Registered Nurse ⁽⁵⁾	15 765	7,995	15 933	8,449	16 217	9,072	16 668	9,256	17 095	9,408
Enrolled Nurse ⁽⁶⁾	3 262	1,309	3 034	1,295	2 872	1,289	2 673	1,205	2 427	1,122
Medical Laboratory Technologist/Technician	1 070	598	1 081	629	1 106	672	1 148	682	1 171	694
Physiotherapist	702	414	709	435	729	469	755	474	781	477

Grade/Rank	2006-2007		2007-2008		2008-2009		2009-2010		2010-2011	
	Number of staff ⁽¹⁾	Total expenditure on payroll ⁽²⁾ (\$M)	Number of staff ⁽¹⁾	Total expenditure on payroll ⁽²⁾ (\$M)	Number of staff ⁽¹⁾	Total expenditure on payroll ⁽²⁾ (\$M)	Number of staff ⁽¹⁾	Total expenditure on payroll ⁽²⁾ (\$M)	Number of staff ⁽¹⁾ (As at 31 December 2010)	Estimated total expenditure on payroll ⁽²⁾ (\$M) (As at 31 March 2011 ⁽³⁾)
Occupational Therapist	470	271	481	289	499	311	532	320	572	332
Pharmacist	322	241	331	280	354	317	376	329	393	340
Medical Social Worker	177	103	186	113	198	125	210	132	223	135
Radiographer	844	511	854	546	870	587	898	595	914	602
Other allied health staff	1 382	704	1 422	755	1 476	825	1 529	842	1 561	850
Healthcare supporting staff	7 252	1,177	7 771	1,251	8 331	1,384	8 954	1,440	9 074	1,466

Notes:

- (1) "Number of staff" refers to the number of full-time equivalent staff.
- (2) The total expenditure on payroll includes expenditure on basic salaries, allowances, contract gratuities, contribution for provident fund/MPF, and housing benefits, and so on.
- (3) The estimated total expenditure on payroll in 2010-2011 (as at 31 March 2011) is calculated based on the number of staff of various grades/ranks as at 31 December 2010. Hence, the additional expenditure on payroll arising from the appointment of new staff or promotion of staff between January and March 2011 is not included.
- (4) In 2010-2011, there is no increase in the expenditure on payroll for doctors owing to a higher staff turnover rate than that in 2009-2010. In 2010-2011, the HA has appointed almost all the local medical graduates and provided additional promotional posts so as to retain talents.
- (5) "Registered Nurse" means Registered Nurse and its senior ranks.
- (6) The HA suspended the training of Enrolled Nurses in 1999 and so there was a steady decrease in the number of Enrolled Nurses each year. The HA re-opened its nursing schools in 2008 for training Enrolled Nurses, while Enrolled Nurses can also enrol for a "Conversion Programme for Enrolled Nurses" to become Registered Nurses. It is therefore estimated that the number of Enrolled Nurses will remain at the current level in the coming few years. On the other hand, the number of Registered Nurses will increase year by year.

Regulation of Practices in Acquisition of Flats in Old Buildings

12. **MR JAMES TO** (in Chinese): *President, recently, some residents in Tai Kok Tsui have complained to me that a developer has acquired around 30% of the flats in their building, but the developer has long been defaulting payment of management fee for those flats it owns, causing financial and operational difficulties to the owners' corporation (OC) of the building. Furthermore, there are media reports from time to time about developers trying to acquire flats by means of harassment. In this connection, will the Government inform this Council:*

- (a) *of the number of requests for assistance involving acquisition of flats allegedly by means of harassment received respectively by government departments such as the Home Affairs Department (HAD), Buildings Department (BD) and Hong Kong Police Force (HKPF) in each of the past three years, as well as the details of each case;*
- (b) *as the Estate Agents Authority (EAA) issued a practice circular last year to regulate the practices of estate agents in the acquisition of flats in old buildings, whether it knows the total number of complaints involving acquisition of flats received by the EAA in the past three years, and among such complaints, the number of substantiated cases, as well as the details of and the sanctions imposed in each case; whether the situation has improved after the EAA issued the circular last year;*
- (c) *as the two pilot schemes introduced by the Development Bureau in January this year only target at owners who contemplate compulsory sale applications, of the Government's response to the proposal from some members of the public that the Government should regulate the procedures for acquiring flats in old buildings; whether the Government has studied ways to assist minority owners in situations similar to the aforesaid one;*
- (d) *as the Secretary for Home Affairs may apply, under the Building Management Ordinance (Cap. 344), to the Lands Tribunal for appointing an administrator for individual buildings, whether the Secretary for Home Affairs had exercised such power in the past three years; if he had, of the details of each case, and whether such cases involved flats being acquired;*
- (e) *as the OC of the aforesaid building situated in Tai Kok Tsui intends to continue to manage the building itself, what assistance the Home Affairs Bureau will offer to the OC, and whether it will intervene for the purpose of mediation; and*
- (f) *targeting at the management disputes arising from the acquisition of flats at present, whether the Government will consider afresh*

establishing a building affairs tribunal or similar organization to provide a simple way for OCs to handle such disputes?

SECRETARY FOR HOME AFFAIRS (in Chinese): President, regarding the six parts of the question, having co-ordinating the information from the Development Bureau, the EAA, the BD, the Police and the HAD, the reply is as follows:

- (a) According to the HAD's statistics on building management cases, no further breakdown on cases concerning acquisition of flats is available. The HAD, therefore, does not have information in this regard.

If the means of harassment involves a suspected criminal offence, depending on the circumstances of each case and based on various crimes, such as intimidation and criminal damage, the HKPF may arrest and prosecute against the offender. The HKPF does not have the statistical breakdown of the criminal cases concerning acquisition of flats.

As for the BD, it has not received any requests for assistance involving acquisition of flats allegedly through acts of harassment in the past three years.

- (b) The EAA is greatly concerned about the practice of estate agents in the acquisition of old buildings. In May 2010, the EAA invited some estate agents engaged in the acquisition of old buildings to attend a seminar to discuss estate agents' practices in such acquisition activities, and issued a Practice Circular in August 2010 to stipulate clearly the relevant requirements as set out in the law and the Code of Ethics with which practitioners should comply when engaging in such activities.

The Practice Circular requires that estate agents carrying out acquisition of old buildings must inform their clients whether they are acting on behalf of the owner, the purchaser, or both, and disclose to their clients the monetary reward or other benefits they will receive in relation to the acquisition. They must not harass

owners or employ any improper tactics to exert pressure on the owners to sell their flats, and they should advise elderly owners to be accompanied by family members or close relatives when entering into price negotiation. They must also explain the terms and conditions contained in the agreement for sale and purchase to the owners, and should avoid making arrangements for owners to sign on any provisional agreement for sale and purchase (PASP) with the terms of the transaction (such as the parties involved in the agreement, property price, deposit, transaction date, and so on) left blank.

The EAA noted the media reports recently that the flat owners of a residential building in Tai Kwok Tsui indicated that they were harassed by the developer in acquisition of the building, and that the developer did not pay management fees in arrears. Although the EAA has not received any complaints from the flat owners of that building as at 10 March 2011, it is taking proactive steps to look into the case.

From 2008 to end of February 2011, the EAA received nine complaints relating to the acquisition of old buildings. Four were received before the EAA issued the practice circular, and the other five were received thereafter. The complaints were about estate agents allegedly arranging vendors to sign PASPs with essential clauses left blank, giving false and misleading information about the percentage of ownership acquired, misleading the vendors to sell the properties at below market price, and misleading the vendors that they could cancel the PASPs after signing them, and so on. Among the nine complaints, one was substantiated and the estate agent concerned was sanctioned with admonishment after inquiry hearing for failing to enter into an estate agency agreement with the vendor. Four complaints were withdrawn by the complainants, and the remaining four are still under investigations.

- (c) As regards the regulation of the procedures for acquiring flats in old buildings, the EAA has issued a Practice Circular (Circular No. 10-05 (CR)) in August 2010 to set out guidelines on the proper practice to follow when estate agents are engaged in the acquisition of old buildings. The Development Bureau and the EAA have

stepped up collaboration to facilitate the handling of related complaints by the EAA through case referral.

The Development Bureau indicates that if any minority owner faces harassment suspected to be related to acquisition activities, including any threat to public health or law and order, he or she can seek help from the relevant government departments, including the Food and Environmental Hygiene Department (FEHD) and the Police.

- (d) In accordance with the Building Management Ordinance (Cap. 344), the Secretary for Home Affairs and the Lands Tribunal are empowered to order a management committee, the forerunner and/or the executive arm of an OC, to appoint a building management agent if there is a danger or risk of danger to the occupiers or owners of the building. In the past three years, given that we have not come across any case in which the circumstances of the building had warranted taking action under the Ordinance, the Secretary for Home Affairs has not ordered any management committee of a building to appoint an administrator under the Ordinance.
- (e) The HAD would assist owners in holding an owners' meeting in a bid to resolve financial and operation problems of the OC. If the developer defaults payment of management fee for those flats it owns, the HAD may advise the OC to recover the arrears by selling or registering charges against the developers' interest in the land in the Land Registry according to the deed of mutual covenant and the Building Management Ordinance. If the OC has difficulty in maintaining the hygiene and security of the building, the HAD would help refer them to the FEHD and the Police for follow-up action.

Where necessary, District Offices under the HAD will refer those owners who are in need to any of the 10 Property Management Advisory Centres of the Hong Kong Housing Society for free appointments with lawyers, during which professional legal advice can be sought. If the parties concerned are willing to resolve their disputes through mediation, the HAD will make the necessary arrangements for free professional mediation service. The Lands Tribunal also offers free consultation services to any party seeking

mediation and provides the parties concerned with a list of qualified mediators.

- (f) The Government has been encouraging owners to resolve disputes on building management by other means, such as communication or mediation, rather than litigation, so as to attain a win-win solution and reduce the financial burden on both parties. If the disputes have to be resolved by litigation, they may be dealt with by the Lands Tribunal. For cases involving a relatively small amount of money, that is, \$50,000 or below, they may be taken to the Small Claims Tribunal as other small claim disputes.

The proposal on establishing a building affairs tribunal involves a number of complicated policy and legal issues, such as the legal status of the tribunal, as well as its institutional arrangements and its interface with the Lands Tribunal. Furthermore, some are of the view that there might be duplication of efforts between a new adjudicating mechanism and the existing mechanism. The Government will carefully consider these views in deciding the way forward.

The mediation services currently provided by the Lands Tribunal can also provide an alternative to the OCs in dealing with disputes.

Measures to Tackle Family Violence

13. **MR WONG SING-CHI** (in Chinese): *President, to address the existing problems of family violence, the Social Welfare Department (SWD) has implemented various measures to prevent abusers from repeating abusive acts, as well as to protect the victims. However, some community groups said that these measures could not achieve the expected results. In this connection, will the Government inform this Council:*

- (a) *of the number of spouse battering cases received by the SWD each year from 2009 to 2010;*
- (b) *of the number of cases handled by the SWD's Anti-violence Programme (AVP) (a psycho-educational programme designed for*

abusers who are ordered by the Court to attend under the Domestic and Cohabitation Relationships Violence Ordinance) (Cap. 189) (the Ordinance) each year from 2009 to 2010; the percentages of such numbers to the expected numbers; whether the Government will consider amending the legislation to compel abusers who are subjects of bind over orders issued by the Court to attend AVP; if it will, of the implementation details and timetable; if not, the reasons for that; and

- (c) *among the spouse battering cases handled by the SWD's Family and Child Protective Services Units in 2009 and 2010, of the number of cases in which non-molestation orders were issued by the Court each year, as well as the number of applications for non-molestation orders yet to be heard by the Court; whether the authorities will consider streamlining the application procedure for non-molestation orders; if they will, of the implementation details and timetable; if not, the reasons for that?*

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

- (a) According to the statistics collected by the SWD, the numbers of newly reported battered spouse cases in 2009 and 2010 were 4 807 and 3 163 respectively.
- (b) The Ordinance provides that any person who has been molested by his or her spouse, former spouse, relatives, cohabitant or former cohabitant may apply to the Family Court for injunctions. The Court may, in granting a non-molestation order in accordance with section 3, 3A or 3B of the Ordinance, require the abuser to attend the AVP approved by the Director of Social Welfare, with a view to changing the abuser's attitude and behaviour leading to the granting of such injunction by the Court.

In 2009, the SWD received three referrals to AVP from the Court pursuant to the Ordinance. No such referral was made in 2010. Given the different circumstances of individual spouse battering

cases, victims may not necessarily apply for injunctions under the Ordinance. Besides, the number of persons attending AVP also depends on the number of referrals made by the Court under appropriate circumstances.

Currently, there are no provisions in the relevant ordinances, including the Magistrates Ordinance and the Criminal Procedure Ordinance, that empower the Court to include specific conditions such as mandatory treatment in bind over orders. As to whether legislative amendments should be introduced to empower the Court to impose a condition in a bind over order, it is worth noting that such proposal involves legal issues which cover cases not just confined to domestic violence, but others where bind overs may apply. As such, the proposal needs to be carefully considered having regard to the nature of the cases involved in the applications for bind over orders and the intention of establishing the bind over system in the first place.

Besides, under the existing legislation, the Court may make a probation order requiring an abuser convicted of a criminal offence to attend the Batterer Intervention Programme (BIP) of the SWD or receive other forms of counselling. Pursuant to the Probation of Offenders Ordinance (Cap. 298), a probation order may in addition require the offender to comply with such requirements as the Court considers necessary for securing the good conduct of the offender or for preventing a repetition by the offender of the same offence or the commission of other offences. In connection with the above, probation officers have been referring convicted abusers put on probation to attend BIP, with a view to helping the abusers get a better understanding of domestic violence, change the misguided concepts about gender and spouse battering, learn to control emotions, resolve conflicts and enhance marriage relationship, and so on. If the abusers refuse to attend BIP arranged by the probation officer as stipulated in the probation order, he or she may be regarded as breaching the probation order and may face the Court's judgment again. Apart from those required under the probation order to attend the programme, some courts have, through the

referral mechanism established with the SWD, referred cases with such need, including persons subject to bind over orders, to attend BIP on a voluntary basis.

Since the launch of BIP in 2006, the programme has provided services to about 500 abusers, including those subject to probation or bind over orders as ordered by the Court. The results of the programme have been satisfactory. The SWD has also arranged briefings to introduce BIP to the Judiciary so that referrals can be made by the Court where appropriate. The SWD will continue to maintain liaison with the Judiciary to enhance awareness of AVP and BIP among the concerned parties, as well as encourage referrals of suitable persons to participate in these programmes.

- (c) As far as the spouse battering cases handled by its Family and Child Protective Services Units are concerned, the SWD does not maintain statistics on the number of successful injunction applications or injunction applications awaiting hearing by the Court.

According to the information provided by the Judiciary, the numbers of cases where injunctions were granted by the Court pursuant to the Ordinance in 2009 and 2010 were 26 and 23 respectively. As at 10 March 2011, the number of injunction applications yet to be heard by the Court was eight. The Judiciary does not have further breakdown on the number of spouse battering cases involved.

At present, the Judiciary will arrange the Court to deal with applications for injunctions relating to the Ordinance as soon as possible. Under normal circumstances, applicant who wishes to apply for injunction pursuant to the Ordinance should make application by way of summons, together with the necessary affirmation, and file them to the Court. Since the application is a civil action, there are certain procedural requirements on the conduct of proceedings to protect the rights of both parties. But in case of emergency, the applicant can make an *ex parte* injunction application to the judge and the Court will deal with it immediately.

If the Court is satisfied with the reasons put forward by the applicant, the Court may grant an injunction immediately.

Aircraft Noise Mitigating Measures

14. **MR ALBERT CHAN** (in Chinese): *President, in reply to my question at the Legislative Council meeting on 29 April 2009, the Government indicated that the Civil Aviation Department (CAD) had, since October 1998, implemented a series of aircraft noise mitigating measures to minimize the impact of aircraft noise on the communities near the flight paths (for example, to avoid aircraft overflying densely populated areas in the early hours, arrangements were made for flights departing Hong Kong between 11 pm and 7 am to use the southbound route via the West Lamma Channel as far as possible, while flights arriving in Hong Kong between midnight and 7 am were directed to land from the waters southwest of the airport, and aircraft approaching from the northeast had adopted the Continuous Descent Approach when landing in order to reduce aircraft noise impact). However, I have learnt that up till now aircraft noise during the aforesaid hours still often causes nuisance to residents of quite a number of housing estates, making it difficult for them to fall asleep. In this connection, will the Government inform this Council:*

- (a) of the annual data recorded in 2009 and 2010 by various aircraft noise monitoring terminals on aircraft noise levels which reached 70 to 74, 75 to 79, and 80 decibels (dB) or above during the aforesaid hours;*
- (b) of the types of aircraft the noise levels of which reached 80 dB or above last year and the names of their operating airline companies; and*
- (c) whether the existing aircraft noise mitigating measures will be further enhanced to reduce the nuisance caused to residents in the districts concerned; if so, of the details?*

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

- (a) The CAD has 16 noise monitoring terminals. The aircraft noise events recorded by these terminals in 2009 and 2010 are set out in Annex 1;
- (b) the types of aircraft with noise events exceeding 80 db in 2010 and the operating airlines concerned are set out in Annex 2;
- (c) without affecting flight safety and air traffic operation, the CAD has since October 1998 implemented a series of noise mitigating measures to minimize the impact of aircraft noise on the areas near the flight paths. Such measures, apart from those mentioned in the question, include:
 - (i) to reduce the aircraft noise impact on Tsing Lung Tau, Sham Tseng and Ma Wan, all aircraft taking off towards the northeast of the airport are required to follow the noise abatement departure procedures prescribed by the International Civil Aviation Organization so as to reach a higher altitude within a shorter distance; and
 - (ii) with effect from July 2002, the CAD has banned all aircraft which have a higher noise level, as defined in Chapter 2 of Volume I, Part II of Annex 16 to the Convention on International Civil Aviation, from landing and taking off in Hong Kong.

In addition, the CAD commissioned a consultancy firm in early 2009 to examine revisions to the current procedures for aircraft taking off at the Hong Kong International Airport to the northeast and turning south to the West Lamma Channel, with a view to mitigating the noise impact on Ma Wan. The consultancy firm completed such work in 2010 and recommended requiring all aircraft which can use satellite navigation technology to follow a set of "Radius-to-Fix" turn procedures when making south turns so that the aircraft follow

the designated flight paths closely during the turn, thereby reducing the noise impact on Ma Wan residents. The CAD is developing the departure procedures as recommended by the consultancy firm, and plans to promulgate the procedures by end 2011 for use by airlines.

Annex 1

Noise Events Recorded by the Noise Monitoring Terminals in 2009
(Aircraft Noise Events Exceeding 70 dB
Recorded During 23 00 hours to 07 00 hours the Next Day)

<i>Noise Monitoring Terminals</i>	<i>Noise Level (dB)</i>		
	<i>70 to 74</i>	<i>75 to 79</i>	<i>≥ 80</i>
1. Mei Lam Estate, Tai Wai	11	1	0
2. On Yam Estate, Kwai Chung	145	3	0
3. Yiu Tung Estate, Shau Kei Wan	3	0	0
4. Beverly Height, Cloud View Road, North Point	9	1	0
5. Fairmont Garden, Conduit Road, Mid-Levels	8	2	0
6. Hong Kong Garden, Tsing Lung Tau	2 145	237	14
7. Sha Lo Wan, Lantau	2 202	967	111
8. Fu Tung Estate, Tung Chung	301	46	4
9. Ma Wan Marine Control Centre, Ting Kau	507	25	5
10. Park Island, Ma Wan	5 913	1 505	124
11. Tai Lam Chung Tsuen	178	17	1
12. Greenview Court, Yau Kom Tau, Tsuen Wan	97	5	0
13. Cheung Hang Estate, Tsing Yi	244	11	1
14. Siu Ho Wan MTRC Depot, Sunny Bay	5 183	557	5
15. Mount Butler Road, Jardine's Lookout	16	1	0
16. Mount Haven, Liu To Road, Tsing Yi	69	2	0

Noise Events Recorded by the Noise Monitoring Terminals in 2010
(Aircraft Noise Events Exceeding 70 dB
Recorded During 23 00 hours to 07 00 hours the Next Day)

<i>Noise Monitoring Terminals</i>	<i>Noise Level (dB)</i>		
	<i>70 to 74</i>	<i>75 to 79</i>	<i>≥ 80</i>
1. Mei Lam Estate, Tai Wai	330	9	0
2. On Yam Estate, Kwai Chung	15	0	0
3. Yiu Tung Estate, Shau Kei Wan	11	0	0
4. Beverly Height, Cloud View Road, North Point	22	2	0
5. Fairmont Garden, Conduit Road, Mid-Levels	11	3	1
6. Hong Kong Garden, Tsing Lung Tau	2 904	233	10
7. Sha Lo Wan, Lantau	4 640	1 741	206
8. Fu Tung Estate, Tung Chung	1 145	31	0
9. Ma Wan Marine Control Centre, Ting Kau	826	15	0
10. Park Island, Ma Wan	6 880	1 470	150
11. Tai Lam Chung Tsuen	171	17	0
12. Greenview Court, Yau Kom Tau, Tsuen Wan	195	9	0
13. Cheung Hang Estate, Tsing Yi	448	18	0
14. Siu Ho Wan MTRC Depot, Sunny Bay	6 382	877	16
15. Mount Butler Road, Jardine's Lookout	20	1	0
16. Mount Haven, Liu To Road, Tsing Yi	91	4	2

Aircraft Types with Noise Events Exceeding 80 dB Recorded
From 1 January to 31 December 2010 and Their Operating Airlines
(During 23 00 hours to 07 00 hours the Next Day)

<i>Airlines</i>	<i>Aircraft Type</i>
ACG Air Cargo Germany	Boeing B747-400
AHK Air Hong Kong	Airbus A300-600 Boeing B727-200 Boeing B747-400
Air Bridge Cargo Airlines	Boeing B747-200 Boeing B747-300 Boeing B747-400
Air Mauritius	Airbus A330-200
All Nippon Airways	Boeing B767-300
Asiana Airlines	Airbus A330-300 Boeing B747-400
Atlas Air	Boeing B747-200 Boeing B747-300 Boeing B747-400
Avient Aviation	McDonnell Douglas MD-11
British Airways	Boeing B747-400
Cargolux Airlines International	Boeing B747-200 Boeing B747-400
Cargolux Italia	Boeing B747-400
Cathay Pacific Airways	Airbus A330-300 Airbus A340-300 Boeing B747-400 Boeing B777-300ER
China Airlines	Boeing B747-400
China Cargo Airlines	McDonnell Douglas MD-11 Airbus A300-600
Continental Airlines	Boeing B767-400

<i>Airlines</i>	<i>Aircraft Type</i>
Delta Airlines	Boeing B747-400
Emirates Airline	Boeing B747-400 Boeing B777-200LR Boeing B777-300ER
Etihad Airways	Airbus A330-200
EVA Air	McDonnell Douglas MD-11
Evergreen International Airlines	Boeing B747-400
Federal Express	McDonnell Douglas MD-11
Hong Kong Dragon Airlines	Airbus A330-300
Hong Kong Airlines	Airbus A330-200 Boeing B737-300
Jade Cargo International	Boeing B747-400
Japan Airlines	Boeing B767-300
Kalitta Air	Boeing B747-100 Boeing B747-200 Boeing B747-400
KLM Royal Dutch Airlines	Boeing B747-400
Korean Air	Boeing B777-300ER
Lufthansa Cargo	McDonnell Douglas MD-11
Saudi Arabian Airlines	Boeing B747-400
Shanghai Airlines Cargo International	McDonnell Douglas MD-11
Singapore Airlines Cargo	Boeing B747-400
TNT Airways	Boeing B747-400
Transmile Air Services	Boeing B727-200
UPS Parcel Delivery Services	Boeing B747-400 McDonnell Douglas MD-11
Yangtze River Express	Boeing B737-300

Curbing Pricing Frauds of Supermarkets

15. **MR FREDERICK FUNG** (in Chinese): *President, it has been reported that the National Development and Reform Commission (NDRC) has recently announced that a number of Mainland outlets of large supermarket chains*

(supermarkets), such as Carrefour and Wal-Mart, were found to have engaged in pricing frauds, including fabricating the original prices, luring customers with low prices but charging them higher prices at the checkout counters, failing to honour the claims on prices, and displaying misleading price labels (for example, substantially raising the "original prices" of products before offering discounts so as to create a false impression of great price reductions), and so on. It has also been reported that the NDRC has ordered these supermarkets to make rectifications, confiscated their unlawful gains, and imposed fines which amounted to five times of their unlawful gains. In Hong Kong, the Consumer Council also released survey results in 2009, revealing that supermarkets in Hong Kong had engaged in similar pricing frauds, including the display of misleading price labels mentioned above. In some cases, the discounted prices of some items were even higher than the original prices. In this connection, will the Government inform this Council:

- (a) of the number of complaints about supermarkets engaging in pricing frauds received by the authorities in each of the past two years, and the authorities' follow-up actions; whether the authorities have conducted any investigation; if they have, whether they have found any pricing frauds similar to those of the supermarkets on the Mainland; of the legislation and measures currently in place in Hong Kong to curb such pricing frauds of supermarkets; and*
- (b) whether the authorities have studied how the Mainland authorities combat pricing frauds of supermarkets; whether the authorities will follow the practices of the Mainland or overseas countries in vigorously curbing pricing frauds of supermarkets (for example, making reference to the consumer protection laws in Australia and the United Kingdom which require the selling prices of discounted items to be lower than the prices throughout a continued long period of time in the past); if not, of the reasons for that?*

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

- (a) In the past two years, the Consumer Council received two complaints about allegedly fraudulent pricing practices adopted by

supermarkets. After the collection of information and analysis by the Council, there was no evidence to confirm that fraud was involved.

At present, the Trade Descriptions Ordinance (Cap. 362) (the Ordinance) prohibits anyone from applying false trade descriptions to goods in the course of any trade or business. The current definition of "trade descriptions" under section 2 of the Ordinance does not cover descriptions of price advantages. The latter therefore are not subject to the regulatory control of the Ordinance.

The Government consulted the public on legislation to enhance protection for consumers against unfair trade practices last year. One of the legislative proposals is to broaden the definition of trade descriptions of goods to cover any indication with respect to goods, including "the price, the manner in which the price is calculated, and the existence of any price advantage". We are now working on the drafting of legislative amendments, and we aim to introduce them into the Council in the current legislative session for scrutiny and passage.

- (b) As regards the prohibition and regulation of fraudulent pricing practices in the Mainland, we understand that Article 14(4) of the Price Law of the People's Republic of China prohibits business operators from luring consumers or other operators to enter into transactions with them by means of false or misleading pricing practices. The then State Development Planning Committee implemented the Price Tagging Rules of Commodities and Services and the Rules on Prohibition against Price Fraud Conducts in October 2000 and January 2002 respectively to provide for general guidelines on price indications. Besides, the consumer protection legislation of Australia and the United Kingdom also regulate price indications. We will draw reference from the experience of and statutory measures adopted in the Mainland and other countries in the drafting of the above legislative amendments.

Rising Property Prices

16. **MR LEUNG KWOK-HUNG** (in Chinese): *President, I have received complaints from members of the public one after another concerning the ineffectiveness of the anti-property speculation measures introduced by the Financial Secretary earlier. The continued rise in property prices in Hong Kong since the implementation of these measures has rendered many people unable to acquire their own homes. Moreover, quite a number of people also disagree with the Government's plan of replacing the resumption of the construction of Home Ownership Scheme (HOS) flats with the My Home Purchase Plan (MHP Plan). In this connection, will the Government honestly inform this Council of each of the following:*

- (a) *whether it has assessed if the anti-property speculation measures are inappropriate in that they have led to rising property prices in Hong Kong; if the outcome of the assessment is in the affirmative, whether the Financial Secretary will assume the responsibility for this and step down;*
- (b) *of the amount of public money that the Government spent in the public consultation exercise on subsidizing home ownership conducted from May to September 2010;*
- (c) *whether the Government has consulted Members of this Council of various political parties/groups or independent Members before introducing MHP Plan; if it has done so, which political parties/groups whose Members or which independent Members have, on behalf of their constituents, indicated support for the Government's implementation of MHP Plan, and have thus vetoed or opposed the resumption of the construction of HOS flats; if it has not done so, whether the Government has assessed if it is not necessary to listen to the views of Members of this Council, who represent the public opinion, before executing or implementing its policies;*
- (d) *whether the Government will put in place new measures in the next three months to effectively curb the continuous upsurge in property prices, in order to make it easy for members of the general public to acquire homes; if it will, of the details; if not, the reasons for that;*

- (e) *given that recently the Financial Secretary has, in accordance with the wishes of the people, abolished his proposal in the 2011-2012 Budget of injecting funds into the Mandatory Provident Fund accounts, and that the majority of the members of the public who had expressed views on the subject concerned in the aforesaid public consultation exercise requested the resumption of the construction of HOS flats, whether the Government will act in accordance with the wishes of the people again by immediately abolishing MHP Plan and resuming the construction of HOS flats; if it will, when it will implement this new policy; if not, of the reasons for that, and whether the Government has assessed if this is tantamount to positioning itself as the enemy of the people as well as acting against the wishes of the people, and if it is a waste of public money to conduct these meaningless public consultation exercises; and*
- (f) *before the Chief Executive proposed MHP Plan, whether and when he considered that MHP Plan would receive more public support than the resumption of the construction of HOS flats; if not, which government official made the final decision regarding the introduction of MHP Plan?*

SECRETARY FOR TRANSPORT AND HOUSING (in Chinese): President, the Government has been monitoring developments in the private residential property market closely and remains vigilant on the risks of a property bubble. In this respect, the Government has repeatedly reminded the public to carefully assess their risks and their own financial position when making a home purchase decision. In February, April, August, October and November 2010, the Government introduced various measures in four areas to ensure the healthy and stable development of the property market. The four areas include increasing land supply to tackle the problem at source, combating speculative activities, enhancing the transparency of property transactions, and preventing excessive expansion in mortgage lending.

On 19 November 2010, the Government announced new measures to curb short-term speculative activities, including the introduction of the proposed Special Stamp Duty to target short-term speculative activities. The measures have been effective in curbing such activities. According to the latest figures,

the number of short-term resale cases in January 2011 decreased by 34% as compared to November 2010. In January 2011, there were about 150 confirmor cases, which was over 50% lower than the average of the first 11 months in 2010 (320 cases).

That said, under an ultra-low interest environment with a vibrant economy, the transaction volume and property prices have picked up again recently. The Government is determined to maintain the stable and healthy development of the property market and will continue to monitor closely the market situation. The Government will not hesitate to take further actions when necessary.

To tackle the supply problem at source, the Government has set the target of making available land for an average of some 20 000 private residential flats per annum in the next 10 years. The Government Land Sale Programme is not the sole source of private housing land supply. Other sources include lease modifications and land exchanges initiated by private developers, private redevelopments not subject to lease modification, as well as property development tenders carried out by the MTR Corporation Limited (MTRCL) and the Urban Renewal Authority. It is estimated that the housing land may reach a total of about 35 000 units in the coming year. The MTRCL is going to be an important source of supply of sites for residential developments. The sites at Nam Cheong, Tsuen Wan, Tai Wai, Tin Shui Wai and Tseung Kwan O are expected to provide an estimated 14 600 units. The Government has decided to sell five residential sites by tender this year, and will impose restrictions on flat size and minimum flat numbers in the conditions of sale. The objective is to increase the supply of small and medium sized flats.

On public rental housing (PRH), the Government is committed to ensuring an adequate supply of land to produce on average about 15 000 PRH flats each year, and maintaining the target average waiting time (AWT) for general Waiting List applicants at about three years. In addition, the Government's policy is to provide PRH to low income families who cannot afford private rental accommodation. The Hong Kong Housing Authority has already endorsed the Waiting List income and asset limits for 2011-2012. When compared with that in 2010-2011, the income and asset limits have increased by an average of 15.6% and 3.3% respectively. It is estimated that under the new limits, about 131 100 non-owner occupied households in the private sector will be eligible for PRH, representing an increase of about 25 400 households over that of 2010-2011. We will keep in view the demand situation, and roll forward and suitably adjust

the Public Housing Construction Programme to maintain the target of an AWT at about three years.

The Government recognizes the importance of a stable home, and is fully aware of the people's wish to improve their quality of life and move up the social ladder through home ownership. We believe that we should introduce targeted measures in light of the latest situation to help the sandwich class purchase their own flats. Any form of subsidized home ownership will, however, only serve as a buffer. In the long run, we should increase supply to tackle the problem at source and provide more opportunities for affordable home purchase. In the face of short-term market fluctuations, it is appropriate for the Government to provide relief measures to potential home buyers with affordability in the long term to give them time to save up.

Having taken into account the views received during the Public Consultation on Subsidizing Home Ownership, and the experience of the previous subsidized home ownership schemes, the Government has announced that, in collaboration with the Hong Kong Housing Society, it will introduce MHP Plan premised on the concept of "rent-and-buy". The MHP Plan will effectively target at households with the ability to pay mortgages in the long run, but who cannot immediately afford the down payment in the face of short-term property price fluctuations, and allow such potential home buyers some time to save up for their home purchase. Also, MHP Plan helps increase the supply of "no-frills" small and medium sized private residential flats. The consultation report is uploaded onto Transport and Housing Bureau's website⁽¹⁾. The consultation involved about \$6.3 million, which included manpower expenditure, and expenses in organizing the consultation forums and focus groups, production of website and E-forum, publicity, and the printing of the report.

MHP Plan, together with Government's commitment to address the housing needs of those low-income households who cannot afford private rental housing through the provision of PRH, measures introduced to increase land supply, the revitalization measures for the HOS Secondary Market Scheme, and efforts to enhance the transparency and fairness of first-hand sales in the private sector, will increase choice to meet the different housing needs of the community in a sustainable manner.

(1) The website is: <<http://www.thb.gov.hk/eng/policy/housing/policy/consultation/index.htm>>

Overall, the Government aims to provide people that have different levels of affordability with various housing options for purchase or rental. The first level is PRH for low-income families who cannot afford private rental accommodation. Above PRH is the second-hand HOS flats in the HOS Secondary Market where HOS owners may sell their flats to Green Form applicants without paying premium. The next levels are flats of lower prices (including HOS flats sold in the open market) in the private property market targeting the general public, and the MHP Plan flats. In the private property sector, residential flats at various market prices are also available in both the primary and secondary markets to satisfy the diverse demands of those who can afford private flats.

Proposed Discontinuation of MPF Scheme

17. **MR PAUL TSE** (in Chinese): *President, on 1 December last year, this Council passed a motion on "Comprehensively reviewing the Mandatory Provident Fund Scheme". The proposal of the Government in the Budget announced last month that \$24 billion be earmarked for making an injection of \$6,000 into each Mandatory Provident Fund (MPF) account has aroused widespread and strong opposition from the community. There have been comments that the incident has reflected a complete loss of confidence of the public in the MPF Scheme, and that although the Government's policy intention for implementing the MPF Scheme is to ensure a long-term commitment for retirement protection and to maintain social stability, the MPF Scheme has proved to be a great failure after implementation for over a decade which showed a high level of fees and low rate of return. In this connection, will the Government inform this Council:*

- (a) since the implementation of the MPF Scheme, of the average return for each MPF account, and the respective amounts of fund management fees, administration fees and trustee fees earned by MPF service providers from each MPF account on average; and*
- (b) whether it will examine and consider discontinuing the MPF Scheme so as to return wealth to the people and give them greater freedom of choice, as well as to uphold the governance principle of maintaining*

"a small government"; if it will, of the specific plans; if it will not, the reasons for that?

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

- (a) Since inception of the MPF System on 1 December 2000 and up to 31 December 2010, the annualized internal rate of return after deduction of fees and charges is 5.5%, whereas the increase of the annualized Composite Consumer Price Index during the same period is 0.7%. This demonstrates that the MPF System is effective in assisting the working population to accumulate retirement savings.

Since 2007, the Mandatory Provident Fund Schemes Authority (MPFA) has provided the Fee Comparison Platform on its website which provides information on all major fees items (including fund management fees, administration fees and charges by trustees) as a percentage of the asset value of the relevant MPF funds (that is, Fund Expense Ratio (FER)) for reference of scheme members. The relevant figures are as follows:

<i>Year</i>	<i>FER (%)</i>
1 April 2006 to 31 March 2007	2.10
1 April 2007 to 31 March 2008	2.02
1 April 2008 to 31 March 2009	1.94
1 April 2009 to 31 March 2010	1.85

In recent months, some trustees have reduced the fees and charges of existing MPF schemes/funds and introduced new schemes/funds with lower fees and charges. The impact of these measures will be reflected in the figures in the coming year.

- (b) The MPF System was introduced only after long and thorough community discussions which resulted in some common views on the way forward. Its aim is to assist the working population to accumulate retirement benefits through contributions from

employers and employees. Before the implementation of the MPF System, only one third of Hong Kong's working population were covered by some form of retirement protection. As at end December 2010, the MPF System has accumulated assets of over \$365.4 billion for more than 2.52 million employees and self-employed persons. Together with other retirement protection schemes, around 90% of the working population have now participated in some form of retirement protection schemes. Besides, voluntary contribution as a percentage of total MPF contribution has been increasing every year from 8.6% in Q2 2003 to 15.9% in Q4 2010. This indicates that the working population have been saving for their retirement through MPF Schemes more proactively.

Overall speaking, the MPF System has made contributions to enhancing the retirement protection of the working population in Hong Kong. The Administration and the MPFA will continue to review and improve the operation of the MPF System.

Maintenance and Repairs of Fresh Water Mains

18. **MR ABRAHAM SHEK** (in Chinese): *President, it has been reported that on the first day of this month, a burst underground fresh water main at Wong Nai Chung Road in Happy Valley had brought gush of fresh water from underground, and it took staff of the Water Supplies Department (WSD) nearly six hours when they succeeded in turning off all relevant valves for isolation of the burst main, after which they carried out emergency repair works. Fresh water supply in the vicinity of Wan Chai and Causeway Bay was suspended for 15 hours, which affected hundreds of thousands of residents, thousands of eateries and several hospitals. Regarding the maintenance and repairs of fresh water mains, will the Government inform this Council:*

- (a) *whether the records and plans of the underground water mains in Hong Kong are comprehensive, accurate and readily accessible at present; if they are, of the details; if not, the reasons for that;*

- (b) *whether the WSD has adopted new technology for inspecting and maintaining underground fresh water mains as well as preventing sudden bursting of fresh water mains; if it has, of the details; if not, the reasons for that;*
- (c) *whether abnormalities such as water seepage and decrease in water pressure will appear prior to the bursting of water mains; if so, whether the WSD will conduct inspections and repairs on the basis of such abnormalities; if not, of the reasons for that;*
- (d) *given that replacement of aged water mains takes time, whether the WSD has put in place corresponding procedure for emergency repair works, stepped up inspection of fresh water mains at risk and arranged for expedient replacement of such water mains; if it has, of the details; if not, the reasons for that; and*
- (e) *whether, in view of the aforesaid incident, the WSD will adjust the priority of the various projects under the Replacement and Rehabilitation (RR) Programme of Water Mains and expedite their implementation; if it will, of the details; if not, the reasons for that?*

SECRETARY FOR DEVELOPMENT (in Chinese): President, the water distribution network of Hong Kong has developed gradually in line with growing water demand over the years. The network is huge, complex and measures 7 800 km in total length. Given the continual upgrading and expansion of the distribution network over the years and the congested state of public utilities and pipes underground (especially in the urban areas), the task of keeping comprehensive and accurate information on water mains is a very challenging one.

The WSD has always been looking for, researching into and adopting sophisticated technology for leakage detection in water mains network to improve its service and efficiency.

In general, to isolate a burst water main requires turning off not more than five valves. But in the case of the fresh water main burst incident at Happy

Valley, the distribution network involved is more complicated and requires turning off 22 valves, including the valves of many branch pipes, in order to isolate the burst main. All these valves are recorded in the drawings.

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

- (a) The existing records of the WSD are sufficient for the daily operation and maintenance of water supply systems on the whole. Since 1998, the WSD has implemented a digital information system on water mains networks. This information system is based on the Geographical Information System to record information on water mains installations and ancillary facilities, such as the locations of the valves, the level, size and materials of the mains. The System captures all the water mains plans and is readily accessible by staff. The WSD also takes every opportunity to ascertain and update the information in the course of their maintenance works on water mains.
- (b) The WSD has adopted many measures to reduce leakage from water mains, including proactive leakage detection, water pressure management and establishing small district metering areas (DMAs).

The WSD has also adopted a risk management strategy for continual surveillance of water mains under busy trunk road sections that are pending replacement. To date, the WSD has installed about 1 200 noise loggers at these water mains to detect and record noises generated by water leakage to facilitate timely repairs.

The WSD is currently exploring a probe detection technology that allows surveillance cameras or equipment to be inserted into water mains for observing and monitoring the mains conditions without disrupting water supply. However, there is yet to have a cost-effective detection technology that can be adopted across the territories to prevent sudden bursting of water mains.

- (c) Water pressure fluctuates with changes in water demand at different times of the day. As such, leakage cannot be concluded from

changes in water pressure alone. The leakage detection technology primarily relies on detecting the noise generated by leaking water. As mentioned above, the WSD has adopted various measures to detect leakage and reduce bursts of water mains, including proactive leakage detection, water pressure management and establishing small DMAs as well as the 15-year RR Programme of Water Mains which has commenced since 2000. These measures have reaped certain success. For instance, the number of burst water mains incidents dropped from 2 479 in 2000-2001 to 988 in 2009-2010. The WSD expects the figure to drop further to about 600 in 2010-2011.

- (d) The WSD has stepped up monitoring mains leakage. Apart from traditional leakage detection devices, noise loggers have also been installed to monitor water mains under busy trunk road sections that are pending replacement. In the course of replacing water mains, the WSD will also install additional valves wherever necessary and practicable to reduce the area of suspension of water supply as a result of burst water mains.
- (e) The water main involved in the Happy Valley incident is already included in the RR Programme. But in light of the burst water main incident, the WSD will expedite the replacement works of the water main section concerned.

In addition to regular review of the overall situation of burst water mains, the WSD also monitors the progress of water mains replacement and repair works to co-ordinate prioritization of specific water main replacement works. Where necessary, water mains that are not covered by the RR Programme may be included in the current or pending RR works contracts to accord the problematic water main section a higher priority for replacement or repairs. In case timely adjustment to works under the RR Programme is not possible, the WSD will consider deploying district resources for early commencement of RR works for the problematic section.

Regulation of Unauthorized Display of Publicity Materials on Streets

19. **MRS REGINA IP** (in Chinese): *President, given that activities of unauthorized display of commercial publicity materials on the streets, in particular those involving the use of easy-mount frames, are increasingly rampant, the Government briefed members of the Panel on Food Safety and Environmental Hygiene of this Council at its meeting on 9 December 2008 on the new enforcement and prosecution approach to tackle the unauthorized display of bills and posters in public places. The authorities indicated that paraphernalia such as easy-mount frames used for the display of bills and posters would be removed together with the bills and posters as evidence of contravention of section 104A of the Public Health and Municipal Services Ordinance (Cap. 132) (section 104A). The new approach has already been adopted in nine District Council (DC) districts. In this connection, will the Government inform this Council:*

- (a) *of the number of complaints received by the Food and Environmental Hygiene Department (FEHD) in 2010 about activities of display of publicity materials, the number of easy-mount frames seized, the number of summonses issued under section 104A, as well as the number of those who were the beneficiaries of publicity materials among the people who were prosecuted;*
- (b) *as it is stipulated in section 104A(1)(b) that, except with the written permission of the Authority, it is an offence to display or affix bills or posters on any Government land, whether the authorities have studied if it is difficult to invoke the provision to prosecute those persons displaying publicity materials who have not placed them directly on Government land; if they have studied, of the outcome;*
- (c) *whether the authorities have assessed if the existing enforcement and prosecution approach (including the prosecution rate) is effective in deterring activities of unauthorized display of publicity materials; if they have assessed, of the outcome;*
- (d) *given that the FEHD may at present issued fixed penalty notices (FPNs) to offenders who have caused obstruction in public places under section 4A of the Summary Offences Ordinance (Cap. 228)*

(section 4A), of the number of relevant complaints received by the authorities each year from 2009 to 2010 as well as the number of FPNs issued;

- (e) as the authorities have pointed out that there have been extensive public complaints of street obstruction caused by activities of display of publicity materials, of the justifications for the FEHD to prosecute the people concerned by invoking the provision of "prohibition on display of bills or posters without permission" (that is, section 104A) instead of the provision of "obstruction of public places" (that is, section 4A); and*
- (f) whether the law-enforcement actions under section 104A and section 4A are at present undertaken by the same team of front-line staff of the FEHD; if so, of the manpower responsible for law enforcement in each DC district; if not, the two types of manpower in each DC district at present?*

SECRETARY FOR FOOD AND HEALTH (in Chinese): President, to address the increasingly rampant activities of display of commercial publicity materials on the streets with the use of easy-mount frames and similar installations, which have seriously affected cleanliness of streets and caused inconvenience to pedestrians, the FEHD submitted a proposal to extend a new enforcement and prosecution approach (the new approach) to the whole territory, at the meeting of the Legislative Council Panel on Food Safety and Environmental Hygiene (the Panel) held on 9 December 2008. Under this new approach, easy-mount frames and similar installations used for unauthorized display in public places will be seized as evidence and the persons concerned will be prosecuted for having displayed or affixed such bills or posters in public places without permission according to section 104A under the Public Health and Municipal Services Ordinance (Cap. 132) (the Ordinance). Given that members held different views on extending the new approach to the whole territory, the FEHD had not proceeded with the full implementation of the proposal, and only extended it to individual districts upon the request of DCs. In response to the requests of respective DCs, the FEHD has implemented the new approach in nine districts, namely Wan Chai, Yau Tsim Mong, Kowloon City, Tsuen Wan, Kwun Tong, Central and Western, Southern, Yuen Long and Sham Shui Po. On 2 February

2011, we provided the Panel with an information note, informing members of the progress in the implementation of the new approach.

My reply to the specific questions is as follows:

- (a) The numbers of complaints and prosecutions against using easy-mount frames for promotion in 2010 are set out as follows:

Number of complaints	2 294
Number of easy-mount frames and similar display apparatus being seized	13 916
(i) Number of prosecutions against the display of publicity materials under section 104A of the Ordinance	105
(ii) Number of prosecutions against the beneficiaries of publicity materials under section 104D of the Ordinance	64

- (b) It is stipulated in section 104A(1)(b) of the Ordinance that no bill or poster shall be displayed or affixed on any Government land, except with the written permission of the Authority. Publicity materials that are not directly placed on the ground, such as those held by or put on a person, are not subject to regulation under this provision.
- (c) As the new approach was put into implementation upon the request of individual DCs, the commencement dates of implementation varied amongst districts. Hence, the relevant prosecution figures may not be able to fully reflect the effectiveness of the new approach. Notwithstanding this, with the full support of the DCs concerned and strengthened publicity and warning, enforcement actions have been carried out smoothly and the situation of the relevant districts has improved. In addition, to enhance the effectiveness of enforcement, the FEHD, after a recent review of the current enforcement mode, has decided to issue fixed penalty notices under the Fixed Penalty (Public Cleanliness Offences) Ordinance (Cap. 570) to persons contravening section 104A(2) of Cap. 132,

starting from March this year. Before the change of the mode of enforcement, the FEHD has arranged for publicity and warnings targeting at the relevant parties.

- (d) Section 4A of the Summary Offences Ordinance (Cap. 228) is enforced by officers of the FEHD through issuance of court summonses (not fixed penalty notices) or by arrest. The FEHD received 21 406 and 24 483 complaints concerning obstruction in public places in 2009 and 2010 respectively and 26 285 and 23 537 prosecutions were initiated under section 4A of the Summary Offences Ordinance.
- (e) Given that the Ordinance contains an express provision against unauthorized display or posting of bills and posters and there is a direct link of easy-mount frames with display of bills and posters, it is appropriate for the FEHD to take enforcement actions under the Ordinance against activities involving the use of easy-mount frames and seize the easy-mount frames and similar equipment as evidence. Besides, the FEHD may, having regard to the actual circumstances, initiate prosecution concerning promotional booths which cause obstruction in public places under section 4A of the Summary Offences Ordinance.
- (f) At present, Cleansing Foremen and staff of the Hawker Control Teams under the FEHD are responsible for handling the unauthorized display of bills and posters using easy-mount frames on the streets according to section 104A of Cap. 132. As for prosecution concerning obstruction in public places under section 4A of Cap. 228, it is undertaken by the Hawker Control Teams. Please refer to the Annex for the strength of these two categories of staff in the District Offices (Environmental Hygiene) of the FEHD by DC districts.

The FEHD will continue to monitor the situation and review its enforcement strategies from time to time to improve the effectiveness of enforcement.

<i>Districts</i>	<i>Number of Cleansing Foremen</i>	<i>Number of Staff in Hawker Control Teams</i>
Central and Western	41	154
Wan Chai	29	110
Eastern	32	134
Southern	24	53
Islands	45	62
Yau Tsim Mong	52	251
Sham Shui Po	25	122
Kowloon City	30	92
Wong Tai Sin	16	84
Kwun Tong	24	86
Kwai Tsing	28	73
Tsuen Wan	30	63
Tuen Mun	31	71
Yuen Long	42	83
North	46	69
Tai Po	35	67
Sha Tin	36	83
Sai Kung	37	73
Total	603	1 730

Supply of Lands for Social Welfare Uses

20. **MR CHEUNG KWOK-CHE** (in Chinese): *President, at present, there is a dearth of lands for social welfare (welfare) uses in Hong Kong. Many welfare facilities lack sufficient space, making them unable to meet the requirements of the net operational floor areas specified in the relevant Schedules of Accommodation and affecting their service quality. With regard to such situation, quite a number of stakeholders in the welfare sector (particularly the providers of elderly and rehabilitation services) as well as the service users have strongly demanded the authorities to ensure an adequate supply of lands for welfare uses. In this connection, will the Government inform this Council:*

- (a) *whether the authorities had in the past stipulated specific floor area or percentages of floor area for use by welfare facilities in the Conditions of Sale for sites on the List of Sites for Sale by Application; if they have, of the average, maximum and minimum percentages of such floor area in the total floor area; if not, whether the authorities will include such specifications in the Conditions of Sale in the future;*
- (b) *of the respective percentages of floor area for use by welfare facilities in total floor area upon completion of the urban redevelopment projects commenced in the past five years; whether the authorities will specify a minimum percentage of floor area for use by welfare facilities when planning future redevelopment projects; if they will, of such percentage; if not, how the authorities ensure that there will be sufficient welfare facilities provided in the redevelopment projects to meet the needs for welfare services in the districts; and*
- (c) *whether the authorities have plans to amend various outline zoning plans (OZPs) in the next five years so as to adjust the areas of lands zoned for "Government, Institution or Community" (G/IC) uses; what policies or measures the authorities have in town planning for addressing the acute shortage of lands for welfare uses?*

SECRETARY FOR DEVELOPMENT (in Chinese): President, as part of its duty in administering land resources, the Development Bureau provides bureaux and departments with the land they require, or the required Gross Floor Area (GFA) through planning briefs and land sale, for implementation of government policies. Generally speaking, education and medical facilities are provisioned on specific sites (that is, G/IC zones). As to welfare facilities, appropriate GFA is allocated for their provisioning in development projects (these may be located within G/IC, "Comprehensive Development Area" (CDA) and "Residential" zones). In terms of division of responsibilities amongst bureaux and departments, the relevant Policy Bureau/department plays the role of proponent by proposing the site or GFA required for a facility, while the Development Bureau and its Planning Department (PlanD) and Lands Department (LandsD) act as the resource provider.

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

- (a) As mentioned in the preamble, the Labour and Welfare Bureau/Social Welfare Department (SWD) are the proponent Policy Bureau and department of welfare facilities. If the Labour and Welfare Bureau and/or SWD request(s) the provision of GFA for a welfare facility, the PlanD will assist in identifying a suitable site. If the welfare facility is suitable for inclusion in a site ready for sale, the LandsD will include the relevant requirement in the Conditions of Sale. Therefore, the specification of GFA for welfare facilities in the Conditions of Sale for sites in the Land Sale Programme depends on the requirements proposed by the Labour and Welfare Bureau/SWD, the suitability of the relevant site, and so on. From the perspective of optimizing the use of land resources, it is inappropriate to stipulate a specific percentage of GFA for welfare facilities in every development project. In the 2011-2012 Land Sale Programme, welfare facilities will be included in the development of two residential sites, namely the eastern part of the ex-North Point Estate site, North Point and the ex-Tai Wo Hau Factory Estate site, Sha Tsui Road, Tsuen Wan.
- (b) GFA has been reserved for welfare facilities in 11 of the redevelopment projects completed/tendered/commenced by the Urban Renewal Authority (URA) in the past five years. Details are as follows:

<i>Project</i>	<i>GFA for welfare facilities</i>	<i>Percentage of total GFA of the Project</i>
Wan Chai Road/Tai Yuen Street (H9) (The Zenith)	613 sq m (Day Nursery)	1.0%
Tsuen Wan Town Centre (K13) (Vision City)	1 952 sq m (Hostel for Moderately Mentally Handicapped and District Elderly Community Centre)	1.5%
Queen Street (H1) (Queen's Terrace)	4 654 sq m (Single-person Hostel, Care and Attention Home for the	7.0%

<i>Project</i>	<i>GFA for welfare facilities</i>	<i>Percentage of total GFA of the Project</i>
	Elderly, Day Nursery, Social Centre for the Elderly and Hostel for Moderately Mentally Handicapped)	
Cherry Street (K3) (Floriant Rise)	1 849 sq m (Residential Care Home for the Elderly)	4.3%
First Street/Second Street (H20) (Island Crest)	2 197 sq m (Residential Care Home for the Elderly)	5.8%
Lai Chi Kok Road/Kweilin Street and Yee Kuk Street (SSP/1/001-002)	382 sq m (non-domestic GFA earmarked for social enterprise)	1.3%
Lee Tung Street/McGregor Street (H15)	1 746 sq m (Residential Care Home for the Elderly and Community Service Support Centre); 968 sq m (non-domestic GFA earmarked for social enterprise)	3.4%
Po On Road/Wai Wai Road (K25)	2 550 sq m (Residential Care Home for the Elderly)	12.0%
Un Chau Street/Fuk Wing Street (K22)	2 200 sq m (Residential Care Home for the Elderly)	11.5%
Hai Tan Street/Kweilin Street and Pei Ho Street, Sham Shui Po (SSP/1/003-005)	2 200 sq m (Special Child Care Centre cum Early Education and Training Centre, Day Care Centre for the Elderly and Neighbourhood Elderly Centre)	3.9%
Peel Street/Graham Street (H18)	270 sq m (non-domestic GFA earmarked for social enterprise)	0.4%

All along, the Government sees opportunities to request the provision of welfare facilities in large-scale development projects, including the URA redevelopment projects. These developments are usually zoned "CDA" on OZPs. The PlanD will take advice from the Labour and Welfare Bureau and/or SWD to incorporate the need and requirements for the provision of welfare facilities into the planning briefs to guide the future development of these sites. The URA will also follow the established planning practice and, if requested by the Government, reserve GFA within its redevelopment sites for the provision of welfare facilities.

- (c) The designation of G/IC zones on statutory OZPs serves to reflect the existing G/IC uses and reserve land for the future provision of G/IC facilities.

The PlanD reviews from time to time the land use of G/IC sites with reference to the Hong Kong Planning Standards and Guidelines (HKPSG) to facilitate overall government policies and meet the changing needs of the community. The HKPSG provides an important basis for reference regarding the provisioning of welfare facilities. The SWD is responsible for reviewing these standards and for proposing amendments when it considers necessary. Provision of relevant facilities is determined by the priority of relevant policies and availability of resources.

Besides, if welfare organizations need to redevelop/expand their facilities on G/IC sites and to amend the building height restrictions to meet the requirements of their facilities, they may apply to the Town Planning Board (TPB) under section 12A of the Town Planning Ordinance (the Ordinance). Their applications will be considered based on the actual circumstances. If the redevelopment/expansion proposals are well justified and supported by the relevant bureau(x)/department(s), the PlanD may recommend to the TPB to amend the building height restriction under section 7 of the Ordinance. In processing these applications, the planning authorities will provide support as far as possible and seek to complete the relevant procedures promptly to facilitate development.

On the other hand, the Development Opportunities Office (DOO) under the Development Bureau has been providing one-stop consultation and co-ordination services to land development projects proposed by non-governmental organizations (NGOs) meeting the relevant criteria. Since its establishment in mid-2009, the DOO has assisted nine land development projects of NGOs that involve welfare facilities. Amongst them, four proposed development projects have already completed their pre-planning work and the details are as follows:

<i>Project</i>	<i>Welfare facilities and services provided in the project and the GFA involved</i>
Redevelopment of Tung Wah Group of Hospitals' David Trench Home for the Elderly in Southern District	Residential and day care services facilities for the elderly (GFA: about 10 800 sq m)
Redevelopment of Hong Kong Young Women's Christian Association's Kowloon Centre and Anne Black Guest House in Kowloon City District	Residential and day care services facilities for the elderly, family services and community support services centre (GFA: about 6 600 sq m)
Relocation of Hong Kong Red Cross's headquarters to Yau Tsim Mong District	Local and overseas disaster relief (GFA: about 1 300 sq m)
Redevelopment of Hong Kong Caritas's welfare services complex in Tsuen Wan District	Residential and day care services facilities for the elderly, support services for persons with disabilities, trauma treatment services, well-being and family services centre (GFA: about 7 800 sq m)

The DOO is now handling five other land development proposals involving welfare facilities, which include elderly care services, rehabilitation services for persons with disabilities, child welfare services, local and overseas disaster relief services, and services for young psychotropic substance abusers.

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

DEPUTY PRESIDENT (in Cantonese): Bill. We now resume the Second Reading debate on the Inland Revenue (Amendment) Bill 2011.

INLAND REVENUE (AMENDMENT) BILL 2011**Resumption of debate on Second Reading which was moved on 16 February 2011**

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

MR IP KWOK-HIM (in Cantonese): Deputy President, the Administration proposed last week the funds on account

DEPUTY PRESIDENT (in Cantonese): Mr IP, we are now discussing the Inland Revenue (Amendment) Bill 2011.

MR IP KWOK-HIM (in Cantonese): Sorry. I am sorry.

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

(No Member indicated a wish to speak)

DEPUTY PRESIDENT (in Cantonese): If not, I now call upon the Secretary for Financial Services and the Treasury to reply. This debate will come to a close after the Secretary has replied.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Deputy President, first of all, I wish to thank Members for their support of the resumption of the Second Reading debate of the Inland Revenue (Amendment) Bill 2011 today so that the Administration can implement the proposal made in the 2010-2011 Budget on enhancing the qualifying debt instruments (QDI) Scheme.

The aim of the Bill is to enhance the QDI Scheme so that overseas issuers can be attracted to issue debt instruments here in Hong Kong, hence expanding the local debt market and raising the competitiveness of the local debt market *vis-à-vis* other financial centres in the region.

The Government introduced the QDI Scheme in the mid-1990s. The Scheme provides concessionary tax treatment in respect of interest income and trading profits derived from QDI. We need to review the relevant tax measures and refine the QDI Scheme in the light of the ever-changing market situation as well as in response to measures taken by other financial centres in the region in a bid to develop their debt markets. This will ensure our debt market can stay competitive and pursue sustained development.

To this end, we have conducted a review of the QDI Scheme and consulted the views of market participants, and we have thus identified certain areas that can be enhanced. First, while the corporate bond market in Hong Kong is dominated by privately-placed short-term debt instruments with an original maturity of less than three years, the Scheme only offers tax incentives to debt instruments with an original maturity of three years or more and which are "issued to the public". Therefore, we propose that the 50% tax concession currently granted under section 14A of the Inland Revenue Ordinance (IRO) be extended to interest income and trading profits derived from debt instruments with an original maturity of less than three years. This proposed amendment aims to place short-term debt instruments on a level playing field with longer-term debt instruments in respect of profits tax treatment, hence helping stimulate new demand for bond issues in Hong Kong.

Second, since the IRO provides no clear definition of "issued to the public", in order to increase the certainty in interpretation we have made

reference to similar schemes overseas which are considered successful in facilitating the development of the local debt market and proposed to replace the "issued to the public" criterion by a new requirement. The new requirement will stipulate that to qualify for the tax concessions under the QDI Scheme, the debt instrument shall at issuance be issued to 10 or more persons. To cater for the large amount of private-placement debt issues in Hong Kong that may be offered to a large number of potential investors but are usually only issued to less than 10 investors at the end, an alternative arrangement is therefore made for debt instruments that are issued to less than 10 persons at issuance. To fulfil this alternative requirement, none of the investors should be an associate of the issuer at the time of issuance. This will on the one hand cope with the realistic market situation while on the other address potential intra-group tax avoidance arrangements.

While meeting the market development needs, we also propose introducing measures to lower the potential risk of tax avoidance. We propose adding a new provision that the relevant profits tax concession will not apply in respect of any interest income and trading profits received by or accrued to a person in relation to QDI if, at the time when such interest income and trading profits is/are so received or accrued, the person is an associate of the issuer of QDI.

In connection with the new provision, we propose to include a definition of "associate" in section 14A of the IRO. In considering the definition, we are mindful of not to make such a definition unduly undermine the participation of some practically non-associated companies in the debt market, particularly companies which are associated merely because of common ownership by the central government of a country or its sovereign wealth funds or similar state enterprises, but in practice operate independently as separate commercial entities. For the purpose of the QDI Scheme is concerned, we propose to carve out such companies from the definition of "associate", with a view to encouraging and attracting more such companies to make use of the debt market platform in Hong Kong to meet their financing needs, either as an issuer or investor. It is consistent with our efforts to promote Hong Kong as an international financial centre.

Deputy President, we hope that through the proposed enhancements to the QDI Scheme in the Bill, the demand for issuance in the debt market can be

stimulated so that the local debt market can become vibrant and Hong Kong's competitiveness as an international financial centre can be further enhanced. I implore Members to support the passage of this Bill so that these proposed enhancements can be implemented as early as possible.

Thank you, Deputy President.

DEPUTY PRESIDENT (in Cantonese): I now put the question to you and that is: That the Inland Revenue (Amendment) Bill 2011 be read the Second time. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Inland Revenue (Amendment) Bill 2011.

Council went into Committee.

Committee Stage

DEPUTY CHAIRMAN (in Cantonese): Committee stage. Council is now in committee.

INLAND REVENUE (AMENDMENT) BILL 2011

DEPUTY CHAIRMAN (in Cantonese): I now propose the question to you and that is: That the following clauses stand part of the Inland Revenue (Amendment) Bill 2011.

CLERK (in Cantonese): Clauses 1 to 9.

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

(No Member indicated a wish to speak)

DEPUTY CHAIRMAN (in Cantonese): I now put the question to you and that is: That clauses 1 to 9 stand part of the Bill. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

DEPUTY CHAIRMAN (in Cantonese): Council now resumes.

Council then resumed.

Third Reading of Bills

DEPUTY PRESIDENT (in Cantonese): Bill: Third Reading.

INLAND REVENUE (AMENDMENT) BILL 2011

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

Inland Revenue (Amendment) Bill 2011

has passed through committee without amendment. I move that this Bill be read the Third time and do pass.

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the Inland Revenue (Amendment) Bill 2011 be read the Third time and do pass.

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

(No Member indicated a wish to speak)

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

(Members raised their hands)

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

(No hands raised)

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

CLERK (in Cantonese): Inland Revenue (Amendment) Bill 2011.

MOTIONS

DEPUTY PRESIDENT (in Cantonese): Motions. Proposed resolution under the Public Finance Ordinance.

DEPUTY PRESIDENT (in Cantonese): I now call upon the Secretary for Financial Services and the Treasury to speak and move the motion.

PROPOSED RESOLUTION UNDER THE PUBLIC FINANCE ORDINANCE

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Deputy President, I move that the motion, as printed on the Agenda, be passed.

Last week, I moved a motion in this Council to seek funds on account to enable the Government to carry on its services between the start of the financial year on 1 April 2011 and the time when the Appropriation Ordinance 2011 comes into operation (the Vote on Account period). This is a long-established and essential technical procedure. The arrangement for this year is also the same as that in the past.

(THE PRESIDENT resumed the Chair)

As the resolution was unfortunately negatived, the Government must propose a fresh Vote on Account Resolution as soon as possible to ensure that the Government can continue to provide public services under various policy areas as

usual from 1 April this year. We must avoid services relevant to people's livelihood such as education, social welfare, healthcare, security, and so on, from coming to a halt by end of the current financial year for lack of funds.

In this connection, we would like to thank the President for allowing me to move today's motion.

The purpose of today's resolution is the same as the resolution last week. We have determined the funds on account sought under each subhead in accordance with the fourth paragraph of the resolution, by reference to the relevant provisions shown in the 2011-12 Estimates of Expenditure. Incorporating the requirements at subhead level, the initial amount of funds on account under each head is provided in the form of a footnote to this speech. Prior to the coming into operation of the Appropriation Ordinance 2011, the aggregate amount of funds on account is \$59,720,429,000.

Subject to the above aggregate amount not being exceeded, the resolution enables the Financial Secretary to vary the funds on account in respect of any subhead, but these variations must not cause an excess over the amount of provision entered for that subhead in 2011-12 Estimates of Expenditure. To increase transparency, same as last year, we undertake to submit reports to the Finance Committee of this Council in case the Financial Secretary has exercised this authority to meet necessary requirements.

The funds on account for today's resolution under Head 106 Miscellaneous Services Subhead 789 Additional Commitments is \$500,000,000. As compared with the funds on account for this Subhead of \$1,000,000,000 in the resolution last week, there is a reduction of 50%. The total funds on account we sought is therefore reduced from \$60,220,429,000 to \$59,720,429,000. I wish to point out that we remain of the view that the amount sought for this Subhead in the previous resolution is in order, and we have proposed the reduction in order to comply with the Rules of Procedure of this Council. As the amount sought in this Subhead is to cater for contingency requirements during the Vote on Account period, the reduction will not affect services provided to the public.

Some Members raised concerns on the usage of the funds on account. I reiterate that the purpose of seeking funds on account is to enable the Government to have sufficient resources to provide various existing services as described in the 2011-12 Estimates of Expenditure during the Vote on Account

period. The resolution examined today does not include provisions for the measures proposed by the Financial Secretary in the Budget Speech or subsequently, which require the approval of the Finance Committee, such as the setting up of a \$7 billion Elite Athletes Development Fund, provision of \$1,800 electricity charges subsidy to each residential account and giving a sum of \$6,000 to all Hong Kong Permanent Identity Card holders aged 18 or above, and so on. The funding required in 2011-2012 for these one-off expenditure proposals will be transferred from Head 106. In accordance with the established practice, we will formulate details of the proposals and submit them to the relevant panels for discussion before seeking funds from the Finance Committee for implementation.

In order not to affect the Government's provision of services to the public, I urge Members to support the motion today.

The vote on account will be subsumed upon the enactment and commencement of the Appropriation Ordinance 2011.

President, I beg to move.

Footnote

<i>Head of Expenditure</i>	<i>Amount shown in the Estimates \$'000</i>	<i>Initial amount of funds on account \$'000</i>
21 Chief Executive's Office	85,217	17,044
22 Agriculture, Fisheries and Conservation Department	964,195	221,058
25 Architectural Services Department	1,565,434	313,087
24 Audit Commission	121,132	24,227
23 Auxiliary Medical Service	66,360	13,360
82 Buildings Department	993,996	199,796
26 Census and Statistics Department	827,607	170,242
27 Civil Aid Service	81,696	16,788
28 Civil Aviation Department	758,817	152,900
33 Civil Engineering and Development Department	1,996,469	404,993

<i>Head of Expenditure</i>	<i>Amount shown in the Estimates \$'000</i>	<i>Initial amount of funds on account \$'000</i>
30 Correctional Services Department.....	2,895,922	607,060
31 Customs and Excise Department.....	2,565,707	559,795
37 Department of Health	4,870,346	1,363,742
92 Department of Justice	1,043,191	209,407
39 Drainage Services Department	1,850,534	403,672
42 Electrical and Mechanical Services Department.....	345,418	117,254
44 Environmental Protection Department	2,425,515	662,291
45 Fire Services Department	4,205,211	1,184,096
49 Food and Environmental Hygiene Department.....	4,572,750	971,933
46 General Expenses of the Civil Service	2,848,009	569,602
166 Government Flying Service.....	558,834	407,318
48 Government Laboratory	347,454	102,938
59 Government Logistics Department.....	499,456	205,012
51 Government Property Agency	1,800,542	374,075
143 Government Secretariat: Civil Service Bureau	420,026	84,102
152 Government Secretariat: Commerce and Economic Development Bureau (Commerce, Industry and Tourism Branch).....	1,355,242	336,099
55 Government Secretariat: Commerce and Economic Development Bureau (Communications and Technology Branch).....	310,890	212,533
144 Government Secretariat: Constitutional and Mainland Affairs Bureau.....	388,055	77,611
138 Government Secretariat: Development Bureau (Planning and Lands Branch)	831,364	722,273
159 Government Secretariat: Development Bureau (Works Branch)	316,711	91,701
156 Government Secretariat: Education Bureau	41,050,152	9,511,900

<i>Head of Expenditure</i>	<i>Amount shown in the Estimates \$'000</i>	<i>Initial amount of funds on account \$'000</i>
137 Government Secretariat: Environment Bureau.....	80,035	21,373
148 Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch).....	185,493	37,339
147 Government Secretariat: Financial Services and the Treasury Bureau (The Treasury Branch)	332,979	180,036
139 Government Secretariat: Food and Health Bureau (Food Branch)	77,031	15,407
140 Government Secretariat: Food and Health Bureau (Health Branch).....	37,322,905	8,140,145
53 Government Secretariat: Home Affairs Bureau.....	1,358,524	312,808
155 Government Secretariat: Innovation and Technology Commission.....	498,232	119,244
141 Government Secretariat: Labour and Welfare Bureau.....	583,946	144,578
47 Government Secretariat: Office of the Government Chief Information Officer	657,581	190,077
142 Government Secretariat: Offices of the Chief Secretary for Administration and the Financial Secretary	624,800	127,593
96 Government Secretariat: Overseas Economic and Trade Offices	299,302	63,118
151 Government Secretariat: Security Bureau	272,961	54,593
158 Government Secretariat: Transport and Housing Bureau (Transport Branch)	137,433	30,940
60 Highways Department.....	2,230,549	458,854
63 Home Affairs Department.....	1,769,413	422,576
168 Hong Kong Observatory	220,668	44,134
122 Hong Kong Police Force.....	13,157,929	2,813,693
62 Housing Department	146,083	29,217
70 Immigration Department.....	3,071,992	617,970

<i>Head of Expenditure</i>	<i>Amount shown in the Estimates \$'000</i>	<i>Initial amount of funds on account \$'000</i>
72 Independent Commission Against Corruption.....	824,119	165,736
121 Independent Police Complaints Council	35,230	7,846
74 Information Services Department.....	375,902	75,181
76 Inland Revenue Department	1,290,339	258,068
78 Intellectual Property Department.....	97,817	19,564
79 Invest Hong Kong.....	110,647	22,130
174 Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service.....	19,244	3,849
80 Judiciary.....	1,137,930	250,711
90 Labour Department.....	1,298,408	377,360
91 Lands Department.....	1,810,067	363,738
94 Legal Aid Department	784,260	156,852
112 Legislative Council Commission	566,961	176,781
95 Leisure and Cultural Services Department.....	5,630,026	1,224,812
100 Marine Department.....	988,869	224,287
106 Miscellaneous Services.....	54,145,750	1,097,430
114 Office of The Ombudsman	89,391	17,939
116 Official Receiver's Office	136,331	27,395
120 Pensions	19,772,434	3,963,044
118 Planning Department	479,470	98,989
136 Public Service Commission Secretariat.....	18,203	3,641
160 Radio Television Hong Kong.....	563,106	145,860
162 Rating and Valuation Department	411,711	82,343
163 Registration and Electoral Office	411,923	82,385
169 Secretariat, Commissioner on Interception of Communications and Surveillance.....	17,079	3,416
170 Social Welfare Department	41,265,733	11,225,937
173 Student Financial Assistance Agency	3,955,741	1,153,569
180 Television and Entertainment Licensing Authority	78,962	15,887
181 Trade and Industry Department.....	718,441	493,505
186 Transport Department.....	1,306,014	352,166

<i>Head of Expenditure</i>	<i>Amount shown in the Estimates \$'000</i>	<i>Initial amount of funds on account \$'000</i>
188 Treasury.....	332,454	66,491
190 University Grants Committee	11,027,723	2,205,545
194 Water Supplies Department	6,118,761	1,226,368
	<u>301,809,154</u>	<u>59,720,429</u>
184 Transfers to Funds.....	25,000,000	0
	<u>326,809,154</u>	<u>59,720,429</u>
	=====	=====
Total	326,809,154	59,720,429

Note:

* The initial amount of funds on account under Head 106 includes \$500,000,000 under Subhead 789 Additional commitments mainly for contingency.

The Secretary for Financial Services and the Treasury moved the following motion:

"RESOLVED that —

1. Authority is hereby given for a sum not exceeding \$59,720,429,000 to be charged on the general revenue for expenditure on the services of the Government in respect of the financial year commencing on 1 April 2011.
2. Subject to this Resolution, the sum so charged may be expended against the heads of expenditure as shown in the Estimates of Expenditure 2011-12 laid before the Legislative Council on 23 February 2011 or, if the Estimates are changed under the provisions of the Public Finance Ordinance (Cap. 2) as applied by section 7(2) of that Ordinance, as shown in the Estimates as so changed.

3. Expenditure in respect of any head of expenditure must not exceed the aggregate of the amounts authorized by paragraph 4 to be expended in respect of the subheads in that head of expenditure.
4. Expenditure in respect of each subhead in a head of expenditure must not exceed —
 - (a) for an Operating Account Recurrent subhead of expenditure, an amount equivalent to —
 - (i) except if the subhead is listed in Schedule 1 to this Resolution, 20% of the provision shown in the Estimates in respect of that subhead;
 - (ii) if the subhead is listed in Schedule 1 to this Resolution, the percentage of the provision shown in the Estimates in respect of that subhead that is specified in that Schedule in relation to that subhead; and
 - (b) for an Operating Account Non-Recurrent subhead of expenditure or a Capital Account subhead of expenditure, an amount equivalent to —
 - (i) except if the subhead is listed in Schedule 2 to this Resolution, 100% of the provision shown in the Estimates in respect of that subhead;
 - (ii) if the subhead is listed in Schedule 2 to this Resolution, the amount that is specified in that Schedule in relation to that subhead,

or such other amount, not exceeding an amount equivalent to 100% of the provision shown in the Estimates in respect of that subhead, as may in any case be approved by the Financial Secretary.

		Schedule 1		[para. 4(a)]
Head of Expenditure		Subhead		Percentage of provision shown in Estimates
90	Labour Department	280	Contribution to the Occupational Safety and Health Council	30
		295	Contribution to the Occupational Deafness Compensation Board	30
106	Miscellaneous Services	284	Compensation	40
120	Pensions	026	Employees' compensation, injury, incapacity and death related payments and expenses	40
170	Social Welfare Department	157	Assistance for patients and their families	100
		176	Criminal and law enforcement injuries compensation	25
		177	Emergency relief	100
		179	Comprehensive social security assistance scheme	30
		180	Social security allowance scheme	30

		Schedule 2		[para. 4(b)]
Head of Expenditure		Subhead		Amount \$
106	Miscellaneous Services	689	Additional commitments	0
		789	Additional commitments	500,000,000
184	Transfers to Funds	984	Payment to the Capital Works Reserve Fund	0"

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

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

MR PAUL CHAN (in Cantonese): President, last week, I was in London attending a seminar of the Commonwealth Parliamentary Conference with a Member of the Legislative Council, Ms Cyd HO, as well as colleagues of the Secretariat, and so, I was unable to attend the meeting of this Council. Today, I speak in support of the Vote on Account Resolution moved by the Government.

President, after the Financial Secretary announced the Budget, various sectors of the community (including me) have made a lot of criticisms and called for substantial improvement of the Budget. The Financial Secretary accepted some of the views and put forward a revision in a short span of just one week. However, after the revision was released, views have remained diverse in the community. I have no intention to debate the Budget today in this session for discussing the Vote on Account Resolution, as we still have the opportunity to fully debate it at the meetings of the Legislative Council next month.

The Vote on Account Resolution was negated in the Legislative Council last week. I have been a Member of this Council for only two short years. After I had come back, I looked up the past records and found that when this Resolution was discussed in the past, rarely was a subcommittee set up for its scrutiny and rarely had it been debated, not to mention Members voting against the Resolution or abstaining in the vote.

Although the Financial Secretary's Budget has indeed aroused many controversies, resulting in the need to make amendments, I think the Budget is the Budget, while the Vote on Account Resolution is the Vote on Account Resolution. The purpose of the latter is to enable the Government to have a certain amount of funds to meet the necessary expenditure before the passage of the Appropriation Bill in the Legislative Council. Moreover, I noted that on the day when the Resolution was debated (I have watched the relevant footage of the debate), the Government stated in its response that the Vote on Account Resolution did not include the revised parts of the Budget.

Therefore, President, I think since the Vote on Account Resolution is a long-established and essential procedure and the specific arrangement is the same as that in the past, the Legislative Council should first pass the Resolution to enable the Government to provide services to the public as usual. I, therefore, support this Resolution on this basis.

President, during the debate last week, Ms Emily LAU mentioned that when I attended the City Forum, I openly said that the Legislative Council had reached a certain consensus on the resumption of the Home Ownership Scheme (HOS) and universal retirement protection, and she believed that Members would not oppose the implementation of proposals on which a consensus has been reached. Here, I would like to add that the resumption of the HOS has been debated for many times in the Legislative Council. It is indeed very clear that a consensus has been reached and this is also a mainstream opinion. Although we cannot say that all of the 60 Members support it unanimously, this mainstream opinion obviously needs no further elaboration.

As regards universal retirement protection, on the day when the Budget was published, I said at the press conference that given the extremely abundant fiscal surplus and financial reserves of the Government, I suggested that instead of injecting \$24 billion into the Mandatory Provident Fund (MPF) accounts, the

Government might as well set aside this sum of money and make a further provision to increase it to \$50 billion or even \$100 billion as a seed fund for launching universal retirement protection.

President, why would I make this suggestion? In the face of population ageing, which warrants our concern, we have to deal with two major issues. The first is healthcare reform, and the other is obviously retirement protection. It is imperative to address these two issues without further delay.

Members should have learnt from news reports that the Premier of the State Council, Mr WEN Jiabao, said this two days ago (and I quote): "Hong Kong has sufficient government revenue and ample foreign exchange reserves. It should further improve the social safety net, and in particular, take good care of the vulnerable groups so that people in Hong Kong will lead a much better life." Having heard these remarks, I think his views and the mainstream opinion of this Council happen to coincide with each other

PRESIDENT (in Cantonese): Mr CHAN, you said just now that you were not going to discuss the contents of the Budget.

MR PAUL CHAN (in Cantonese): Yes, President. It is because Ms LAU mentioned my comments on these two points in her speech last week and so, I was giving a response. President, now that I have made a response, I will come back to the topic.

PRESIDENT (in Cantonese): Mr CHAN, the debate of last week has ended.*(Laughter)*

MR PAUL CHAN (in Cantonese): Yes, President.

PRESIDENT (in Cantonese): Please speak on this Resolution today.

MR PAUL CHAN (in Cantonese): Yes, thank you. It is because I was not in Hong Kong last week and so, I did not have a chance to respond.

President, I think the Government — coming back to the two points mentioned just now — the Government entirely has the ability to fulfill its role in respect of these two points.

Next week, the Finance Committee of the Legislative Council will hold a special meeting. But regrettably, as I will go on a duty visit to the United Kingdom with several members of the Public Accounts Committee then, I will not be able to attend the meeting. In spite of this, I have raised dozens of questions to the Government on areas of concern to me. Subject to the Government's replies, I will make a decision as to whether I will propose any amendment to the Appropriation Bill 2011.

Thank you, President.

PRESIDENT (in Cantonese): I wish to remind Members once again that this debate is about the Government's proposed resolution under the Public Finance Ordinance. I also wish to remind Members that even though you missed the opportunity of a debate on other occasions, it is still inappropriate to argue for your points here in this debate today.

Does any other Member wish to speak?

MR LEE CHEUK-YAN (in Cantonese): President, with regard to the Government's handling of the Vote on Account Resolution over the past week, I find it is most regrettable that the Government has adopted an obscurantist policy. What is this obscurantist policy? It is mere scaremongering. Members should remember that in that evening that day the Secretary already told the media openly that a Resolution would be reintroduced this Wednesday. I recall that Donald TSANG still resorted to scaremongering the next day. He was frightening the people dishonestly, saying that our action had resulted in the Government not having funds to meet expenditure and not having funds to meet the expenses on education, social welfare, and so on.

In fact, the Government knew only too well that the Resolution would definitely be passed in the Legislative Council today. I am not But please do not chide us for passing the buck. If we are able to vote down this Resolution, we would be prepared to assume responsibility for that. Regrettably, we are simply unable to vote down this Resolution today. I do believe that if we really have the power to veto the Government's Vote on Account Resolution or Budget, that would actually be a way to force the Government to come to the negotiation table.

I think Members must have heard what Premier WEN Jiabao said. He criticized this Government for lacking long-term planning, for not taking care of the underprivileged, and for not providing social security. In fact, the Government is a replica of the "N noes" — no sincerity, no commitment, no vision. It relies only on an obscurantist policy to govern Hong Kong. I think this is most regrettable, and very pathetic, too, as the Hong Kong Government has degenerated to such a sorry state.

On the other hand, President, disregarding whether we refrained from casting a vote or abstained during the vote here in this Council last week, we actually did discharge our constitutional duty. We had discharged this constitutional duty in that we had explicitly stated our attitude to call on the Government to continue to negotiate with us on the Budget. The Resolution was ultimately negated, but it is ludicrous that Members who were absent from the meeting appear to be not bearing any responsibility for this whereas those of us who attended the meeting to state our position are held responsible. They have even accused us of putting political interest above public interest.

In fact, the Government is putting its popularity interest above public interest now. In order to attack us, the Government has slung mud at us and adopted the obscurantist policy at all cost. This, I think, is precisely putting personal interest above public interest. So, I think the whole approach of the Government is grossly regrettable, especially as the absentee Members are shirking their responsibility and blaming Members who attended the meeting for abstaining during the vote. If they really consider last Wednesday's meeting so important, why did they not attend the meeting?

Some people said that we had not stated in advance our position last Wednesday. But what rule or constitutional duty is there requiring us to state

our position in advance? They did not attend the meeting and yet, they are blaming us for not stating our position in advance. Does that make sense at all? On the other hand, the Government met with the pro-establishment camp on Monday and told the pro-establishment camp on Wednesday how the \$6,000 would be handed out and they did not tell us anything about that either. Did we say anything to pass strictures on them? I did not utter a word to chide them, because whatever they like to do is their business. But they did not attend the meeting and nonetheless blamed us for not stating our position in advance, adding that there is a so-and-so convention. Speaking of conventions, President, the convention of this entire representative assembly is that the Government should be a government of all the people and that everything should be discussed in the Legislative Council. The handing out of \$40 billion is an issue of such enormous import and yet, it has not been discussed in the Legislative Council. Who is ruining this convention? It is the Government who is ruining it.

Therefore, the entire incident is indeed an instance of "a thief calling on people to catch a thief". President, I think the position of the pan-democrats is very clear. We call for a forward-looking Budget which encompasses long-term planning, so that we can solve the deep-rooted conflicts in Hong Kong, namely, many elders not being able to retire, elderly people in poverty making a living by picking cardboards for recycling, lower-to-middle-income families not being able to buy a flat because the HOS is not resumed, grass-roots families not being allocated public rental housing due to a lack of public rental flats, and so on. We need to address these problems. President, should we not leave no stone unturned to fight for more from the Government in these public interests? How can we leave no stone unturned to fight for more from the Government? I have only one vote, and all I can do is to use this vote to force the Government to negotiate with us. Did we do anything wrong? We are wrong only in one thing and that is, we do not have enough votes.

This is the problem of the institution. President, had we have enough votes, perhaps the Government would have been discussing this with us now, and we would have been able to discuss our three major aspirations with the Government one by one, rather than being told by John TSANG the other day that there would be no room for discussion. We could have succeeded. Like the case of the transport subsidy, we can succeed so long as we have enough votes. But if we do not have enough votes, we will not succeed.

It cannot be clearer that the Government knows only to secure votes or, more precisely, to canvass votes, rather than genuinely working for the long-term well-being of Hong Kong people. All in all, I think the Government is irresponsible. It is the Government who has put political interest above public interest.

Thank you, President.

MR WONG YUK-MAN (in Cantonese): Let the people decide their own well-being! President, on 9 March 2011, the Vote on Account Resolution proposed by the Government annually to meet public expenditure in the period between the start of the new financial year and the approval of the Budget was not supported by a majority of Members of the Legislative Council and hence negated for the first time in history.

The passage of the Vote on Account Resolution has always been a routine and involves no major controversy. But this year, it has surprisingly become a farce, and everyone is asking: Whose fault is this? First, the Government and the pro-establishment camp have dragged each other down, while the pan-democrats have taken the approach of perishing together with the enemy. Some people said that it is the Government to blame as it did not work hard enough to secure votes, resulting in its failure to obtain enough votes for the Government and the Vote on Account Resolution was hence negated. Even some pro-establishment Members who have long been supporters of the Government held this view. For example, Dr Philip WONG said, "I always drink with the reporters and Hong Kong members of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) in Beijing every year during the Plenary Session of the National People's Congress (NPC) and the CPPCC. How do I know that the Government does not have enough votes this year?" Mrs Regina IP said, "I went to the Southern District and then I had some private affairs to attend to. My apologies for that." She is, after all, a directly-elected Member and she is at least willing to apologize. She then added, "But the Government has never come to me to lobby for my support, so they also have to be held responsible." It transpires that there are times when even the pro-establishment camp does not do its best to defend the Government and shirks its responsibility. Another Member, Mr Abraham SHEK, said, "I was not in Hong Kong but the problem can be resolved as long as the Government can

reintroduce it for us to vote on it again." Mr Abraham SHEK has put it most frankly, and he also has the foresight to anticipate what is going to happen. It will surely be passed when it is submitted to us again today, isn't it?

These remarks of the three Members are cited from reports in the press. Unless their remarks were distorted in the reports, anyone who considers that there is a problem with what I have just cited is welcome to correct me. Thirteen Members, including those Hong Kong deputies to the NPC and Hong Kong members of the National Committee of the CPPCC, were in Beijing on that day. These "hand-raising machines" were in Beijing playing the role of a rubber stamp and as a result, the Government did not have enough votes.

Some people said that the pan-democrats should be blamed. The next morning after the Vote on Account Resolution was negated, Donald TSANG professed his "theory of sadness" most seriously outside the Church. He said, "Now that the Vote on Account Resolution was negated, it does not matter if no salary can be paid to us, but this will affect the payment of the 'fruit grant' to the elderly and the subsidies for Comprehensive Social Security Assistance (CSSA) recipients. In other words, the general public will bear the brunt." Mr Abraham SHEK said that the Vote on Account Resolution will be passed so long as it is submitted to the Legislative Council again. He is indeed far more honest than Donald TSANG who was primarily using this as an excuse to voice his views and seizing the opportunity to trample on the pan-democrats.

Recently, Financial Secretary John TSANG and our great Secretary Prof K C CHAN have jumped on the bandwagon in writing a blog. Heaven knows how many readers their blogs have, but through their blogs they took revenge in a high profile. They strongly condemned the pan-democrats for putting political interest above public interest, adding that it is indeed heartrending as the pan-democrats complacently think that they have won the battle, but sidestepped their responsibility. The Government's Budget has dropped a nuclear bomb on the political scene. What these buddies have done is infuriating to the Heaven and to the people and yet, they do not have to step down; nor do they have to be held accountable. They have not examined their conscience to find out the mistakes they made. Worse still, they have even slung mud at other people to show that they are innocent. This is indeed detestable.

Lastly, I must not leave out Members of the pan-democratic camp, especially the Democratic Party. They accused the Government of falling into a trance and the pro-establishment camp of absence from the vote, resulting in the Vote on Account Resolution being negated. This argument is indeed most absurd and ridiculous. If you were not intended to make a show of it, why did you claim a division? This is simple, and stop denying it. I have with me a long script in which your various remarks are cited, but given the time constraint and as I have a lot more to say, I just don't bother to dig at you. Since you claimed a division, that was a clear indication of your intention to make a show of it and when you had gone too far and the consequence went out of control, you kept on arguing vehemently. This Council is sometimes really weird and funny.

Some people asked, "What about the two of you?" I said, "I never take part in this vote. I was not in this Chamber that day and if I was here, would the situation of the Government not getting enough votes be even more serious?" On that day "Hulk" and I were attending a meeting on the people's livelihood in future and to be more specific, we attended a meeting of the committee set up to assess tenders for the cafeteria in the new Legislative Council Complex. I was watching the live television broadcast of the meeting upstairs and I found it so laughable. We always refrain from taking part in this vote, and anyone who looks up the voting result of each year will know that nobody has ever claimed a division and that this has always been a routine which will definitely be passed. Stop kidding! Their view is that they are not saying that the Vote on Account Resolution should not be passed, but they insisted on abstaining or refraining from voting even though they were in the Chamber as a further manifestation of their position of opposing the Budget. But what does it have to do with the Budget? What does it have to do with your position against the Budget? Can the purpose not be served by casting an opposition vote in the resumed Second Reading debate on the Budget? You simply do not know what you are doing. You backed off when you had gone too far in making show of it and then you hastened to explain that away. Members, is this not ridiculous?

While this could be a way to paralyse the Government and to show that you are fighting on to the very end, you just do not have the courage to do so. This is indicative of having no courage to put up a fight and no breadth of mind to make compromises. If your purpose is to dampen the spirit of the Government, the effect is extremely unsatisfactory. But then, public discontent has been aroused and there has been mockery from the public. Is it just impossible that the Government would not take the opportunity to trample on you even harder?

K C CHAN is a scholar and a man of gentle disposition. Whenever I make sarcastic comments on him, he simply dismisses them with a smile but on that day, he lost his temper, which he seldom does, as he pulled a long face at the press conference. I have known Prof K C CHAN for many years and seldom have I seen him losing his temper, but he did on that day. Even the professor flew into a rage, and the absurdity of the situation is imaginable. Policy-wise, my views are always different from his, and a case in point is the injection of over \$20 billion into the MPF accounts. On that day, I debated with him here in this Chamber, causing great repercussions, and everyone in town knows this. Some people think that I made a good point and they recalled that I had debated with him heatedly on the same issue in 2009. I questioned the principle of stipulating that the MPF benefits can be withdrawn only at the age of 65 or above. As a result, he has made a 180 degree-turn and almost come to his knees. Such being the case, I certainly will not pursue him any further. I do not like blowing my own trumpet in a high profile, saying that this change in his position has proved that what I said is right. I do not like to say these things. Similarly, I will not be as shameless as putting up publicity boards on the street declaring success in fighting for tax rebates and "cash handouts". The reason is just the same.

The SAR Government has just awakened from a dream. To be more exact, it is actually still in a dream. The pro-establishment Members were spending time with high-ranking officials and dignitaries in Beijing whereas we were here all alone by ourselves feeling distressed. They were keeping company with high-ranking officials and dignitaries in Beijing while the people here were all alone in distress. President, you were a bit better as you went to Beijing only after the end of the meeting. Quite on the contrary, the President considered going to Beijing to attend a meeting a routine, and this is most important. Under Article 104 of the Basic Law, Members of the Legislative Council swear allegiance to the Hong Kong Special Administrative Region of the People's Republic of China. They do not swear allegiance to the People's Republic of China and the Hong Kong Special Administrative Region. Buddy, go and take a close look at this provision of the Basic Law! They have gone so far as to say that the meeting of the CPPCC is more important, and I must get this off my chest. In fact, that meeting is but a routine. So, President, you are, after all, more intelligent in thinking that this meeting is more important, aren't you, President?

PRESIDENT (in Cantonese): Prof WONG Yuk-man, please come back to this Resolution. *(Laughter)*

MR WONG YUK-MAN (in Cantonese): As the Chief Executive has no political affiliation — I am sorry that I have deviated from the question under discussion as I speak; I am sorry, President, but this script of my speech has not deviated from the question — naturally there is no political vision born of fierce competition for the executive power among political parties and groupings. The pro-establishment camp is facing Beijing and turning their back on Hong Kong and worse still, they even said categorically that the plenary session of the NPC and the CPPCC is more important than the Legislative Council. The 10-odd pro-establishment Members who are Hong Kong Deputies to the NPC and Hong Kong members of the National Committee of the CPPCC went on a pilgrimage to Beijing one after another to the neglect of the \$60.2 billion Vote on Account Resolution which is of the utmost importance to the operation of the SAR Government from the angle of establishment. They have obviously forgotten what I have just said and that is, they swore allegiance to the "Hong Kong Special Administrative Region of the People's Republic of China" in the oath taken under Article 104 of the Basic Law when they took office as Members of the Legislative Council. Although the democratic camp has its so-called long-term policy, it has never been able to come to power and it has been facing a shortage of resources and withering talents and what is more, they are caught in an impasse strategically when no explanation, however reasonable it is, is possible, thus sliding into the "mud wrestling" of the Vote on Account Resolution. They really asked for this, and they have only themselves to blame. Playing tricks on "moustache TSANG" is one reflection of them, and going back on their words in the people's movement is another reflection of them.

I still recall that the Democratic Party announced on 24 February that a rally called the "Bauhinia Revolution" would be held on 6 March jointly with the Hong Kong Federation of Civil Service Unions and the Hong Kong Professional Teachers Union. They were really silly. Others called their revolution Jasmine Revolution and you called it Bauhinia Revolution. In doing so, Mr CHEUNG Man-kwong was indeed insulting the Jasmine Revolution. They urged the 180 000 civil servants and teachers who cannot benefit from the injection into the MPF accounts to take to the streets to oppose the Budget. What is the rationale? These people all enjoy this welfare, as they have MPF, provident fund and

retirement pension. This is obviously making a show of it. Mr CHEUNG Man-kwong even draw an analogy between them, saying that as the people all over the Middle East are fighting for their democratic rights, why can Hong Kong not speak up for itself? He said that Hong Kong could start a Bauhinia Revolution to protest against the coldness of the SAR Government but on the eve of the rally, Mr CHEUNG Man-kwong said that bauhinia would not be mentioned in the rally to be held on that day and that the focus would be place on opposition to the Budget. It was really an eye-opener.

Not many Members have spoken today but after I have finished, many Members will rise to speak. How good it is. At first somebody said to me outside the Chamber, "Nobody is speaking, Yuk-man, so go into the Chamber quickly if you wish to speak, or else voting will start and you cannot press the button in time." I was thinking to myself then that after I finished my speech, there would surely be many people speaking

PRESIDENT (in Cantonese): Mr WONG, you have deviated from the contents of the Resolution.

MR WONG YUK-MAN (in Cantonese): I know. Does the Democratic Party support or oppose the injection into MPF accounts? Does the Democratic Party want a revolution or not? Even if they want a revolution, theirs is not a genuine kind of revolution. They called on teachers and civil servants to take to the streets for their own benefits of a mere \$6,000 MPF injection and they even compared this to the democratic revolution for which the people in the Middle East have paid the price of their own lives. This is indeed a most inappropriate comparison and an instance of drawing an analogy but losing the real meaning.

PRESIDENT (in Cantonese): Mr WONG, what you are saying now is not relevant to the Resolution.

MR WONG YUK-MAN (in Cantonese): On 14 March 2011 — forget it. Mr Paul CHAN mentioned earlier the remarks made by our Premier WEN Jiabao. I originally wanted to imitate him and I think I bear some resemblances to him, and

anyone whose patience has not been tried would not be able to listen to him all the way until he finished. The pan-democrats have three major aspirations in respect of the Budget, which include universal retirement protection, resumption of the HOS and provision of more public rental housing (PRH), and increasing the recurrent expenditure on long-term social welfare services and education. How can these be achieved and when can they be achieved? In fact, all this can be resolved through fair, open and rational debates and through normal political interactions in civil society. This is actually a very simple principle and yet, they turned to the Financial Secretary for negotiation, asking him to resume the HOS and provide more PRH flats. These are two entirely different things. How can it be possible that the HOS be resumed and more PRH flats be provided in this year's Budget, buddy? I really cannot help feeling outraged as I go on talking about this.

Each and every proposal that we made to the Financial Secretary is related to the Budget but he simply pays no attention to us. An example is that in 2009 — K C CHAN was there too — we asked him to hand out cash to the people and pay out the \$6,000 MPF injections in cash, and we asked him not to beat about the bush and evade the core issue, and we further asked for the provision of an additional \$5,000. Remember all that? Our proposals nevertheless fell on deaf ears. We also called for an increase in CSSA payments, and these are all practical proposals. Resumption of the HOS and provision of more PRH flats? These issues require long-term discussion, and there is also the universal retirement protection

PRESIDENT (in Cantonese): Let me once again remind Members that we are not debating the Budget now.

MR WONG YUK-MAN (in Cantonese): they require at least a decade of discussion. As political absolutism has created an incompetent government and policies, the Vote on Account Resolution was, therefore, negated and then everybody was trying to pass the buck to each other. There is, in fact, still a long way to go before the Chinese people can really decide their own well-being.

Lastly, President, please allow me to cite a paragraph of the speech made by Vaclav HAVEL, a former President of the Czech Republic, in his New Year

Address in 1990 as an encouragement to all of us. The title of this Address is: "People, your government has returned to you!" In his speech HAVEL said, "When I talk about the contaminated moral atmosphere, I am not talking just about the gentlemen who eat organic vegetables and do not look out of the plane windows. I am talking about all of us. We had all become used to the totalitarian system and accepted it as an unchangeable fact and thus helped to perpetuate it. In other words, we are all — though naturally to differing extents — responsible for the operation of the totalitarian machinery. None of us is just its victim. We are all also its co-creators. Why do I say this? It would be very unreasonable to understand the sad legacy of the last forty years as something alien, which some distant relative bequeathed to us. On the contrary, we have to accept this legacy as a sin we committed against ourselves."¹

President, today, we are discussing this Resolution here, but since this Resolution was negated last Wednesday, different parties have made different comments but nobody is willing to take the responsibility. Politically, it is all because we have continuously tolerated such an incompetent government born of political absolutism, and worse still, a government which governs ineffectively, that each and every one of us must be held responsible for this incompetent government and for the incompetence of this Council. Thank you, President.

MR ALBERT CHAN (in Cantonese): President, the farce of the voting down of the resolution to seek funds on account last week has fully reflected the absurdity of the entire making of the Budget and the administration of the Government.

The whole process of the making of the Budget is very largely a black-box operation. After the relevant people in the Government closed the doors, there is just no way for us to know how many research studies the Central Policy Unit has conducted or how many reports it has submitted to the relevant government departments for reference and formulation of policies.

Every year, the Financial Secretary meets with Members of various major political parties one after another in all seriousness to consult their views. But Mr WONG Yuk-man and I were not invited to the meeting because it clashed

¹ <http://old.hrad.cz/index_uk.html>

with our schedule. But later, when we wished to arrange for a meeting with the Financial Secretary at another time, we were rejected. President, this is most ridiculous. When he, being the Financial Secretary, wanted to consult Members' views, it is impossible that we cannot see him if, after he has fixed a meeting time, we cannot meet with him at the specified time, right?

So, during the entire process of formulating the Budget, he had been selective in lending his ears to only one side. In the absence of a clearly defined scope of consultation and policy direction in respect of the general direction of the Budget and the relevant arrangements, major political parties and organizations, therefore, put forward views to their own liking, whereas the Financial Secretary was like a person who dispenses medicine as he took in some views here and some others there, and after the publication of the Budget, some political parties joyfully said that the Financial Secretary had accepted certain views put forward by them and then this person said that he had successfully fought for something while that person said that he had successfully fought for

PRESIDENT (in Cantonese): Mr CHAN, we are not debating the Budget now.

MR ALBERT CHAN (in Cantonese): President, they are related. This is related to the rejection of the Vote on Account Resolution, because the three major aspirations of the democratic camp are precisely related to whether or not the demands they made in respect of the Budget are accepted. They said that as they did not accept the Government's Budget, especially the proposal of handing out \$6,000, they decided to vote against the Budget in protest. Moreover, one of the reasons for their decision to vote against the Resolution is that the Financial Secretary had met with those so-called pan-democrats — some are bogus democrats — before that meeting in which the Resolution was negated and owing to his bad attitude, some Members, who might have a revengeful mindset, therefore sprang a surprise attack by vetoing the Vote on Account Resolution.

So, as we can see, the vetoing of the Vote on Account Resolution by some so-called pan-democrats — some are bogus democrats — is actually closely related to the formulation of the Budget.

When we discuss the arrangement for and intention of seeking funds on account today, we must first make an interpretation and a critique of the entire formulation of the Budget. President, why do we have to make a critique of it? Because the Budget is an important reflection of the entire system of public finance management. For instance, many pan-democrats have stated that the Financial Secretary lacks vision. I think they actually do not quite understand this Financial Secretary, or the strategy of this Government in public finance. In fact, the Budget is precisely a reflection of his philosophy and way of thinking in fiscal management and in a nutshell, it is "big market, small government". Many so-called pan-democratic Members, and just as Mr LEE Cheuk-yan said earlier, have requested the Financial Secretary to make a pledge to provide a clear and specific vision in the Budget and clarify certain policies, such as how the long service payment or pension will be handled. However, this Government led by this duo surnamed TSANG (that is, the Government under Donald TSANG and John TSANG) will not accept this way of thinking because their so-called vision is to let the market decide everything

PRESIDENT (in Cantonese): Mr CHAN, I think you should leave these views to the Budget debate to be held next month.

MR ALBERT CHAN (in Cantonese): President, you did not stop Mr LEE Cheuk-yan when he talked about this point earlier, and I am trying to respond to the criticism made by Mr LEE Cheuk-yan earlier about the lack of vision. In this connection, I wish to point out that some pan-democratic Members opposed the funds on account because the Budget lacks vision, but this is actually wrong in terms of theory and logic. Some pan-democratic Members will again vote against or abstain during the vote on the Vote on Account Resolution and, according to their position and arguments just explained by them, they were mainly saying that the Financial Secretary's Budget lacks vision. I wish to point out that the vision of the Financial Secretary is different from their vision. So, I think their argument of the Financial Secretary lacking vision is actually wrong. I am not defending the Financial Secretary. I only wish to point out that arguments presented in any discussion should be clear and well-founded. It does not matter if we hold different opinions, and it does not matter for us to have different values and perceptions. But criticisms made must be founded on facts.

President, concerning this Resolution seeking funds on account, Mr WONG Yuk-man and I did not take part in the vote last week. As Mr WONG Yuk-man already explained, the two of us boycotted the vote and we were out there in the Ante-Chamber at the time. First, it was only when last week's vote was about to be taken that we learnt about this action from indirect sources. President, we learnt about it only from indirect sources, and nobody from the democratic camp or anyone else had told us who would abstain or vote against the Resolution, or which group of Members would take actions collectively. The two of us had never been informed of this action. Moreover, we considered that whether or not a government policy would be passed should be the duty of the pro-government camp. Of course, as we play the role of Members of the Legislative Council and stand by the position of being representatives of public opinions, we certainly have to state an attitude on certain policies. But the vote last week turned into a struggle of political manoeuvres between the pro-government camp and some pan-democrats and bogus democrats. It is not a struggle underpinned by discussion and reasoning; nor is it a struggle concerning public interest. They did it purely for the sake of political manoeuvring and for showing their attitude or dissatisfaction with the discourteous attitude of the Financial Secretary when he met with them some time ago, resulting in an emotional reaction in them and causing them to vote against the Vote on Account Resolution. In view of this, we considered that at a time when the question at issue might not necessarily bear any direct relevance to public interest and when the arguments were extremely confusing, we should refrain from taking part in this farce.

This is why we boycotted the vote last week and we will again boycott the vote to be taken today. The reason is simple. Because we consider that the fiscal principle and philosophy of the Government — though I said just now that the Financial Secretary has a vision — and that is, the so-called "big market, small government", including what he said about a "big society", are basically still leading Hong Kong's public finance in a wrong direction. Members can see clearly that the overall philosophy of fiscal management still suggests that the market controls everything. In other words, the major consortiums and major property developers are in control of everything while members of the public will be made to bear the consequences. As I pointed out in the debate last week, the funds on account are necessary to meet the actual operational needs on the finance front, which cover many basic needs of the grassroots and the

disadvantaged groups. So, based on this argument, there is no reason for us to oppose these funds on account.

President, opposing the Budget and opposing the allocation of funds on account are actually two different matters. Many people do not understand why this Resolution seeking funds on account should not be opposed when the Budget should be opposed. As I have just explained, opposing the allocation of provisional funding will affect some items of expenditure payable from the public coffers, including the relevant services required by various social groups.

However, opposing the Budget is an expression of the attitude of denial and opposition to the relevant persons who are ruling Hong Kong or the Government. This is also an expression of opposition to their philosophy of governance and approach of governance, especially the philosophy and values of public finance management.

Furthermore, under the existing mechanism of the political system, if we can successfully vote down the Budget, the Financial Secretary would have to come to the Legislative Council again to deliver a Budget speech. So, this is a way to force the Financial Secretary to revise the Budget. If the revised Budget is again voted down when it is reintroduced to the Legislative Council, there would be a constitutional crisis as the Government must dissolve the Legislative Council and hold an election. This is precisely a crucial principle and objective of voting down the Budget.

It is only through election and the dissolution of the Legislative Council that Members can have the people's mandate or be given the people's mandate once again in handling the philosophy and principle of public finance management. This is very important. Just as what happened when we initiated the "*de facto* referendum in five geographical constituencies", some bogus democrats had flinched in the fight for democracy

PRESIDENT (in Cantonese): Please come back to this Resolution.

MR ALBERT CHAN (in Cantonese): and engaged in black-box operation with the Communist Party, making backroom deals and betraying the voters.

PRESIDENT (in Cantonese): Mr CHAN, please speak on this Resolution.

MR ALBERT CHAN (in Cantonese): I am explaining why we would cast an opposition vote on the Budget and in voting against it, we would speak sternly against it out of a sense of justice and firmly oppose it in an open and aboveboard manner. But when it comes to the passage of the Vote on Account Resolution, we take a different attitude. I only wish to explain this.

Many members of the public do not understand these two principles. During this past week many people in the districts have asked questions about this and in the course of discussion, they entirely did not understand it because the media's explanation is far from clear, making the public feel very confused about the relationship between funds on account and the Budget.

Lastly, President, I wish to point out that if, in respect of the handling of the Budget, the Government does not make comprehensive improvements procedurally and to the approach taken, I can tell the Government that farces may take place continuously and these farces will more and more often bring shame on the Government. On the question of funds on account, Mr WONG Yuk-man and I will again boycott the vote today. Thank you.

MR FREDERICK FUNG (in Cantonese): President, although the Budget may not be directly related to this debate, it is related to my position or attitude on voting. So, my speech will be related to it.

President, first of all, the Vote on Account Resolution was negated at the last meeting with 17 votes in favour of it, zero vote against it, 14 abstentions and four attending Members not casting a vote. Of course, is there actually a problem with the system itself? What I mean is that even though no Member voted against it, the motion was not carried all the same. So, in terms of how the voting result is worked out, our system may be different from that of other parliamentary assemblies. Some parliamentary assemblies do not count

abstentions or the number of Members who are present and do not cast a vote, but under our system, it is possible for a motion not to be passed even though there is no vote against it.

Second, is the result really so shocking or frightening? Or, is it that as the Chief Executive and Secretary Prof K C CHAN have said, those Members who voted and those who did not vote have caused the well-being of the people, the salary of civil servants, the well-being of CSSA recipients and recipients of the old age allowance to go down the drain. From the voting result that we are going to see later, we can tell whether we had gone too far in what we did or they had gone too far in what they said. In fact, we did not go too far in what we did, but they did go too far in what they said. When I said that we had not gone too far in what we did, I mean the different attitudes of Members in casting their votes should be a choice made by Members themselves. They can cast a supporting vote, an opposition vote, an abstention or they can refrain from casting a vote even though they are present. We vote according to our own position, attitude and values. This is how we make a decision.

Furthermore, I had also assessed the consequence. Even if I voted against the Vote on Account Resolution, resulting in the Resolution being negatived, the Government could reintroduce it within a week. Could it be that the Government would stop paying civil servants and stop paying the CSSA payment and old age allowance during this week? How come the people's well-being is put above the voting result? To some extent, I am being polite in saying that they had gone too far in what they said. The Government actually wants to exaggerate this matter in order to frighten the public, prompting the public to put pressure on us. I think we have rightly observed the rules whereas the Government has resorted to heterodox means.

The Chief Executive and the Secretary then said that the Vote on Account Resolution could always pass through this Council before and asked why it was negatived this time around, pointing out that it was also the case during the era of British rule. I found this very strange. Compared to the Legislative Council during the era of British rule, this Council has changed in many ways. In the past, we must put on a suit and a tie. Now, we can "dress casual" and in saying "dress casual", I mean clothings such as T-shirts on which slogans are printed all over them. I was ordered for the first time by the President not to bring with me a sword into this Chamber. My opposition at the time was directed at the Land

Development Corporation being given an "imperial sword" that enabled it to take actions without prior approval, and the motion was about this issue on that occasion. No sooner had I come in with the sword than I was told to put it away. Now, everything can be brought into this Chamber. Not only can we bring objects into this Chamber, there have even been cases of throwing objects at other people. What has the Government done? Why is it that something that was not allowed during the era of British rule is considered acceptable now? Actions taken against British rule or for overturning the British rule are allowed and yet, they are saying that Members abstaining from voting or refraining from voting would never happen during the era of the British rule! Will the Government please ask itself what it actually means in saying this?

President, I have to talk about why I did not vote last week because of the Budget. I think it is all because of the Budget that I made this decision. Therefore, I must talk about the Budget which is the reason why I did not vote. We all have put forward views on the Budget to the Government. I have also submitted to the Government the proposals consisting of several thousand words made by the Hong Kong Association for Democracy and the People's Livelihood (ADPL), setting out our views on various proposals and explaining which items of expenditure should be increased and which should be reduced, as well as how public funds should be utilized. We have divided the Budget into two parts. One is related to one-off relief measures, and the Government has implemented most of them. I understand that other political parties have also put forward proposals, such as a two-month rent waiver. I also proposed a 75% reduction of salaries tax and a cap at a certain amount, and I suggested a subsidy for the electricity tariff. Moreover, we also mentioned long-term measures, including universal retirement protection, resumption of the HOS by the Housing Authority, and issues relating to the population policy — Given an ever growing elderly population, it is necessary to address the problem of elderly people not being allocated residential care places after waiting for 42 months, and even the problem of more elders having died while waiting than those being allocated places in residential care homes. These are exactly the problems that the Budget has refused to address and refused to face.

Therefore, we consider that with regard to the long-term problems, the Government has remained indifferent to the issues debated and passed in this Council over the years. Even Premier WEN Jiabao in Beijing is aware of this and expressed views in a few words which hit the nail on the head and yet, the

Government simply does not feel anything about it. As the Government does not feel anything about it, we are dissatisfied with the Government's Budget. The Budget used to be debated in February and now, due to the meeting of the NPC or the CPPCC, it can be put to a vote only in April which transcends the financial year and makes it necessary to seek funds on account.

To me, if I am not happy with the Budget and if I do not support it or if I oppose it, will this also affect the Vote on Account Resolution? Members can take a look at the parliamentary assemblies in other countries. Whether in the parliamentary assembly of Japan or that of the United States or the United Kingdom, if a member does not agree to a proposal, he will oppose not only this proposal but also all the other proposals. Japan is most famous for the "cow walk" strategy, whereas in the British Parliament, Members knock on the benches with their shoes. The case is the same in France. As long as it is a major issue which concerns the well-being of all the people, and if the government pays no attention to it and does not act in line with the wish of the people, is there anything wrong for members to have this reaction?

Another type of problems is the core conflicts, which are not addressed in the Budget. Such problems as collusion between the Government and business, hatred towards the rich and market dominance do not exist only now in Hong Kong. We expect the Budget to reflect these problems and strike a balance among them by, for instance, developing more economic platforms. Although the Government has proposed the development of the six priority industries, no progress has been made over the past two years. While this proposal sounded as if actions would be promptly taken, no progress whatsoever has been made. No platform has been developed for any of these industries to take them forward in a way similar to or close to, if not the same as, the system developed for the real estate sector and the financial services sector. Has there been any initiative taken by the Government for their facilitation and development? Why is there hatred towards the rich among the people? Even if the Chief Executive and the Secretary have no selfish motive, the policies and systems have made people feel that the Government is biased in favour of the business sector, including the major enterprises or participants in the business community. There is this feeling among the public. Market dominance means that the market is given a completely free hand. Buildings are developed by the market, but we must bear in mind that buildings are not only commodities for speculation, but also a basic need in the people's living. When the basic needs in the people's living are

handled by the market and all that the market cares about is making money as they have categorically said that they are listed companies and that they need to make such consideration, what will happen to the people's living? When the market is doing this, is it not necessary for the Government to intervene?

PRESIDENT (in Cantonese): Mr FUNG, I heard your explanation just now, but please save these views for the Budget debate.

MR FREDERICK FUNG (in Cantonese): I understand. Although this may not necessarily be directly related to the Vote on Account Resolution, there is an indirect relationship between them.

With regard to "big market, small government", my understanding is that it means "facilitation only, no intervention". This is tantamount to offering the entire society to the big market for its handling and management. But the market is unwilling to do anything which is not profitable. We have all along advocated that the Government should "participate first and then withdraw". The "big society" mentioned by the Financial Secretary carries this implication, but the "big society" that he referred to is a "big society" shrouded by "big market, small government". This is a bogus "big society". The "big market" is still bigger than the "big society".

Therefore, if the Government does not address the long-term problems and the core conflicts but asks us to approve its funding application, I, being a Member, certainly have to express my dissatisfaction at this juncture. Moreover, I did not vote against it, which is the most extreme way of the four ways to vote that I mentioned earlier. I only chose to embarrass them, because attending a meeting but not voting stands for a "dim colour"² (瘀) and it means that we are "turning purple", and this is a manifestation of an attitude. By doing this, the four Members of us (Mr LEUNG Yiu-chung, Mr LEE Cheuk-yan, Mr CHEUNG Kwok-che and myself) hoped to tell the Government and remind the Government that this voting result is a reflection of our dissatisfaction with the

² The word "瘀" as in "瘀色" (meaning dim colour) is a colloquial expression meaning to cause embarrassment.

Budget as it has completely neglected the long-term problems and core conflicts. These problems are still not addressed even after the changes or amendments.

President, regarding this vote to be taken today, to myself or to the four of us, I believe our attitude will not change because of a few comments made by the Chief Executive and the Secretary to chide us over the past week; nor can they, by saying a few words to tick us off, sow discord among the public, making them think that wages, CSSA payment and the "fruit grant" will not be paid as a result of what we did. This is not true. They are deceiving the people. The Resolution is being passed only seven days later, so how can it be possible that no wages can be paid? We are not even in April now.

Our attitude is not going to change because of the pressure exerted by them or by public opinions. However, I have a new idea that I would like to explain here incidentally. The ADPL and I have always hoped that the Chief Executive, the Secretary and the Financial Secretary can seriously review and work on the long-term problems and the core conflicts that I mentioned earlier. As long as the Government has the determination and tells us before the vote that it will at least resolve one of the long-term problems or core conflicts — So long as it can declare that it is going to address it whether by resuming the HOS, introducing a universal retirement protection scheme and implementing long-term residential care service schemes for the elderly or people with disabilities, which means moving from a state of having no plans to one of drawing up plans, or taking steps to address the problem of collusion between the Government and business with the Government being tilted to the business, the problem of hatred towards the rich, and so on, we can further discuss with the Government as to how that vote can be cast. But if the Government makes no changes at all and only maintains the *status quo*, there is nothing that we can do. In that case, whether in the vote on the Budget, or when petitions and rallies are organized, or even in the debate on a motion of no confidence that the Democratic Party may possibly propose in future, we simply cannot support the Government.

I hope that the Secretary can tell the Financial Secretary and even the Chief Executive that the Government can brook no delay in tackling the long-term problems and core conflicts in Hong Kong, which must be addressed and discussed expeditiously. As the vote has caused a furore revolving around the Budget, it is time for the ruling team to conduct a review expeditiously and put forward new proposals. I do not wish to see that the Chief Executive would need to be told by Premier WEN Jiabao about what we should do and then the

Government will do what it is told to do only after that. In accordance with the general direction of Hong Kong people ruling Hong Kong, I, being a member of the Hong Kong public, hope that Hong Kong people (including the Chief Executive, the Secretary, the Financial Secretary and Members) will have enough wisdom to deal with the internal problems of Hong Kong.

Thank you, President.

MR LEUNG KWOK-HUNG (in Cantonese): President, last week, I was working in my office, so I was not present to vote. At that time, I expected the Vote on Account Resolution to pass but it turned out to be a miscue. Of course, this miscue was a farce. What I want to say is that I fully understand how the conservative camp, or royalist camp, felt on that day when the miscue happened and I also know that at that time, some Honourable colleagues hoped to use that opportunity to express their opinions with their opposing votes. I think this tactic may not be clever, but I cannot say that it was wrong.

I have said many times that I do not know why Donald TSANG keeps rattling on about how he is pained by the public's lack of money to make ends meet. I have asked him, and it seems I have also asked the Secretary if, since they like to dine at the Yung Kee Restaurant so much, they have ever noticed that every night, two old women would be collecting cartons at the rubbish bin outside the Yung Kee Restaurant and every night, they can only collect nine dollars' worth of cartons? Is the Chief Executive not concerned about the fact that they have no food for meals? They have to go without food for long periods of time. The crocodile tears shed by Donald TSANG I remember that at that time, when he made those remarks, his back was turned to the church. At that time, he was speaking to a group of people. He still has some conscience left because telling lies before God is a great sin but deceiving mortals is a lesser sin. All those were crocodile tears. I often tell officials to go and have a look at Yung Kee Restaurant. Secretary Prof K C CHAN, have you ever dined at the Yung Kee Restaurant? I have told them four years in a row to go and ask the old woman if she has anything to eat. Maybe they need venture to that faraway spot. Just go to the Government Central Offices and ask the elderly people working for them in the pantries how old they are and why they still have to work there and that would do.

An elderly person said, "Mr LEUNG, you must seek justice for me." I asked him why. He said that insurance companies would not let him take out labour insurance, so he could not continue to work even though he wanted to. I asked him why he did not go home and enjoy his golden years. He said, "Mr LEUNG, you really do not know how ordinary people lead their lives. Enjoy my golden years? In that case, I can only eat thin congee for my meals." If people like the Chief Executive really care about the elderly people in Hong Kong, they should pay attention to this sort of remarks. Wherever I go, I can hear such remarks and whenever I walk in the street, I can observe such instances. It all depends on whether or not you are a sympathetic person and whether or not you make observations carefully.

In political struggles, some people reminded him to be compassionate to the plight of the general public but he dismissed such reminders and even said that he was making endeavours for the sake of the poor. President, have you ever heard cats say that they would make endeavours for the interests and well-being of mice? Of course not. This is one point.

Perhaps I can use another analogy: An eagle is an eagle, and a fly is a fly. Although an eagle may fly lower than a fly for a moment, a fly can never fly as high as an eagle, so this is very clear.

If a tactic is wrong, that is, if a battleground not favourable to one's side is chosen for an ambush, in that case, should one lose the battle, one should just run. Chairman MAO also said that if one lost a battle, one should just run. This is guerilla warfare. However, what I wish to say is — I know the Secretary is feeling very impatient. I wish to cite an official document, so that my speech can have some legal basis because I know that we all have developed the affliction of word idolatry. Let me quote Article 51 of the Basic Law, "If the Legislative Council of the Hong Kong Special Administrative Region refuses to pass the budget introduced by the government, the Chief Executive may apply to the Legislative Council for provisional appropriations. If appropriation of public funds cannot be approved because the Legislative Council has already been dissolved, the Chief Executive may, prior to the election of the new Legislative Council, approve provisional short-term appropriations according to the level of expenditure of the previous fiscal year." (End of quote) I do not know if this Article is applicable to the present situation. If we succeed in ambushing him on this occasion, can he invoke Article 51 to approve provisional

appropriations? He can approve provisional appropriations, so he does not have to say with a sorrowful face, "Oh no, the provisional appropriations could not be passed, so that old woman collecting nine dollars' worth of cartons outside the Yung Kee Restaurant every night has to go without food. It was 'Long Hair' who made her go without food, so I am really worried." Donald TSANG, please go to the Yung Kee Restaurant and look for me there tonight and I will take you to that old lady. There is no need to talk so much, Donald TSANG, just go to the Yung Kee Restaurant tonight and if I cannot find 20 persons who need your help, I, "Long Hair", will not work as a Member anymore. Moreover, I will only look for these people at random. President, you can also be the witness, so that he cannot lie at the back of Our Lady.

In fact, at present, there is already a mechanism to deal with this kind of situation, so there is no need to be alarmed. What did Members actually do on this occasion? Members did something untimely. The Government has already prepared the whole Budget, so why are they still talking with it about other things? This is like a father addicted to gambling and whoring, who says, "I have made an arrangement. Today, I am going to the casino to have a great time and you two, mother and son, will have four dishes and one soup at home. Usually, you can only have three dishes and one soup or two dishes and one soup. Everything has been arranged and now you want me to make changes at the last minute. How can I do so?" Of course, it is not possible to make changes at the last minute. However, did this father call a family meeting? Did it ever occur to him that his addiction to gambling and whoring is wrong? Did it ever occur to him that it is simply not right to leave his wife and son at home with nothing to eat while he goes gambling in the casino? This is where the problem lies.

Under the British system — of course, the British created the troubles, did they not, President? We have all gone through that era and know how it was like. The Governor sent by the United Kingdom served as the President of the Legislative Council and sat here, calling on all those people for a meeting I am explaining why there are such differences in the system. At the beginning, there were unofficial Members and ex-officio Members, in sum, various types of Members and all of them were sinecures. Every Wednesday, they would come here for a chat and voice some views, then go to the cricket club next doors — in the Movement Against the Violence of the British, many people were beaten up there — to watch the "gwai los" roll their bowls.

PRESIDENT (in Cantonese): Mr LEUNG, you are speaking eloquently but I cannot see how your comments bear any relevance to this Resolution.

MR LEUNG KWOK-HUNG (in Cantonese): Therefore I am talking about the "policy speeches" of the Governors of Hong Kong, that is, the speeches given by them to the Legislative Council concerning the policies that they were going to introduce. In fact, he was giving an account to his advisors and the wise people or not-so-wise people appointed by him. Of course, as a formality, those Members had to thank the President of the then Legislative Council and voice some grand opinion and that was it.

Therefore, the Legislative Council of the past could not really interfere with the administration by the Governor of Hong Kong. One of the subordinates of the Governor was the Financial Secretary and he published budgets on behalf of the Governor. Someone said that I had gone into the wrong room, saying that I should live in the bedroom and asking why I had gone into the study. Gone into the wrong room? Both rooms are not right. This is very simple. If our

PRESIDENT (in Cantonese): I do not understand what you mean by bedroom and study.

MR LEUNG KWOK-HUNG (in Cantonese): that is, having gone to the wrong place. There is no reason for one to read in the bedroom and sleep in the study.

Talking about the Budget, if we could really negative the Budget if the Chief Executive were to feel guilty because the Policy Address was negated and wanted to resign in accordance with the Basic Law, just like a Governor of the past going back to the Colonial Office to tender his resignation in accordance with the Letters Patent, in that case, we would not have to say too much to the Financial Secretary because a "policy speech" deals with policies and a budget is only designed to deliver on those policies.

If we could negative Donald TSANG's policy address here right at the beginning, he really would tremble even more than Elvis PRESLEY did and there would have been no need for me to hurl things at him.

PRESIDENT (in Cantonese): Mr LEUNG, we should be discussing this Resolution.

MR LEUNG KWOK-HUNG (in Cantonese): What I mean is: You said that other people have gone into the wrong classroom

PRESIDENT (in Cantonese): You have digressed from the Budget to the Policy Address.

MR LEUNG KWOK-HUNG (in Cantonese): No, no. I must explain this because this is a General Studies subject, so I have the duty to do so.

They said that other people had gone into the wrong room. Concerning the "policy speech", if we had the power to according to the Basic Law, when a budget or bill is tabled before the Legislative Council and is not passed, the Chief Executive can dissolve the Legislative Council. Therefore, had we really had the power to negative a policy address, we would have given him trouble at the stage of the policy address first of all. This is only too obvious.

However, now we cannot do so because the Chief Executive is protected and we are ignored. It is for this reason that we say the Chief Executive is not listening to our views and that we only have one chance to express our views each year, that is, to veto his policy address by voting against the Budget, thus voting against his proposals and boycotting him. This is the cause of this incident.

Many "ninth-rate" commentators like Mr Robert CHOW Yung said that I had gone into the wrong room. Does he actually know anything?

According to Article 51 of the Basic Law, the Chief Executive has prerogatives. Like the Governors of Hong Kong of the past, when the Chief

Executive sees that something is going amiss, he can approve provisional appropriations on the ground of maintaining his administration.

PRESIDENT (in Cantonese): What you have just said is still about the Budget. We should be discussing this Resolution.

MR LEUNG KWOK-HUNG (in Cantonese): I understand.

PRESIDENT (in Cantonese): We are not discussing the Budget.

MR LEUNG KWOK-HUNG (in Cantonese): Fine. Therefore, President, you are really clever. Why are you still so alert as to know that you are still in the room, even though I have taken you on a stroll in the garden? I know that you are a fair person, so fine, I will come back to the Resolution now.

Last time, Members of the pan-democratic camp abstained from voting on the Resolution and this means they wanted to vote against the Resolution. In fact, they know clearly the meaning of abstention. When reporters asked me, I also said, "If someone gave you food in a contemptuous manner, you will get stomachache even if you choose to eat it." Such an incident of miscue can happen only once. After the Members concerned came back, there can be no more miscue. On the last occasion, Members of the pan-democratic camp stated their stance. Today, this Resolution is tabled before the Legislative Council again and the defenders of the Government have come back, so everything will be fine now. In that case, why is it necessary to distort the facts further?

However, President, I am not going to waste time because there are only five minutes now. I wish to point out that no matter how we talk, what Members cannot see is: In physics, what determines the voting decisions in this legislature is President, you have had training in science and you know that in physics, of course, the votes are counted one by one but what actually matters the most? It is the forces behind the ballots. The legislation on Article 23 of the Basic Law was being taken forward at full steam ahead and it was stated explicitly that it had to be passed, but when the legislature exposed the

whole design of the Government, the forces outside the legislature changed the voting inclinations in the legislature. That was where the key laid.

All the things I do here are intended to serve a completely new platform, that is, to serve the mass movement outside the legislature. This is my belief. It is based on this belief that I hurl things at him and it is also based on this belief that I raise my hand in support of him. This is also the case when I raise my hand in opposition to him, when I upbraid him, praise him, speak in English and speak in Chinese. I am never equivocal.

President, let me tell you this. There are now 113 young people sitting on the road outside the Legislative Council Building and they highlight the problems to which the Government must pay attention. The Government has managed to secure a sufficient number of votes here, but can it win the hearts of over 1 million young people? It has managed to ensure a sufficient number of votes here but can it win the hearts of several million labourers? It has managed to ensure a sufficient number of votes here, but can it win the hearts of hundreds of thousands of helpless elderly people?

President, you may find yourself look very handsome in front of a distorting mirror, but are you really handsome? This is where the problem lies. You are right in saying that universal suffrage is like an ocean. I remember that you once talked about universal suffrage here. Now let me cite the remark made by you, President Jasper TSANG: Universal suffrage is like an ocean, so how can we predict it?

Let me tell you, the political platform and rubber stamp created by virtue of distorted votes at the polling can certainly let you have your way for a while. However, this rubber stamp and distorting mirror only hide the ugly face of the master. In fact, he is suffering from liver cancer and is done for. But now, he cannot see anything and in fact, this is leading to his ruin.

Today, Dr Philip WONG is still talking merrily after a couple of drinks, but the Government is perhaps feeling a headache. He would rather go drinking than be a rubber stamp, so there were not enough votes. Since this system is already so corrupt, why is it not changed?

President, here, I have to speak for those Hong Kong people who cannot vote here. They say that we are the opposition — I have to point out that we are

the opposition, an opposition that is founded on the grassroots and on the opinions of the Hong Kong public. However, our opposition is well-grounded. We oppose a corrupt system that allows the Government to make use of rubber stamps to implement a budgetting system that defies public opinion and builds the happiness of a few on the suffering of the majority. We are upright and absolutely have no fear.

Mr WONG Yuk-man cited the words of Vaclav HAVEL of Czechoslovakia and I also wish to cite the words of a Czech writer, Julius FUČÍK, who said, "People, I love you! You had better guard ah!" These were the words he said to his compatriots before his death and before he was sent to the gallows by the Nazis. I think this remark made by Julius FUČÍK inspired the great writer whose words Mr WONG Yuk-man quoted because he was his forerunner.

Thank you, President.

MR ANDREW CHENG (in Cantonese): President, last week, this Resolution under the Public Finance Ordinance was not passed and the pan-democratic camp is described as "having played a game that went too far". First, I want to add a footnote to and debate the phrase "having played a game that went too far".

First, I was not present to cast a vote on that day and I have to explain why. It is because I was "waiting". When I spoke that evening, I hoped that in the next month, some changes could be made to the Budget, so I refrained from being present or voting, nor would I support this Resolution under the Public Finance Ordinance. If I had been present that day, I would have had no choice but to cast an opposing vote.

On "having played a game that went too far", I think that we in the pan-democratic camp — at least, in my impression — the great majority of Members were inclined not to give their support, so how can it be said that we were "playing a game that went too far"? If Members had expressed their support in their speeches, singing praises from time to time but during the vote, on seeing that the number of votes supporting the Government was not sufficient, had decided to play a game with the Government by casting opposing votes or

abstaining, so that the Government's Resolution could not be passed, that would have been "playing a game that went too far".

Often, I think the ones who played a game that had gone too far were perhaps the Secretary or the Financial Secretary, who had been drinking too much and had become befuddled, failing to count how many votes they would get. It was the pro-establishment camp, supporters of the Government, who did not have enough votes to support the Government, so why do they turn around and accuse the pan-democratic camp of "having played a game that went too far" instead? After that, the Chief Executive came out to say, with tears brimming in his eyes, that he felt very saddened and for the well-being of elderly people, CSSA recipients and the public, he inveighed against the pan-democratic camp for doing such a wrong thing, telling us to reflect on it. However, how do we treat the elderly? How do Government's policies treat the elderly? The Chief Executive did not ask how the Government's policies were like, instead, he turned around and made accusations at the pan-democratic camp.

Next, after Premier WEN had spoken, the Government immediately issued a statement, saying that the Government had already done a lot. Therefore, President, my conclusion is that the voting down or non-passage of the Resolution under the Public Finance Ordinance has made me agree all the more with the accusations relating to the "N noes" directed at the Government because just now, many Honourable colleagues also said that the Government had not shown any commitment or taken any measure. I think that the Government, in issuing a statement as soon as Premier WEN had spoken, gave me the impression that it is incompetent, ignorant and unrepentant.

I said that it is unrepentant because apparently, the Government wants to tell and even rebut Premier WEN, saying that the Government has done a lot rather than doing nothing. By "incompetent", I mean the Government has made an about-turn, giving us the impression that it knows not what it is doing. By "ignorant", I mean that the Government thought that it had enough votes in the legislature, then it shifted the blame onto other people.

I think that, having come to this pass, this Government has made the relationship between the executive and legislature hit the bottom. Of course, one can say that this is not so because the relationship between the Government and the pro-establishment camp is very cordial and pleasant. However, when it

comes to the relationship between the executive and the legislature, it is necessary to compromise in politics, that is, it is necessary to have the wisdom and craft to reach compromises with dissenters. However, in reality, this is not so. The Government will only have discussion with those Members whose votes can constitute majority support for it in the legislature, but when it comes to discussions with us, it looks as though it were completely a "human voice recorder". I think herein lies the problem.

President, I do not wish to devote my mental energy to this aspect and become agitated. I also understand that the President has to enforce the Rules of Procedure and does not want the debate on the Resolution under the Public Finance Ordinance to involve too many issues relating to the Budget. This I understand. However, this really cannot be helped because last week, there was some pent-up anger that must be vented before one could feel better. However, today, I do not wish to be repetitive because just now, the President also asked many Honourable colleagues not to touch on too many things concerning the Budget. I can only refrain from overstepping the line by all means, but I hope the President will also understand that when several Honourable colleagues spoke earlier on, they also overstepped the line and the President also reminded them with smiles.

In the remaining time, I only wish to tender a piece of advice to the Government on its handling of the Resolution under the Public Finance Ordinance. Even though we are debating hotly, I do not wish to make the Hong Kong public think that a lot of disturbance has been caused to them and criticize the legislature, querying what we are actually doing here. Then, we are also accused by the Government of "playing a game that went too far", wasting time, denying the Government of the money to pay civil servants their salaries and paralyzing the operation of the Government. President, the passage of the Resolution under the Public Finance Ordinance is only a minor issue, but the Government's approach and its ability are a major issue.

Moreover, the Financial Secretary even made verbal provocations, saying to the mass media that we Members who expressed our opposition appeared very smug about having won a battle. President, if this is not picking a quarrel, what is it then? Frankly speaking, how were we smug? In what way did we look like we had won a battle? We were just imploring, hoping that the Financial Secretary would heed the public sentiments. Yet, the Financial Secretary

employed this kind of language and words to accuse us, saying that we, this group of Members, only care about placing party interest above public interest. President, this is not conducive to mending the relationship between the executive and the legislature.

Unless the Government thinks that in the future, it would do just to secure enough votes and that the some 20 votes from the pan-democratic camp can always be ignored it is right because the Government will surely get enough votes for the passage of its motions. However, is a legislature like this and this kind of co-operation with the Government desirable for Hong Kong? Therefore, President, I hope that starting from the Chief Executive, to the Secretaries of Departments and Directors of Bureaux in the interim between now and 13 April, I will still express my views in this way.

There is less than one month to go, so I think how the Government deals with such issues as the HOS and pensions is most crucial. Although I understand that the Secretary may think that the discussion on these matters by us now is a great waste of time and that the Government is wasting its time in the legislature today, I hope the Government can show some remorse and realize that this mistake was first perpetrated by the Government and as a result, even the Premier had to express some views. This has become an intense and deep-rooted conflict and also a question of whether or not the policies of our State and the present policies on public livelihood in Hong Kong are consistent. Therefore, the long face pulled by the Secretary, the sowing of discord by the Financial Secretary and the crocodile tears shed by the Chief Executive will not facilitate the passage of the Resolution under the Public Finance Ordinance. The key lies in whether or not the Budget is truly geared towards the public and people's livelihood.

President, today, I will continue to be absent, so as to cast a vote of no confidence in the Resolution under the Public Finance Ordinance. I hope that in the coming month, the Government can pull back from the brink and really even if it does not listen to our words, it does not matter but at least, it has to heed the words of Premier WEN. Since the Government has so much fiscal surplus, should it not do a better job in its policies on people's livelihood? This is what we have been saying for so many years, so I hope the Secretary, the Financial Secretary and even the Chief Executive can all listen, rather than staying put and describing us as having won a battle. I think the Government is employing this

strategy of "retreating in the interest of an advance in future" and apparently, the pan-democratic camp seems to have won a battle, as the Government put it, but in fact, this battle is a strategy of "retreating in the interest of an advance in future" whereby the Government paints itself in a very miserable light, so that it can still introduce a Budget that I consider to carry no regard for public sentiment, social justice or love and care. This is unacceptable.

Thank you, President.

DR PAN PEY-CHYOU (in Cantonese): President, last Wednesday, the Vote on Accounts Resolution under the Public Finance Ordinance was negated in the legislature. The legislature has learnt a lesson from this and perhaps so has the Government, but at the same time, it also shows us the true faces of some Members.

Concerning those Members who chose to act according to their views and positions by leaving the Chamber and refusing to take part in the voting in the legislature on the last occasion, I have considerable respect for them. Although our views are different, I think that at least, their action clearly showed that they had no intention of obstructing the Resolution on funds on account from being passed. However, regarding other Members who adopted a stance of opposition, that is, those Members who abstained from voting or those who stayed in the Chamber without voting, their behaviour although they only abstained, in effect, their action was tantamount to voting against the motion. It is not possible for me not to criticize their behaviour.

Nowadays, it is the fad to talk about "N noes", from "N-noes people" to "N-noes Government" but in fact, are there also "N-noes Members" or "N-noes political parties"? I am afraid there are. The first "no" is not having any logic. As we all know, the votes cast by Members in the legislature, be they opposition, supportive or abstention votes, should be the personal responsibility of the Member who votes, or the responsibility of the political group to which he belongs because that is a collective decision. I have never heard that it is possible to shift the consequences or responsibility arising from one's vote to people who are not present. I really could not figure this out no matter I how hard I tried. How can some people adopt this kind of logic to put the responsibility and blame on the Government, saying that the Government did not

try to secure enough votes and that it did not ask Members who were out of town to come back and vote? What kind of logic is this? In my view, this is not logic at all because there is no sense in it.

However, some people may rebut me, saying that there is logic in it. If there is logic in it, I think it would be most apt to call this "the logic of bandits". What is "the logic of bandits"? It means that after a bandit has robbed a person of his valuables at knife point, asking the latter if he wants to keep his valuables or his life, and after the bandit has eventually been caught by the police, the bandit says that it is because the victim did not protect himself that he was robbed of his valuables. This is "the logic of bandits". If someone thinks that he is not responsible for a vote cast by him and shifts the responsibility to the other side or other parties instead, what is it if this is not "the logic of bandits"?

The second "no" is not having any sense of responsibility. Earlier on, I heard a number of Members say that within a week, the Government could table the Resolution to the Legislative Council again, so how could they have prevented over 100 000 civil servants and their family members from getting their food and pay? How could they have hindered hundreds of thousands of elderly people and poor people from receiving their CSSA payments and "fruit grant", thus depriving them of food? This Resolution on funds on account will indeed be passed today, but concerning this sort of claim, I wish to quote a remark made by Confucius in condemnation of perpetrators: "Their motive is indeed condemnable.". Why? Those people who created tomb figures did not kill anyone or arrange for live people to be buried together with them; they only created some figures which were put into their graves, but Confucius still said that "their motive is indeed condemnable". Even though those Members did not deprive those people of food and did not prevent those people from receiving their pay, so long as they think about this in their mind, then their motive is indeed condemnable. They do not consider this kind of behaviour their own responsibility and even shift it to Members who were willing to pass the Resolution, saying that they did not defend the Government hard enough, so this kind of behaviour is irresponsible.

The third "no" is not having any shame. After the Vote on Account Resolution was scuttled on last Wednesday, Members have faced a lot of criticisms in society. When I was walking in the street, many members of the public — no matter if I know them or not — came up to me to say that those

people should not be allowed to scuttle anything or be condoned anymore. If, in the face of such criticisms and the outcry of the public, they still think that they are upright and have a clear conscience before God and mortals, if it is not true that they have no sense of shame, then what do they lack?

(Mr LEUNG Kwok-hung stood up)

MR LEUNG KWOK-HUNG (in Cantonese): President

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, what is your point?

MR LEUNG KWOK-HUNG (in Cantonese): May I ask Dr PAN

PRESIDENT (in Cantonese): Do you want an elucidation by him? Please sit down first.

MR LEUNG KWOK-HUNG (in Cantonese): What is "their motive is indeed condemnable"?

PRESIDENT (in Cantonese): Please sit down. I have to ask Dr PAN if he is willing to make a clarification.

MR LEUNG KWOK-HUNG (in Cantonese): does he want to follow the example of

PRESIDENT (in Cantonese): You have already made your request. Please sit down. Dr PAN, please continue.

DR PAN PEY-CHYOU (in Cantonese): The fourth "no" is having no tolerance. Towards other Members who hold opposing stances or different views

(Dr Margaret NG stood up)

PRESIDENT (in Cantonese): Dr Margaret NG, what is your point?

DR MARGARET NG (in Cantonese): President, a point of order.

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

DR MARGARET NG (in Cantonese): President, in his speech, Dr PAN said that Members who had not voted in favour of the Government last week had no sense of shame. May I ask the President to rule whether or not such a remark is offensive, as we know clearly which Members abstained last week? Since saying that these Members have no sense of shame is quite a serious accusation, I ask the President to make a ruling on this.

PRESIDENT (in Cantonese): Dr NG, in the Chamber, some Members have also accused other Members or officials in attendance of having no sense of shame or being shameless in their speeches. I think these phrases are now commonly used by Members in debates. Therefore, I do not think that Dr PAN's remarks have violated the Rules of Procedure and constituted an offence to other Members.

Dr PAN, please continue.

DR PAN PEY-CHYOU (in Cantonese): President, thank you for your ruling. I think we certainly can hold different views. It does not matter if Members disagree on constitutional development and how the Government manages its finance, but with regard to a Vote on Account Resolution that enables the Government to operate normally within a short period of time, they seized the

opportunity to deal a blow to and frustrate the Government, so does this not precisely show that some political parties do not have the breadth of mind to accommodate different views and opinions?

Many people call us the pro-establishment camp. I do not like this appellation and also take exception to it. Frankly speaking, I am only an ordinary member of the public and basically, I am a doctor by profession. I only want to lead a stable life in Hong Kong and also hope that my family members can lead their lives in a secure environment. Most Hong Kong people are also like this, with their own occupations, hopes and life pathways. We hope that Hong Kong society can operate regularly, not because we are public officers or, if we are not paid our remunerations, we will be seriously affected in any way. Rather, it is because poor families on CSSA relying on the monthly CSSA payments for a living and elderly people receiving the "fruit grant" will not have enough to eat without such small amounts of money. We should sympathize with them and hope that we can all lead stable lives in Hong Kong. It is on account of such thinking that there is no need to hesitate at the vote.

I think our responsibility is simply to pass the provisional appropriation, whether you like the Budget on this occasion or not because this is a responsible attitude. If some people think that responsible Members can all be considered "pro-establishment", may I ask what Members opposite to the "pro-establishment camp" should be called? I would call them the "anti-pro-establishment camp". If some people think that Members on our side should be called the "pro-establishment camp", may I ask if Honourable colleagues on the other side should consider calling themselves the "anti-pro-establishment camp"?

I think that maybe, that group of Honourable colleagues were angry because the Government and the Financial Secretary had taken on board the views of some Members, but I hope they can look at this matter from a wider perspective. In the event that the Government accepts their views, should we all vote against them to foil them? Should we do so? I believe any responsible Member would not foil or oppose a Resolution on such ground and oppose for the sake of opposition, thus allowing their wrath to reach the extent of wishing for the destruction of Hong Kong.

I so submit.

MR CHIM PUI-CHUNG (in Cantonese): President, last week, I did not speak on this Resolution. Today, I speak in support of this Vote on Account Resolution because this Resolution has no effect whatsoever on the Budget. President, you have asked us not to talk about the Budget too much but I am going to explain personally, on what grounds I will give my support.

Before the Chief Executive released his policy addresses or the Financial Secretary his budgets, the Administration would invite Members to exchange views or offer advice, but I turned all such requests down. Why? First, I think that people who are qualified to serve as the Chief Executive or Secretaries of Departments all have their own opinions. If not, why not let me be the Chief Executive or a Secretary of Department instead? However, our Mr LEONG lost in the election. President, they have abilities. If I offer my advice and they heed it, that means my job is taken away from me. When we conduct a debate, I will have no more views or criticisms to offer. If they do not heed my advice, my comments will be meaningless and will be held in contempt by them. Given this predicament, what is the point of those exchanges?

President, before the release of the Budget, I heard many vocal calls in society for returning wealth to the public. In other words, the phrase "return wealth to the public" has been embossed on my mind. Although I am bald, my brain is still very lively. *(Laughter)* We can see that the Government has a surplus of more than \$84 billion now, so we have to see where this surplus comes from. The estimates made by the Government are not very correct. We can see that firstly, tax revenue from the public has increased by \$22.2 billion but this figure is perhaps too high as there will perhaps be only \$22 billion; secondly, since land sales last year were satisfactory and the stock market was booming, the revenue from stamp duty has increased by \$21 billion, so the total is \$43 billion and thirdly, since more land was sold last year, public revenue has increased by \$27.9 billion, so let us put this figure at \$28 billion and altogether, the total is \$71 billion.

PRESIDENT (in Cantonese): Mr CHIM, I do not mean that the Budget cannot be mentioned in this debate but if it is more appropriate to express some views and arguments in the Budget debate, I ask Members to raise them only on that occasion.

MR CHIM PUI-CHUNG (in Cantonese): President, I am explaining to you why I support this Resolution on provisional appropriation, so I have to present the grounds and the causal relationship. I believe a lot of people are happy to listen to this and if I talk about this too late, it will be useless.

President, fourthly, the Government has saved \$13.7 billion in spending and altogether, the total is over \$84 billion. With over \$84 billion in surplus, the Government must remember to return wealth to the public. The Government will allocate nearly \$50 billion to various areas and on calculation, we will find that 70% of the surplus will actually be returned to the public and this is already the strongest response to the voices and demands in society. I do not think the Government has done anything wrong, particularly when we can see that these funds do not belong to the Financial Secretary or the Secretary at all, only that they have drawn up a different plan and made different responses in respect of the wealth of the public.

President, regarding the Budget drawn up by the Government, I personally may not agree fully with it. The Government said that it would inject funds into the Mandatory Provident Fund (MPF) accounts of 4 million people, with each person receiving \$6,000. In fact, the Government has already earmarked this sum of money. The first step taken by the Government is to return about 70% of the surplus to the public, so has this not met the demands of the public?

We can see that various political groups, political parties and the mass media have torn this Budget into pieces. I would never say that the Government is sacrosanct. If the Government has made mistakes or has inadequacies, it has to listen to public opinion and be amenable to good advice. On the issue of the injection into MPF accounts, the Financial Secretary, the Secretary and even the whole Government have all responded very quickly. After the meeting on Wednesday, more than a dozen Members met with the Financial Secretary to exchange views on the Budget. Of course, the Government has listened to views through various channels and most people think that injecting \$6,000 into each MPF account would only benefit the fund managers, and there are even voices calling for handing out cash direct, be it \$3,000, \$2,000 or \$4,000. Yet, I have hardly heard anyone demand that the Government hand out the whole sum of \$6,000 or demand that both measures, that is, handing out cash and offering a tax reduction, be taken at the same time.

The Government has listened to the views of the public through various channels, so it is amenable to good advice, and it has responded. President, in doing so, in what way is the Government wrong? Yet, various political groups, political parties and the mass media hit out strongly at the Government again. Of course, President, we understand that this year and the next, five to six different elections will be held. Since the elections are coming, the demands and views expressed by various parties are multitudinous and this is perfectly normal. If any Member or Honourable colleague gainsay that such a situation exists, they do not know about elections. I did not say who stood to gain and who did not, or who was exploiting this situation, but this is the actual situation. President, this Resolution on provisional appropriation actually has a bearing on the whole Budget and if the Government can provide benefits directly to the public, what is bad about it?

Some people point out that the middle class has got nothing. President, if you do some calculations, you will find that an ordinary family can save \$6,000 in rates and \$1,800 in electricity tariff and that adds up to \$7,800. If there are two members in a family and they receive \$12,000 each, they will have \$24,000 and together with the sum of \$7,800, they will receive \$31,800. President, may I ask you how much in tax has a member of the middle class has to pay?

PRESIDENT (in Cantonese): Mr CHIM, you are still talking about the Budget.

MR CHIM PUI-CHUNG (in Cantonese): President, I am only citing some of the contents of the Budget to explain why I support this Resolution. Since I have expressed my support, I must cite sufficient grounds.

President, if a family of two can receive \$31,800 and after deducting the tax they have to pay, is it true that they cannot benefit in any way? If they have to pay something like \$300,000 in taxes, they are not the middle class but the super-assets class. Some people want to create the view that there is social injustice and inequality, so when we consider whether or not to support the passage of this Resolution today, we have to consider the facts.

Some Members do not support today's Resolution because the Government has not undertaken to resume the HOS and provide universal retirement

protection. President, we must understand that apart from the Budget, which is jointly prepared by the Financial Secretary and the relevant departments, there is also the policy address of the Chief Executive. If the Financial Secretary gets everything done, what do we need the Chief Executive for? Concerning some of the policies and some of the matters involving the overall operation of the Government, the Chief Executive will give an account of them in his policy addresses. Therefore, if Members demand that the Government do this or that before they pass the Resolution, this shows that they lack an understanding of the overall operation of the Government.

PRESIDENT (in Cantonese): Mr CHIM, what you are talking about now is still irrelevant to the Resolution today.

MR CHIM PUI-CHUNG (in Cantonese): President, I stress again that I am explaining why I support this Resolution. If you feel like listening, you can but if you do not feel like it, you can ask the Deputy President to take the Chair for the time being. *(Laughter)*

PRESIDENT (in Cantonese): Mr CHIM, I have the duty to remind Members that they have to speak to the present question and that they cannot present other views.

MR CHIM PUI-CHUNG (in Cantonese): President, I stress again that my speech is centred on why I support this Resolution on provisional appropriation today. If I remember it correctly, some Members do not respect and understand this Resolution on provisional appropriation today purely on account of the Budget. President, I still have several minutes, so please bear with me a little longer.

President, an earthquake, a tsunami and radiation leaks happened in Japan all at once, but the Japanese are coping with and responding to them calmly, so this kind of spirit is worthy of our emulation. I call on Members to ask themselves: If we think that it is not enough for the Government to hand out \$6,000 in cash or offer a tax reduction of \$6,000 and on account of this, this

Resolution on provisional appropriation is not passed today, does such a mentality deserve the support of voters? I do not encourage this. I myself am not directly elected and I have even stated openly my intention of not running in the next Legislative Council election. Therefore, in dealing with this Resolution today, I do not have any desire to canvass for votes. I only hope that voters in Hong Kong will make astute decisions. Concerning the question of why a Government has left so many problems dangling, this is an issue that merits in-depth consideration by the Central Government and the SAR Government in dealing with issues of administration, including those relating to budgets.

It is undeniable that the resources in Hong Kong are limited and everything in Hong Kong, including the Budget, is affected by objective factors. This year, we are very lucky to be given money by the Government. Of course, the Government is not following the example of Macao or Singapore and each country will take different measures in view of local conditions. Of course, the SAR Government has to remind the public that next year or in the longer run, there may not be any surplus. As a responsible Government, it is absolutely necessary to listen to the views of various parties and take on board good advice by according priority to the welfare of the public. If there is no more surplus in the future and you request the Government to distribute the reserves accumulated in the past to all members of the public I have already told Members that each person will only receive a maximum of \$250,000 to \$300,000 in this way and this is a far cry from all the regular revenues of Macao. Therefore, if members of the public with great abilities are discontented with the situation in Hong Kong, they had better migrate to Macao as soon as possible.

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

MR CHEUNG MAN-KWONG (in Cantonese): President, the stance of the Democratic Party on this Vote on Account Resolution today is that we will continue to abstain from voting, as we did last week. Abstention is a position that has been discussed internally by the Democratic Party and it has nothing to do with an "ambush" or "playing a big game".

In the past, the Democratic Party has taken part in many debates and voting in the Legislative Council. If this had really been an "ambush", we would not have discussed the matter for a couple of hours, nor would we have asked the

President to suspend the meeting to let us discuss our position, thus giving the Government sufficient time to make manoeuvres and canvass for votes, so we did not spring any ambush, nor did we need to do so.

This has nothing to do with "playing a big game " either because when we voted, not only did we not count the number of votes in the pro-establishment camp; we did not consider the voting intentions of other Members in the pro-democracy camp either. The voting result was that some Members abstained, some Members who were present did not vote and some Members were not present at all. Had we wanted to influence the voting result, we would have counted the votes carefully in advance. Why did we abstain from voting? Why do we still insist on abstention today? Because we know that the voting on the Budget in future will be of great public concern, and it is related to the stance of each political party on economic and political matters. Therefore, we will regard any motion involving public expenditure in the future, including this Resolution on provisional appropriation, as voting of the greatest public concern and it is also the best opportunity for us to show our stance.

Frankly speaking, the reason for our abstaining is to make a protest. We are not willing to support any motion involving any financial appropriation in the future because we adopt an attitude of opposition to the present Budget. Of course, we know that this is a technical Resolution and even though we want to voice our opposition, it is not necessary to go too far, so the only option was to abstain. When we decided to abstain, we did not consider the number of votes from the pro-establishment camp, nor did we even count the votes from the pro-democracy camp. Even today, although the pro-establishment camp has enough votes to pass the Resolution, we still do not intend to change our position because this is really a way of voting on which we have pondered and it is the most suitable voting decision for our political party.

We have justifications in abstaining from voting, namely, to arouse public concern over the three major social demands made by the pro-democracy camp. First, we are dissatisfied with the recurrent public expenditure in this Budget. The funding for people's livelihood, education, welfare, health care and helping the poor is far too little and we believe that given the \$600 billion in reserve and almost \$100 billion in surplus at present, the Government can do more. These are also what Premier WEN described as the deep-rooted social conflicts in Hong Kong, so we must arouse public concern and look for solutions by means of this

attention-grabbing Budget. The long-term and far-reaching interests at stake are far greater than that involved in handing out \$6,000 in the short term. Although we do not particularly oppose handing out \$6,000, we are not particularly excited about it either.

The second deep-rooted conflict that, in our opinion, calls for action and causes us to abstain from voting is that we want the Government to respond to the greatest aspiration of the public, that is, to resume the HOS and build more public rental housing (PRH). Our grounds are also very clear. At present, the greatest discontent of the middle class or the grassroots is with the housing issue. Not only does it concern them personally, it also concerns their children. When many young people, and even people who have worked in society for over a decade, cannot save enough money even for the down payment of a flat, when even their living environment is not stable, society will not be stable either. This is a deep-rooted conflict that includes issues related to the HOS and PRH.

The third reason for our discontent, which causes us to abstain from voting today, is that given Hong Kong's affluence nowadays and the huge reserves and surplus of society, as Premier WEN said, with such abundant revenues and robust foreign exchange reserves, it is necessary to resolve the deep-rooted social conflicts, strengthen social security and take care of the socially disadvantaged groups. What kind of people are the most disadvantaged? They are the large numbers of elderly people or middle-aged workers who are still struggling for a living at the bottom of society. I have said that what saddens me the most and what I wish to see the least was elderly people collecting rubbish in buildings, and what I wish to see the least is to also find elderly people cleaning the tables and sweeping the floor when I eat in a fast-food restaurant.

In a sound and healthy society, even the impoverished members of the public are at least taken care of by society and retirement arrangements are put in place for them, so that they do not have to lead such difficult lives in their old age, and this is precisely what our society lacks. This is also what makes us seek to highlight our expectations for the Government, our aspirations for long-term social development and our hope of resolving the deep-rooted social conflicts by means of this financial appropriation. It is not because Premier WEN concurred with the claims of the pro-democracy camp that we cite his remarks. Often, I may not agree with the remarks of WEN Jiabao, but I believe that even if Members here will vote for the Budget, they still have to admit that

these three major conflicts exist in our society and they form the causes of the resentment and anger in society, so we must resolve them.

Donald TSANG said that negating the Vote on Account Resolution last week was tantamount to allowing personal or party interests to override public interests. This diverts attention from the conflicts, and it is a smearing tactic. In fact, this has nothing to do with personal interests and if other political parties are willing to lend their support, these three major demands will have a chance to exert pressure on the Budget, so that the Government will concede and the public will be benefited. Only this can be considered the ultimate and long-term interest of the public. To neglect long-term public interest and be pleased merely with the sum of \$6,000, though not necessarily wrong, surely cannot cope with the conflicts in Hong Kong. We must resolve this most deep-rooted conflict in Hong Kong and only by doing so can genuine public interest be catered to. Therefore, we will abstain from voting.

As I said at the beginning, this position came out of thorough consideration and it is designed to be in line with that of the pro-democracy camp, so there is no need to "spring an ambush", nor is this "playing a big game". There is no point in criticizing the attitude adopted by the pro-establishment camp either. What is the use of doing so? There is no need to envy the good fortune of other people, but I hope the pro-establishment camp can consider clearly why it cannot join us in lobbying over these demands and exert pressure on the Government together, so that the Budget can eventually resolve the deep-rooted social conflicts? We do not agree that this Government is a caretaker government, rather, it should strive to make achievements for the sake of society at large.

Today, I learnt from the mass media that the SAR Government is conducting a survey on two issues. The first is whether or not John TSANG should resign, and the second relates to the administration by the Donald TSANG government. Concerning a crisis in administration triggered by the Government and the Budget, you people want to conduct a survey to ask if John TSANG has to resign and if the Donald TSANG government is doing an appropriate job in administration. This precisely reflects a sense of insecurity and a fear of the public. To resolve this kind of fear, the most important thing is not the results of a survey but to be truly willing to do something for the people in the remaining time to meet their yearning and aspirations, thus defusing the time bomb of deep-rooted social conflicts.

Some people say that we want to highlight this conflict to boost the turnout for the 1 July rally and even for the sake of future elections. Let me state clearly that any political party has to work for its voters and if it does a good job, it will win their support, otherwise, it will be opposed, that all the candidates it fields in an election run the risk of losing and it has always been like this, so this does not amount to any disgrace for a political party. However, at this critical juncture, there is no need to think too far ahead because the voting on the Budget lies just around the corner and I am not interested in criticizing the behaviour of the pro-establishment camp. Nevertheless, I still hope and believe that they too are concerned about the middle class and disadvantaged groups in society, so at this critical juncture, why can they not tell the Government to resolve the deep-rooted social conflicts in a voice wrought of greater unity, so as to benefit the general public?

Prof LAU Siu-kai said that the anger in Hong Kong had reached a breaking point and this is true. This breaking point means that the public expect Members representing them to express in the legislature their anger and discontent, which are about to snap, through various motions, including today's Resolution on provisional appropriation and the motion on the Budget sometime later. What is a breaking point? It means that if you do not deal with it, it can erupt. If you do not deal with the issue relating to the HOS, do not deal with the housing problem of the general public, do not deal with the issue of 15-year free education, do not deal with the issue of inadequate healthcare, do not deal with the issue of universal retirement protection, do not deal with the issue of wealth disparity in society, you are creating a volcano under your feet and you are creating a breaking point of public anger, you are bringing about and even likely to see the eruption of such a breaking point, that is, mass movements in society, the discontent with the Government and the toppling of the regime.

Therefore, I have to make use of each occasion, including this occasion of voting on the Resolution on provisional appropriation today, to express the voice of the pro-democracy camp and I firmly believe that this voice represents the popular and long-standing expectations of society. *(The buzzer sounded)*

MS MIRIAM LAU (in Cantonese): President, it is indeed thanks to Members of the pan-democratic camp that we are discussing the Vote on Account Resolution in this Chamber today. Had they not made history by not passing the Resolution

last Wednesday, I believe we would not have had the opportunity to hold a debate here.

I have worked in the legislature for more than 22 years and in the past 22 years, including the time before the reunification, I have never had the occasion to debate the Resolution on funds on account because all of us know that this is a technical Resolution, so Members would not have too many views on this Resolution. Although this is a once-in-a-blue-moon experience, personally, I hope it will never be repeated.

The Liberal Party believes that various Members or political parties may have different opinions, views and demands regarding the Budget, or they may have various degrees of discontent with or resentment towards the Government and even some of the officials, but all these have to do with the Budget or the administration by the Government, so no matter how, they should not put the blame on this Resolution on provisional appropriation. Hence, we believe that it is unjustified not to support the Resolution.

In fact, the consequences of voting against or not supporting this Resolution on provisional appropriation are quite serious. In the past, we may not have given this careful thought but after the incident last Wednesday, we really have to think about what would happen if this Resolution on provisional appropriation is negated. We know for sure that the Government will be short of funds, and civil servants will not be able to receive their pay, elderly people will not be able to receive their "fruit grant", CSSA recipients cannot receive their CSSA payments and the public services provided by the Government may be paralyzed and come to a halt, so in fact, the consequences are dire.

Certainly, some Honourable colleagues said in their speeches today that it had not occurred to them that abstaining from voting last week would cause the Resolution to be negated in the end but in reality, their action or behaviour really caused the Resolution on provisional appropriation to be eventually negated.

Starting from last Wednesday, that is, between 9 and 11 March, the Liberal Party interviewed 919 members of the public at or over 18 years of age by asking them if they support the negating of the Resolution on provisional appropriation by Members of the pan-democratic camp or the Legislative Council. The question we asked was: Do they approve of the action of Members in the

pan-democratic camp? The survey results show that 63% of these members of the public do not support Members of the pan-democratic camp in casting opposing votes, refraining from giving their support or abstaining from voting, thus eventually leading to the negating of the Resolution on provisional appropriation, whereas those who support this course of action account for only 22%. This shows that the public do not approve of the action of Members of the pan-democratic camp. At the same time, we also asked who should assume responsibility for the negating of the Resolution on provisional appropriation. Over 45% of the respondents, that is, 45.2% of them, believe that Members of the pan-democratic camp have to assume the greatest responsibility for the negating of the Resolution but the Government also has to assume responsibility. There are 25% of the respondents, that is, 26.8%, who believe that the Government should also assume responsibility for the negating of the Resolution on this occasion. The pro-establishment camp also has to assume responsibility, with 6.3% of the respondents thinking that Members of the pro-establishment camp have to assume responsibility. Therefore, those who believe that the pro-establishment camp has to assume responsibility account for 6.3%, and compared with 45.2% for the pan-democratic camp and 26.8% for the Government, the public actually know full well which side has to assume responsibility for the negating of the Resolution on provisional appropriation last week.

Today, I have heard many Honourable colleagues explain in this Chamber why they had to abstain last week and why they still insist on abstaining from voting today, talking about their grounds with great agitation. In fact, after Members of the pan-democratic camp had negated the Resolution last Wednesday, I learnt from the newspapers in Beijing that one of the grounds cited by the pan-democratic camp for not supporting the Resolution was, and I quote, "the authorities did not provide full details of the funds on account.". On reading this, I felt this to be rather strange because prior to the tabling of the motion at a Legislative Council meeting, it must first be submitted to the House Committee where, no Member had ever voiced any view or requested the Government to give a presentation or make any clarification on the ground that the contents were unclear. Last Friday, after hurrying back from Beijing to chair a meeting of the House Committee, I asked Honourable colleagues once again if they wanted to set up a subcommittee on this Vote on Account Resolution or needed more time to understand it, but no Honourable colleague voiced any need to do so. Therefore, I believe that this ground cited by Members of the pan-democratic camp on that day does not hold water.

As regards the Government, I wish to point out that it also has to assume great responsibility. Although only 26.8% of members of the public think that the Government has to assume responsibility, it was actually the responsibility of the Government to ensure the passage of the Resolution. The Government did not have the alertness to deal with the problems on that day or take precautions in advance to ensure that the Resolution could be passed. While the incident was unfolding, the Government also failed to take adequate contingency measures. Therefore, concerning the negating of the Resolution, I have to repeat today that the Government has the ultimate responsibility in this regard. Therefore, I hope the Government can learn a lesson.

President, today, the revised Vote on Account Resolution is tabled again. Frankly speaking, it is more or less the same as the one last week, only that the \$1 billion under Head 106 has been reduced substantially to \$500 million. The decrease is very significant and it can be said that there is a difference here but basically, all the other components have remain unchanged. If this appropriation is passed, it will enable the Government to continue to operate various items in various areas, so that the work of the Government will not be affected.

Today, many Honourable colleagues have come back, so what happened last Wednesday will not be repeated and this Resolution will not meet its Waterloo again. However, lastly, I wish to make an appeal to Honourable colleagues of the pan-democratic camp here. By reading out the survey results just now, I hoped that Honourable colleagues of the pan-democratic camp can hear public opinion, which hopes that Members will support this Resolution. I hope Members will deal with this Resolution on provisional appropriation and their discontent with the Government, their discontent with the Budget and their resentment towards the Government and officials separately, so that the Government's Resolution on provisional appropriation can be passed to enable it to continue to function.

We absolutely have the time to conduct a detailed debate on the Budget on 6 and 7 April and vote for or against the Budget on 13 April, rather than making this Resolution the scapegoat for matters relating to the Budget and the Government. I hope Members can have regard to the overall situation and respond to the expectations of the public by abandoning their stance of abstaining

from voting and changing to supporting the Resolution on funds on account instead.

Thank you, President.

MR JEFFREY LAM (in Cantonese): President, it can be said that after this year's Budget was announced late last month, new issues have cropped up practically every day. Some people say that since the Government has \$614 billion of fiscal reserves and the coffers are overflowing with money, candies should be handed out, while other people think that no candies should be handed out. Other members of the public have also voiced other views. However, the Vote on Account Resolution is intended to fund the essential recurrent expenditure of the Government before the passage of the Appropriation Bill 2011 next month. I think that if the Resolution is bundled indiscriminately up with long-term policies, this is somewhat like asking the Government to share its wealth. Maybe some Members have heard a lot of news about wealth sharing in Hong Kong these days, so they think they may as well force the Government to share its wealth, too.

If this were really the case, I think all sides would stand to lose and there would be no winner. This is because if all the reserve of Hong Kong is handed out, this will have great implications on Hong Kong's administration and financial situation in the future.

President, I believe all of us would agree that all the items in the Appropriation Bill 2011, be they one-off candies or long-term policies, should use the resources of the Government appropriately. Decisions can by no means be made within a short time and the resources cannot be all given away at the slightest suggestion. I also believe that the majority of the Hong Kong public do not think that all the problems faced by Hong Kong now can be solved by a budget.

Before the passage of the Appropriation Bill for the new year in the middle of next month, the passage of a proposal on provisional appropriation is an established and essential procedure to ensure that the Government can continue to have the financial resources to provide various services to society before the beginning of the new fiscal year. Therefore, it can be said that it is an

independent component of the Budget. Most importantly, the Resolution on provisional appropriation is about making payments to CSSA recipients and "fruit grant" to the elderly. All these are practical actions that can help the recipients meet their pressing needs.

Last week, the Legislative Council negated the Vote on Account Resolution and the next day, headlines that read "Government may have no funds for payment of salaries", "unprecedented instance of Government having no funds for payment of salaries" and "Government in danger of paralysis" were splashed across newspapers and the public were astonished and worried on reading them. I believe Members must have also heard many people from among the audience of the phone-in programmes on radio express their discontent on the next day, believing that some Members did not carry public interest in their ultimate consideration and saying that using radical means to force the hand of the Government was not the wish of voters. My office also received some phone calls from some "kaifongs", who said that they did not understand why some Members had played such games, that if the Government had no money to pay the elderly "fruit grant", these elderly people would not even have the money to eat plain rice sprinkled with soy sauce, not to mention rice with garoupa cutlet in sweet corn sauce.

President, the Government needs funds to make payments to CSSA recipients and "fruit grant" to the elderly, so do some Members think that such funds can be delayed a little bit? Do some Members think that these immediate needs do not have to be met? Can this be considered thinking what people think and addressing people's pressing needs?

The great majority of Members in the Legislative Council are very senior and even Members who joined the Legislative Council only in this term have all scrutinized Resolutions on provisional appropriations before. President, I have looked up the relevant records. In the past two years, there was no need to claim a division on the Vote on Account Resolutions before they were passed, so this proves that all of us know clearly that if we want to oppose the Budget, we should wait for the debate to be held next month, rather than casting opposing votes or abstaining at this time.

No matter if the negating of the Resolution on provisional appropriation last week was a little trick or "a game that went too far", the reaction of the public

at large is very clear and direct. They all hope that today, Members will adopt a rational and responsible attitude in examining this Resolution.

Regarding the Budget this year, many people think that it has attracted the greatest dissatisfaction among all the budgets throughout the years, so we immediately put forward an improvement proposal to the Financial Secretary. Concerning the most controversial proposal of injecting \$6,000 into MPF accounts, the Financial Secretary has now proposed paying \$6,000 in cash to each member of the public who is 18 years or above in age and holds a Hong Kong permanent resident identity card. Funds will also be injected into the Community Care Fund and tax reduction will be offered to taxpayers.

However, so far, the Government has not yet disclosed the details of these new proposals to us. Like all other members of the public, I am eager to know the specific method and timetable of distributing this sum of \$6,000. For this reason, I have already submitted some questions for the Special Meetings of Legislative Council Finance Committee, in the hope that the Government can provide us with a clear information package in the meeting next week. The Financial Secretary has undertaken to introduce the revised package and there are only two weeks to go. On such a major proposal that has to be introduced so suddenly and urgently, I understand that it may be mission impossible to have all the details ready last week, so I would rather the Financial Secretary think clearly about the details of this revised package to ensure that it lives up to the expectations of the public instead of falling far short of them.

As regards the policies in such areas as social security, healthcare, welfare, the HOS and PRH, the day before yesterday, the Premier of the State Council, Mr WEN Jiabao, said, "Hong Kong has sufficient government revenues and ample foreign exchange reserves. It should further improve the social safety net, and in particular, take good care of the vulnerable groups so that people in Hong Kong will lead a much better life.". Both the Economic Synergy and I think that the conditions to do more in the relevant areas are present in Hong Kong. For this reason, we have all along been submitting proposals to the Government. However, the Government did not take all of them on board.

As regards the measures to remove the barriers and improve the business environment and the measures to enhance Hong Kong's position as a financial centre, for which the business sector has been lobbying for many years, it seems the Government has been treating us like a voice recorder by listening to us over

and again and dragging its feet time and again, three years after three years. Our discontent with many policies is surely no less than that of other Members. My resignation, long faces and agitation, which nearly caused me to slap the table during meetings with various Policy Bureaux and government departments, are little known to outsiders.

However, we understand that long-term policies cannot be introduced overnight and they require rational discussion by all of us, so as to use the reserve of the Government optimally and appropriately, instead of handing it out at the slightest suggestion. If one wants to state one's stance or carry out lobbying, it does not mean that one can turn negotiations into emotional discussions or use public interest as a bargaining chip. This is because if even the provision for immediate basic necessities to the public is discontinued, how can the public see the prospect of long-term policies? If they cannot even get the money for their rice now, it would be useless even if we help them buy abalones in the future.

Some Members said that they had to declare war with the Financial Secretary. I believe the overwhelming majority of the Hong Kong public do not want to see any declaration of war. We only know that Members' responsibility is not to paralyze the operation of the Government but to ensure that the public can get the services due to them, rather than worrying about not getting any assistance.

President, although some people say it is an exaggeration to claim that not passing the provisional appropriation is tantamount to paralyzing the Government, it is by no means an exaggeration because this can really happen. We can see that an instance of not being able to pay salaries have happened once in New York City. Many people were affected and the scope of the impact was very large. I believe the purpose of this provisional appropriation is most simple and direct. I do not think it worthwhile to use this provisional appropriation to play small tricks. Do Members wish to think up the remedial actions only after something has happened?

If this Resolution on provisional appropriation is negated again, I am sure there will be no winner in the whole society. Everyone will be a loser. Moreover, innocent members of the public will also be dragged into the whirlpool of political wrestling, so may I ask how Members who are rational and responsible can bear to see this? However, fortunately, the great majority of Members in this legislature are rational and responsible and they care about the

public. We definitely will not disappoint the public and will surely support the Vote on Account Resolution today.

Thank you, President. I so submit.

MS EMILY LAU (in Cantonese): President, I think I am a very rational and responsible person, and I am returned to this Council through direct elections.

President, Ms Miriam LAU said earlier that when she was in Beijing, she heard other people say that this Resolution was negated because the contents of this Vote on Account Resolution were unclear. I think she must have misread it, or other people must have given her the wrong information. I was there on that day and I did not hear any Member say that the contents were unclear. The Government had put down the relevant information in the paper. How can it be not clear enough?

But President, I said at that time that it was not clear because on 23 February the Government introduced the Budget and it was revised on 2 March. What were the contents and how should they be implemented? Mr Jeffrey LAM is still asking about that today, that is, 16 March. President, he does not know what has happened. On that day the authorities only provided one page of information to us in the Finance Committee. It was so thin that it could even be blown away by the wind easily.

So far, the Financial Secretary has not come to this Council to offer an explanation. He does not want to come. President, it was originally said that an explanation would be offered next Monday in the Special Meeting of the Finance Committee. Now Secretary Prof K C CHAN has changed the time to next Friday. Then I asked the Clerk to the Finance Committee to write the Financial Secretary a letter to invite him to attend the meeting. Some reporters asked me earlier about it and I told them, "Why do you ask me? Go and ask the Financial Secretary.". When the Financial Secretary has made such a big revision, he does not want to come to this Council to give an explanation. I am sure Honourable colleagues will think that it is very difficult for them to support the Budget because it has been treated by the authorities in this way. This applies also to the Vote on Account.

I read from the blog of the Secretary that the day of 9 March was a very difficult time for him. I do not know if the Secretary still thinks this way today. He added that actually, what should be handled on that day was merely a resolution purely technical in nature. Why is it a technical resolution? A sum as much as some \$60 billion is involved. And the Secretary can say that resolutions of this kind were passed previously and there is nothing to debate. But President, this is something not of a technical nature. Some people said that you once wanted to be a Director of Bureau but later on you did not become one and for no reason you have become the President of this Council. So if you, President, were the Secretary, you would ask on that morning something like this: A resolution will be introduced to this Council today and are we ready for it? Are there enough votes for its passage? Do people from the opposition support it? Should the Secretary not ask questions like these?

Ms Miriam LAU mentioned a survey done by the Liberal Party. Of course, these questions were not asked and they just asked if the opposition had done something bad. Of course, they would say it is bad. And she also knows that some people said that some figures were used. They are still lying in citing those figures. Actually, you can just get from the survey what you really want to ask.

I also read from the blogs of the Secretary and the Financial Secretary their claim that we have placed political interests above those of the public. Why? President, if we have any political interest, that means we have the support of the voters. When we have their support, it is because voters think that we are fighting for their interest. This is their interest. If they think that we have injured their interest, then how can we have any political interest? So, we got to have some logic when we speak. In other words, the Secretary and the Financial Secretary were saying that I was doing harm to public interest and they said later on that I have lots of political interest — so much that they cannot be put into baskets. But what kind of interest is it?

What we are doing now is to fight for the interest of the public. A point which the Financial Secretary would agree. He said that we have been trying to fight for that from him for a long time, not that we have suddenly made more demands after the announcement of the Budget. Those many things for which we have been fighting for are things we have been hoping for throughout the years. Mr Jeffrey LAM said that they cannot be obtained at once. But I must

tell him that we have been fighting for them for more than 10 years, so should we wait for another 10 or 20 years?

Mr Paul CHAN was fair earlier. He admitted that he had said it in the City Forum. He is still saying that the production of HOS flats should be resumed. All Members — perhaps with the exception of the Liberal Party — would say "yes" to that. As for universal retirement protection, a consensus has been reached as well. Mr CHAN is a nice fellow. He also pointed out that if the Government can hand out tens of billion dollars to the people for no particular reason, why should it not set the sum aside for the setting up of seed fund and in this way the initiative can be activated at once. So a consensus has been forged on such matters and Members have raised the matter many times and everything has been said to the authorities during the consultation period for the Budget.

But the Budget announced by the Government on 23 February only caused a public uproar. Then what has gone into the ears of the Government? When the Government tabled this Vote on Account Resolution, Members thought that something had gone wrong in the handling by the Government. As at today, that is, 16 March, I do not know exactly the details of the new proposal. After they have discussed with the Administration, they lined up in a row and stood behind the Financial Secretary. They should be very happy and they should know what were there. But it turned out that they do not know. President, I am afraid more problems might arise from this matter.

Therefore, I hope those people will refrain from saying things like "the people are getting the assets of Hong Kong". Actually, that is the money of the people. If we have a democratically elected legislature and a democratically elected government, then Members can represent the people because they are democratically elected. They can decide how resources should be used. But the situation we have now is that we represent the majority outside this Council. Yet we are the minority in the Council. This is why the issues we raise on behalf of the people are always voted down. However, President, the most laughable thing of all is that, issues raised by us are voted down because they can only get the support of the minority. This is understandable. But we are talking about issues with the support of the majority. I would think that if Members can all show their support and seize this golden opportunity, then the relevant arrangement can be launched.

The Government says money will be handed out. Now we have got a fiscal surplus of some \$80 billion or \$90 billion and also some \$1,200 billion in the Exchange Fund at our disposal. Then the Government can pay out \$6,000 to every eligible citizen, and it can also activate some long-term commitments. There is a consensus in this Council for that. We have shown our support for that. President, what is wrong with it?

Some people have taken the opportunity to sling mud. They said that we have prevented the Government from handing out money. They also said some other things. Honestly, if we from the democratic camp have such power and that number of votes, we could have really produced a situation where no money will be handed out. Then it would be us standing behind the Financial Secretary on 2 March in one single row. Our proposal would have been accepted by the Government. This applies to the case of the plastic bottle thrown a few weeks ago. At first, when the Government proposed the motion, it said that it did not have enough votes and it was afraid that the motion would not be passed and that votes would have to be sought again and the contents would have to be revised.

So the people who have made the exaggeration are not us. The Government has been engaging in this smearing campaign through the media. Some members of the public might be misled. But I am sure most of the people will understand this. They will take the money if the Government wants to give it. President, the citizens will still want us to urge the Government to make long-term commitments. On the other hand, there are some political parties which have insisted on that for many years, but now they have chickened out before the goal. Like I said last week, they would have to be accountable to the voters. President, why are people so happy when they can get a few thousand dollars? Some people say that they can only be happy for some minutes with the money, not even for one day. Then there are problems in housing, retirement, healthcare and education. And there is no long-term solution to them all.

I am sure Members from the Democratic Party or the democratic camp will have the persistence, principles and ideal. They are not afraid of being smeared by other people. Yet, many Members have reminded the Secretary or the authorities that they must be well-prepared before they come to this Council. As to how we are to vote, we would be glad to hold ourselves accountable to our voters. They know how we have fought for some long-term investments for them and "one person, two votes" for next year. We are very clear about all

these and there is not the least confusion. But with respect to the Budget and the approach taken by the Government, that is, all that happened from 23 February to mid-March, we would think that there are too many uncertainties. The authorities did not bother to come to this Council to give an explanation. So how can we support this Government which is like this? Thank you, President.

DR MARGARET NG (in Cantonese): President, we do not need any reminder by other Members, and we know the kind of political responsibility that we will have to bear as a result of the votes we cast in this Council. We cannot lend our support to the Resolution from the Government. But we would not oppose it and so we abstained.

President, in recent years we have heard a lot of this kind of bandit logic. And I am most amazed by the bandit logic of Dr PAN Pey-chyou today. However, I do not wish to respond to that now. I hope that a higher standard can be set for officials. What kind of requirements which these accountable officials of the SAR Government have on themselves? What kind of requirements do they have on their logic? If the Resolution proposed by the Secretary were purely a technical one, and if it was not passed by Members, how could it make the operation of the Government come to a standstill? And how would it affect the life of the people? The Secretary said that he was very surprised by the non-passage of this purely technical Resolution. If he thought that if this Resolution was not passed, the operation of the Government would come to a standstill and people's living would be compromised, then should he not have done something more beforehand?

President, in the Legislative Council meeting every Wednesday, there will be motions of no legislative effect moved by Members. If Members think that the motion they move is very important, they will try every means to ensure its passage. When Members are doing that, the top officials of the SAR Government should do so all the more. If a resolution is so important to he himself or the Government, then should he not try to prevent the occurrence of any mishap regarding that resolution? President, I hope that officials of the SAR Government should set a higher standard for themselves and they must not say after a resolution has been voted down that the move would paralyze government operations.

President, I also notice that you have waived the notification requirement so that the Government can resubmit the Vote on Account Resolution to this Council. And your argument is that waiving such a notification requirement would dispel the public misapprehensions and it is the responsibility of this Council and the Government to dispel such misapprehensions. But how could the Government take the lead to arouse such misapprehensions among the people? Why does the Government not say that even if the Resolution is not passed, the public does not have to worry, for the Resolution will be resubmitted very soon. And it is believed that the President of the Legislative Council will grant leave if the Resolution complies with Rule 32(2) of the Rules of Procedure. Why all of a sudden the Government takes the lead to arouse fears and panic among the people?

President, I do not know who is politicizing the issue. But I am not trying to defend what happened last week. As the saying goes, only time will tell. The people will see who is standing by their side and in future when an election comes, they will know how to vote to indicate their preference. I only wish to talk about some of my worries for the future in this speech I make today.

President, we must first understand how the public finance system works before we can understand what the Vote on Account Resolution is all about. Public finance in Hong Kong is peculiar, unlike the case of the United Kingdom in which taxation for each year is determined by law. And our ordinances on taxation and revenue are always in force. In other words, unless any change is made by the Government, there will be taxation every year and public coffers are always inundated. And what is the Appropriation Ordinance? Appropriation means funding. In fact, it means that a sum of money will be allocated from the public coffers which are always inundated for use by the Government. As the Appropriation Ordinance applies only to one fiscal year and the funding concerned is for use from 1 April of a certain year to 31 March of the following year. After 31 March of the following year, when the budget is yet to be passed by the Legislative Council, a vacuum would often arise, that is, during the period from 1 April up to the passage of the budget, and the Government will have to seek a sum of funds. Actually, this sum of funds is always in the Treasury, and since the Treasury never closes, how can it be said that there is a crisis in causing a paralysis in government operations? If there is such a crisis, how could the Government have behaved so inadvertently?

President, why do we have this Vote on Account Resolution? Why is it that there have not been too many debates on it so that this Resolution of a purely technical nature can always be passed as a mere formality? It is because we used to hold considerably different views in respect of funding in the budget and how the funding can achieve a balance. As far as I can remember, the Government has always been acting according to the system. So we know that with respect to the entire sum of funding, there is 20% which will never be affected. This implies that the Government will use that sum in any case. In the past, the Vote on Account Resolution was founded on a system of tacit understanding and trust. A Vote on Account Resolution has never been negated by the Legislative Council. But certain very special things have happened this year and, that is, the Financial Secretary has made some drastic changes and this causes big damage to the system. The original system is totally destroyed and the basis for mutual trust is shattered.

President, let me give a simple example. When the Financial Secretary compiles a budget, he bases his decision on a number of principles. But it is because of certain remarks made by some people that these principles have been regarded as if they have never existed. This is the first point.

When members of the public expressed their utmost discontent with the Budget, the Financial Secretary only listened to the voice from one party. When Members of the pan-democratic camp wanted to meet with the Financial Secretary, it was surprising that the circumstances could have become so negative. The consultation mechanism does not exist anymore. When this system was totally destroyed and there was no tacit understanding and mutual trust, the Vote on Account Resolution was voted down.

President, I had not expected that there would be any disputes on the discussion on the Vote on Account Resolution last week. But to our surprise, Secretary Prof K C CHAN did not think that he had to explain to Members in what ways was the Resolution not related to the matters under dispute. It was only after repeated attempts made by us to urge him that he was willing to make a clarification. President, as I said in the beginning of this speech, what happened last week has become a fact in any case. Every one of us will bear the responsibility. Every one of us — those who have not voted and other people who have cast their votes — will all have to bear the responsibility.

I am worried about what will happen in future. Or perhaps Secretary Prof K C CHAN can respond later whether or not the Government will adopt even tougher tactics to secure votes. Can the Government only listen to the views of the majority of Members while it can afford to neglect other views? Or does he think that he should also listen to the views of all Members on the budget? If he thinks he should, then how is he to maintain the least amount of mutual trust?

President, I am not saying that the views of Members should be completely uniform in this Council. If the views of Members are really uniform, there would not be any need for a basis for mutual trust for there not be any difference between the views of Members. But when there are diverse views, how would the Government handle them? What kind of responsibility does the Secretary for Financial Services and the Treasury think he should bear? What kind of attitude does he think the Government should adopt? These are matters of concern to us really.

As we could see last week, even if the Government thought that it had the support of the majority of Members, it turned out that something unexpected could always happen at any time. If the Vote on Account Resolution is so important, how should the Government handle it? This I hope to get a reply from the Secretary.

President, I feel somewhat uneasy about another thing. On the night of last Wednesday when the Resolution from the Government was negatived because it could not get the support of the majority of the Members in attendance, the Government made a statement and claimed to the effect that it had discussed the matter with the Legislative Council Secretariat and that provided some slight changes were made to the contents of the Resolution, the Resolution could be tabled to the Legislative Council once again. I consider that there is a big problem with this statement. This is because Rule 32(2) of the Rules of Procedure clearly stipulates that if a motion is negatived, the same question shall not be moved again in the same Legislative Session. Hence there must be some substantial change to the Vote on Account Resolution before it can be tabled before this Council again. This is because the Government cannot move a motion which has already been negatived. Given this, why did we still see officials talking to the people that if only the amount of funding was changed by a dollar or two, then the Resolution could be tabled before the Council once again? I demand a clarification from the Secretary on this. Why did he give such an

explanation to the public? Why do the contents of the Resolution not have to undergo any substantial revisions?

In addition, the Secretary has not mentioned today why he thinks that the Resolution tabled today has undergone some substantial change in contents. Of course, this is not a very important point, for the question of whether any substantial revision has been made or whether a Resolution can be tabled before this Council again shall be decided by the President of this Council. And he has made a ruling on this. In any case, I really do not wish to see that the Government can do such irresponsible things and put across such incorrect messages to the people.

President, the Secretary should give an account. Why did he treat his duties with this kind of attitude? Why did he send such a message to the public? How will he handle similar cases in future? If we are really to discuss such questions today, I would think that this point badly needs a clarification by the Secretary. We may have different views every year. Sometimes our views are similar while sometimes there are significant diversities. Just how in the face of such great diversities (*The buzzer sounded*) Members can have a proper tacit understanding and a system to go with it would indeed be the subject of the concern of this Council. Thank you, President.

PRESIDENT (in Cantonese): Mr LEUNG Kwok-hung, you have pressed the "Request to speak" button, but you have already spoken in this debate.

MR LEUNG KWOK-HUNG (in Cantonese): President, that I did not know.

MR IP KWOK-HIM (in Cantonese): President, last week after the Vote on Account Resolution moved by the Government had been negated, there were great repercussions in society. Many people were very dissatisfied with Members from the pan-democratic camp who abstained from voting and caused the non-passage of the Resolution. They were even furious. This view of the public is very clear. The people hope that Members of this Council can stand in the position of the people and approve of the funding, so as to prevent any impact on various items of expenditure like welfare, healthcare and education which relate to the people's living. Mr Frederick FUNG mentioned in his speech that

the Government has provoked the feelings of the public. I think the public would discern this kind of argument which distorts the truth. If Members of the pan-democratic camp abstain from voting on the Vote on Account Resolution again today, they are continuing with their course of going against the will of the people. And people would query if Members of the pan-democratic camp are trading the interest of the public for the political poise they displayed.

Members from the pan-democratic camp abstained from voting on the Vote on Account Resolution last week. According to their explanation, it is meant to show their discontent with the Budget. I would think that this argument is illogical. If Members from the pan-democratic camp are not satisfied with the Budget, they should vote in support of the Vote on Account Resolution all the more. This is because the function of the Resolution is to give the Government funds to meet its public expenditure prior to the passage of the Appropriation Bill 2011. Such expenditure items include the salaries of civil servants, Old Age Allowance, healthcare services, and so on. The money is also used to maintain the day-to-day operation of government organs. If only Members from the pan-democratic camp can lend their support to the application of funds on account, they can enable the Government to continue operating effectively. In this way, they can have more room and time to discuss with the Government how the Budget can be revised. Suppose in the end the Government still refuses to make any revision, then they can vote down the Budget. If the Budget is voted down, it can also give the Government time and room to do it again and introduce a new budget. Such is the function of this Vote on Account Resolution.

Dr Margaret NG has just mentioned that the public coffers are full of money. But does it mean that the Government can use the money there? The duty of the Finance Committee of the Legislative Council is to approve or reject applications for funding by the Government. This is common knowledge which every Member of this Council should have. I am very surprised to hear her say that the Government can use money whenever it likes since it has got it in the coffers.

So if Members of the pan-democratic camp want to oppose the Budget, they should support the Vote on Account Resolution. Only this will show any logical thinking. Voting down the Resolution is actually an attempt to provide another chance for people to put up a show. This is a very irresponsible act. This kind of action will certainly be condemned by society and the public.

Members from the pan-democratic camp criticize the new and revised Budget for only handing out money and lacking in long-term policies, failing to respond to the three major demands of the pan-democrats. Mr CHEUNG Man-kwong has even tried to defend the negating of the Resolution in some seemingly righteous terms. This kind of specious arguments is definitely futile. We can see that the three demands made by the pan-democrats to the Government are all about some very substantial and long-term issues that cannot be dealt with by one budget alone. Budgets are revenue and expenditure plans of the Government for the coming year. These Members from the pan-democratic camp also know it very well that budgets are unlike policy addresses. We should strive to make the Chief Executive make some pledges on certain long-term policies in a policy address, but we should never use the budgets to hold the Government to ransom. If the Government does not accede to these three demands, they will vote down the Budget. Actually, these Members from the pan-democratic camp knew very well that the Financial Secretary could not make any undertaking with respect to their demands and they are asking the Financial Secretary to do something impossible. They called upon the people to take to the streets and wage war on the Government. They were doing that for one simple reason and, that is, to undermine the prestige of the SAR Government and create uncertainties in society. This is definitely not conducive to the interest of Hong Kong.

As a matter of fact, the revisions made by the Government have responded to public demands. But Members from the pan-democratic camp attacked the Government for only heeding the views of the pro-establishment Members in revising the Budget. They thought it was biased. But it is very peculiar to say so. First as we know, after meeting with the pro-establishment Members, the Government also met with Members from the pan-democratic camp to listen to their views. Only that in the end, views from the pro-establishment Members were taken on board, instead of those from the pan-democrats. I have talked about the reasons earlier. Members from the pan-democratic camp were making demands in respect of major policies, how could the Financial Secretary decide on these issues? The pan-democrats knew very well that the Financial Secretary could never respond to their demands and so they adopted a poise of fighting for the people and calling on the people to take to the streets in a march. They also threatened to move a motion of no confidence in the Financial Secretary. This is only a big show in politics.

Mr LEE Cheuk-yan has pointed out what has gone wrong. It is in the insufficient number of votes which the pan-democrats hold. After this event, I am sure many citizens would think that fortunately the pan-democrats do not have sufficient votes, for if they have, it will surely mean bad luck for Hong Kong.

All in all, Members from the pan-democratic camp are only dissatisfied with the Financial Secretary for only accepting the views of the pro-establishment Members. The revisions made to the Budget are seen as giving credit to the pro-establishment camp. So the pan-democrats put up some demands and forced the Government to comply. This wrestling between political parties

(Mr LEUNG Kwok-hung stood up)

MR LEUNG KWOK-HUNG (in Cantonese): I do not understand what is meant by "giving credit". Can he make a clarification?

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

MR LEUNG KWOK-HUNG (in Cantonese): I do not understand what is meant by "bad luck" either.

PRESIDENT (in Cantonese): Mr IP has heard your questions. Your speaking time is up. Please do not interrupt the speech of other Members.

MR LEUNG KWOK-HUNG (in Cantonese): I really do not understand what is meant by "giving credit".

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

MR LEUNG KWOK-HUNG (in Cantonese): Can I not ask questions when I do not understand something?

PRESIDENT (in Cantonese): Mr LEUNG, according to the Rules of Procedure, if you wish to seek a clarification from a Member who is speaking, you have to seek his approval.

MR LEUNG KWOK-HUNG (in Cantonese): Can he explain what is meant by "giving credit"?

PRESIDENT (in Cantonese): Mr IP, do you want to give way to Mr LEUNG?

MR IP KWOK-HIM (in Cantonese): I do not understand a lot of what he says in his speeches either. However, I would not ask him for a clarification, for what he says is trivial and meaningless. I will continue with my speech.

(Mr LEUNG Kwok-hung continued to speak while seated)

PRESIDENT (in Cantonese): Mr LEUNG, I cannot allow Members using an excuse of seeking an elucidation from a Member who is speaking to actually starting a mini debate.

Mr IP Kwok-him, please continue.

MR IP KWOK-HIM (in Cantonese): This wrestling between the political parties is normal in parliamentary politics. But there has got to be a bottom line and things must not be played over board to the detriment of the interest of the public. Apart from power and strategies, politics would also involve ethics. And the overall interest of society must be put in the first and foremost position.

Mr Albert CHAN has also spoken earlier. Actually, I do not quite agree with what he says all along. However, there is a remark which he made today that I agree with very much. He says the vote last week was a farce. I could not agree more. Some Members from the pan-democratic camp were unhappy with the attitude of the Government towards them, and so they wanted to air their

grievances. As they did so, a farce developed. I agree very much with this remark.

President, with respect to demands from the people, such as setting up a universal retirement protection system, resuming the production of HOS flats and using recurrent expenditure items to help the poor people, all of these are supported by the DAB all along. I am sure the DAB will continue to take a rational and practical attitude and strive to urge the Government to meet these demands as soon as possible.

With these remarks, President, I support the motion.

MR CHAN KIN-POR (in Cantonese): President, I am sure Members will all know that the moving of a Vote on Account Resolution is a well-established convention of the Legislative Council. Its objective is simple and, that is, to enable the Government to operate continually after 1 April so that the Legislative Council can have ample time to discuss the budget. This is a conventional procedure which shows respect for the authority of the Legislative Council. Relevant resolutions were passed annually in past years.

But this year, the Resolution was negated indirectly because some Members who were unhappy with the Budget had abstained from voting.

This unconventional move by Members which stems from political rivalries will not lead to civil servants failing to get their salaries paid or CSSA recipients unable to get their CSSA payments, but it warrants our consideration and see if it is right to do so.

Members should know that the people of Hong Kong have discerning eyes. If they think that Members do not decide on how they should vote according to the nature of the topic itself but are just using their voting decisions to show their discontent with certain officials, then I am sure the people of Hong Kong will be very disappointed. Never have so many people said to me that they are very disappointed with the action of the pan-democrats on this occasion.

I just want to express my view simply. I support the Resolution proposed by the Government.

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

MR WONG KWOK-HING (in Cantonese): President, after hearing the speeches made by Members carefully, I think I would also like to say a few words.

First, with respect to the speech made by Mr WONG Yuk-man, I really admire him very much. The amazing thing about his speech lies not just in his witty and sarcastic approach, but also in how he exposes the conflicts and muddled logic of the pan-democrats with respect to the Budget and the Vote on Account Resolution. If these arguments by Mr WONG Yuk-man come off the mouths of pro-establishment Members, I am sure the pan-democrats will say that the pro-establishment camp is badmouthing and smearing them.

Just now Mr WONG Yuk-man made an expose of the matter by naming the people involved in it. I am sure viewers and listeners before the TV and the radio would be able to see that Members from the pan-democratic camp did not consider public interest at all with respect to the Budget and last Wednesday's Resolution. Therefore, I do not think I need to add anything in this connection. It is also the first time I have ever praised a speech made by Mr WONG Yuk-man. I think the contents of that speech are marvellous and Members should watch and hear it again. So I have nothing more to add to that.

The second point I wish to raise is that if any Member from the pan-democratic camp should say that even if the Resolution was not passed last Wednesday, it can be passed in the meeting on next Wednesday, that is, today, I wish to tell Members that there would not be another Wednesday next week because there will be no meeting next Wednesday. Even if the Resolution were passed in the meeting of this Council on a Wednesday two weeks later, I am sure the procedure which the Government has activated for the funds on account would have been delayed. The funds related to the Old Age Allowance total more than \$500,000 and if we add up funds like CSSA payments, Disability Allowance and the salaries of civil servants together, we should know that there would not be enough time for the autopay formalities to complete. So I hope Members can really seize the day and refrain from going overboard.

President, the third point I wish to say is that even if we had ten thousand reasons against the Budget or even more than that number for being unhappy with

it, we should not sacrifice the well-being of the people and use it as the bargaining chip. The interest of the public must not be sacrificed. I think government services

(Mr Frederick FUNG stood up)

PRESIDENT (in Cantonese): Mr WONG, please held on for a second. Mr Frederick FUNG, what is your point?

MR FREDERICK FUNG (in Cantonese): I wish to seek a clarification from Mr WONG Kwok-hing.

PRESIDENT (in Cantonese): Mr FUNG, please sit down first. Mr WONG, Mr FUNG seeks a clarification from you. Would you like to give way?

MR WONG KWOK-HING (in Cantonese): I do not think it is necessary.

PRESIDENT (in Cantonese): Please continue.

MR WONG KWOK-HING (in Cantonese): President, I think we should if any political party or Member has 10 001 reasons against the Budget and even if they are 100% justified, I would think that public interest must not be sacrificed, nor should government services be sacrificed and disrupted. I do not think we should sacrifice public

(Mr Frederick FUNG stood up again)

PRESIDENT (in Cantonese): Mr WONG, please wait a while. Mr Frederick FUNG, what is your point?

MR FREDERICK FUNG (in Cantonese): The Government has not said that even if it is passed on 30 March

PRESIDENT (in Cantonese): Mr FUNG, your speaking time has expired.

MR FREDERICK FUNG (in Cantonese): How does he know that it is the case? There is some problem with his logic.

PRESIDENT (in Cantonese): Mr FUNG, Members are not permitted to speak for a second time in this debate. Mr WONG, please continue.

MR WONG KWOK-HING (in Cantonese): Thank you, President, for being an umpire in this matter. I do not think there is anything I can do if people want to come out and admit that they have done something.

In my opinion, as responsible Members we cannot treat other Members or political parties in the same way as they have used. Moreover, we cannot use ways that are even more incorrect against the Government because it has done something wrong. We should be answerable to the people. The Resolution before us is

Frankly, and honestly, civil servants are waiting to have their salaries paid. We from the Hong Kong Federation of Trade Unions (FTU) and Members from the labour sector should know that if we are really thinking for the good of wage earners, we ought to see the point that they are really waiting to have their salaries paid. Then we should not make things difficult for them! It is something we oppose the Government and resist it, but it is another thing that we should not make the non-payment of their salaries as a bargaining chip. Right? People on the Old Age Allowance, CSSA or Disability Allowance are waiting for their payments, so their interests should not be sacrificed, I think. This is something that must not be done. So I just hope that we will stop fighting on this issue.

For this reason, I appeal to Members — be they politically affiliated or not or whatever background they may have — to place the normal delivery of government services and the normal functioning of society in the first place and

also the interest of the public. They should support the passage of the Vote on Account Resolution moved by the Government. As for the next move to take, that is, on issues related to the Budget, Members can do whatever they like. They can do anything provided that the public will not be affected in matters like their meals and salaries.

President, I hope Members can heed my call and make a rational decision. Regardless of what Members may do, I am sure the people will make a clear judgment.

Thank you, President.

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

MR PAUL TSE (in Cantonese): President, the remarks I am going to make will not affect my view on the Budget *per se*. Some Honourable colleagues, for example, those from the Liberal Party, are very concerned about how members of the public would view the incident that took place last time and who was right and who was wrong. As Members of this Council, of course we will know more clearly how the incident had taken place whereas members of the public will only try to find out more about the incident if they have the spare time to do so. Therefore, I hope to supplement the facts of the incident.

First of all, there are at least five reasons which account for what has happened during 9 March and now when this Resolution has been proposed again. First, as the Secretary has said in his speech, this involves some well-established conventions. I do not think Members would disagree with that. Second, he also stressed that it is a technical procedure. Mr Frederick FUNG said earlier that there are no such things as well-established conventions these days because, as seen in the attire of Members, things have become different and Members do not have to wear suits. As a matter of fact, when the Chief Executive enters the Chamber nowadays, some Honourable colleagues would remain seated deliberately and treat the matter with contempt. This is a show of disrespect to the establishment more than to an individual. I am very dissatisfied with that. Having said that, this can be regarded as some change that has already taken place.

Dr Margaret NG pointed out that we used to show our respect to this kind of convention in the past, but it is different this time. There are two reasons. First, there is an inexplicit rule which requires the Government not to spend more than 20% of the GDP. Second, the Government used not to listen so selectively like it did this time. Members from the pro-establishment camp are placed like a backdrop behind the Financial Secretary to support his revisions made to the Budget. Why? According to Dr NG, it has totally destroyed the mechanism of a convention.

Many Honourable colleagues and political parties have requested the Government to increase its spending to more than 20% of the GDP. They have constantly urged the Government to relinquish the mentality of a miser. This kind of argument is therefore not novel. As for the accusation of listening selectively, actually, there are Honourable colleagues who oppose this kind of stand of the Government and they have cast votes against the budgets before. So there is nothing new about it, such that people had to give up this well-established convention this year.

Dr Margaret NG also pointed out that if this is really the case, the Government should not be doing anything like that which is unwise. If the matter is really that important, it should have exercised extra care. In Dr NG's own words, there must not be any chance of a mishap. But I would also like to point out that assuming that everything is fine and doing nothing to invite a failure are not mutually exclusive. In fact, in certain committee meetings, if people are not concentrated enough, they may fail to see that a quorum is not present. And if it is requested that a head count be done, a mishap may happen at any time. We have seen this all too frequently. I do not mean to defend the Government's action this time around. And some people may even think that it is an act of omission. What I want to do is only to outline the background of this incident.

The third point I wish to add is that as in the past, no committee was set up for this Resolution. No Member has ever asked that this be done. Fourth, as a general rule, there is no need for division for this kind of Resolutions. Fifth, in the meeting on 9 March, a Member had asked the Government to clarify whether or not this Resolution was linked to the measure to hand out \$6,000 to every adult or if part of the funding under it would be used for that purpose. The Secretary gave a very clear reply and said that there was no possibility for that. Then we

had a vote. These five points form the background for what happened last Wednesday.

President, some Honourable colleagues made the criticism that the Government was provoking people's feelings and passed the responsibility onto the voting decision of certain Members. They claimed that this would prevent the Government from getting funding and the people would suffer in the end. Some Members said that there is absolutely no possibility for that and all that is needed is to resubmit the Resolution for subsequent examination. But as Mr WONG Kwok-hing put it correctly, while there is no high risk for that, we cannot rule out its possibility. Why?

For one thing, as Dr Margaret NG said, there is a notification period of 14 days under normal circumstances. Of course, the President has the power to waive this 14-day notification requirement and he actually decided to do so. For another, Members can ask that a committee be formed. Once this request is made, the matter will have to undergo a deliberation process, and there may be delays. If there is really delay and the matter cannot be put to the vote today, then I am afraid the situation as described by Mr WONG Kwok-hing would arise, that is, similar resolutions on funding will have to be delayed until after 30 March. There is actually a possibility and risk for that despite the fact that Members have tried to reduce such a risk to a minimum and the President has waived the requirement. An Honourable colleague remained silent last Friday and did not bring up the idea of forming a committee. However, before that day and if my memory is correct, Ms Audrey EU once told reporters that she had considered requesting the forming of a committee. And the Democratic Party once also said that if any Member would make such a proposal, it would not oppose it. So there is really such a risk. We cannot rule out the possibility that this Resolution would be delayed and harm will be done to every member of the public.

I do not agree with or favour this kind of excessively emotional reaction from certain officials after the incident in an attempt to cause fear and grievances among the people. However, I would think that this is a personal preference of such officials. Also, I do not agree that when the Financial Secretary was to make an announcement about such important revisions, he allowed himself to be flanked by a group of pro-establishment Members standing at his back to show some spiritual or physical support. I would think that it was not a proper or wise

move, especially for members of the public, those opponents of the Government or in terms of the feelings of some Honourable colleagues. But it is something already done.

On the other hand, some Honourable colleagues may deny the fact but are nevertheless betrayed by the wordings they use. They use words like an "emotional rebound", or as some Honourable colleagues have said, they are "moved to anger". Or it may even be like the criticism made by Ms Emily LAU, those Members standing behind the Financial Secretary are certainly up to something. All this shows that in this incident, the stand of some Honourable colleagues are more or less related to the change of stand made by the Financial Secretary with the backing of some pro-establishment Members. Members should stop deceiving themselves and deny that the incident has nothing to do with impulsive reactions out of frustration. If they do so, it would give people an impression that Members are not speaking from their conscience. If this is the truth, then they should not be afraid of admitting it. After all, it is no big deal to admit one's mistakes.

Some Honourable colleagues denied that the incident is the result of a "hard luck" stroke and that they have "played the game too far". Mr CHEUNG Man-kwong even spoke with passion and conviction that the incident was definitely not an "ambush". But if the Democratic Party had a stand on that and it would show its stand by abstaining from voting, then it would not have found it necessary to request that the meeting be suspended for 10 minutes, and it would not have found it necessary to discuss with other pan-democrats in the Ante-Chamber. It is because if the stand was already decided, there would be no need to spend 10 more minutes to discuss the tactics. So the whole incident only makes some members of the public or me ask this question: why would they not simply admit it? The more whitewashing made of this incident would only serve to complicate things.

President, some Honourable colleagues stress all the time that as a matter of principle, they should strive to get a proposal which they are happy with. Therefore, they will make their position known whenever given the chance. This makes me recall that when I was a kid, my parents quarrelled often. I was small and ever since I began to understand things, I found that my mother was a great person because even if she had a quarrel with my dad and was really depressed, she would behave as if nothing had happened. She would cook, wash

dishes, and do household chores all the same. She was like the Japanese we see now — silently discharging her duties. She would never vent her depression on us by not cooking, not washing the dishes and not doing the household chores and let us starve.

It is because of this small personal experience of mine that I came to understand even at a young age that even if we were unhappy about anything, what we should do after trying our best to improve on things is to fulfil our responsibility and do our part. This is also the biggest difference between those in power and the opposition. No matter what has happened, those in power will have to bear the responsibility. The case is like the Japanese Government now, persevering, come what way. On the other hand, the opposition and those who could never come to power may talk about lofty ideals and niceties because they do not have to be responsible for the choice they make and the words they say. After shouting slogans and affirming their principles, they do not have to face the consequences of their insistence. If there is a chance for political parties to come to power in turns, I think they will all adopt a middle-of-the-road stand. This is something we all know.

President, I will lend my continued support to this Resolution today. But that does not mean that I hold no reservations about the way in which the Government has handled things. In fact, the style and practice of the Government in recent years, especially lately, do show that it lacks a sense of crisis. Last week, I talked with a Director of Bureau on this topic. I would not name him, but he mentioned a few words and I thought about them for a long time. These words are: "thought it unlikely". The meaning is that for a resolution which is so technical and a matter of convention, no one would think that anything would happen to it. That Director of Bureau I am talking about is not Prof K C CHAN. Please do not get it wrong.

This morning, we talked about the crisis faced by Hong Kong now, like whether the black travel alert should be issued for Japan as a whole, or the measures to be taken to prevent the proliferation of nuclear contamination. The impression given to me by the Government is that it is very conservative and in many matters, it just thinks it unlikely that anything will happen. I hope what I have said will not turn out to be true. But there are indeed many things which we think will not happen have really happened. I hope the Government can reflect on this mentality. It must not take everything for granted, and it must

realize that nothing is impossible. The society nowadays is very much unlike the one we used to know. I hope the only positive thing that comes out of this is that the Government has really learnt a good lesson. It must never take things for granted. For anything could happen. Please never think that it is unlikely to happen. If there is a possibility of a crisis, please handle it carefully. And that includes the case of issuing travel alerts.

President, this morning we observed a minute of silence. Earlier an Honourable colleague quoted from HAVEL. Please allow me to cite something as well. This morning I read from *The Apple Daily* an article by Mr LEE Yee. He appeared to be talking about the writings of the Japanese author Haruki MURAKAMI but in fact he was saying something about how the Japanese conducted themselves in this disaster and why their behaviour should be commended and praised. He quoted a passage from Haruki MURAKAMI's book *All God's Children Can Dance*. Let me read it out: "Disasters force people to contemplate on the value and meaning of life. The Japanese have always been under the mercy of huge natural disasters and they have come to realize the fragility of mankind in the face of the irresistible scourge of nature. Mankind is reduced to such fragile and vulnerable proportions that it cannot afford to inflict harm against one another and create disasters for mankind. Hence every human being should have self-restraint and control and they should upkeep order and help each other out. It is only in this way that social order will not be destroyed and people can live."

President, compared to the catastrophes that the Japanese are suffering, what happens in Hong Kong is nothing but a storm in a teacup. I hope Members can learn a lesson from it. Thank you, President,

MR ALAN LEONG (in Cantonese): President, the democrats made three demands, namely, universal retirement pensions, resumption of the production of HOS flats and injecting a sum of \$20 billion to increase the recurrent expenditure of the Government so as to provide sound services in education, environmental protection and healthcare. Actually, these demands are not made only during the last eight to 10 days or so.

On 23 February after the Financial Secretary had unveiled the Budget, I went to the districts several times. These districts included not only my

constituencies, but also faraway districts like Lei Muk Shu and Kwai Shing. I heard many stories about the Hong Kong people living in dire straits. One of such stories is about a kaifong who lives in Lok Fu. He told me that the lady who lived next doors to his flat was recently diagnosed of cervical cancer. The hospital has arranged for an operation for her 8.5 months later. In the end, she borrowed money from everyone she knew and raised some \$100,000, so that she could have the operation in a private hospital because she thought that she could not afford to wait that long.

This morning I met a group of low-income parents from To Kwa Wan. They were all ladies. When they came to see me, they had to entrust one of their numbers to take care of their kids who studied in the afternoon session. Then these some dozen or so parents came to see me and said that they faced a lot of problems. They said that they did not have the money to buy computers. And they had to spend money on getting tutorial lessons for their kids and each subject would cost at least \$600 to \$700. I asked them if they could skip the tutorial classes. They said "no" and if they did not arrange for their kids to take those lessons, when the school management meet them, the teachers would rebuke them for not giving their kids a good education. These parents made about \$6,000 a month and they had to spend about \$2,400 on the tutorial classes for one kid every month. They find life very difficult.

I read from the newspaper last week that some people cried for the death of an old lady in her eighties who was knocked down by a car as she was pushing a wooden cart and picking carton boxes on the street. For many years I have tried to push the Government to subsidize a tablet called Deferasirox for patients suffering from Thalassaemia. I have made the request to the authorities for 10 years and now at last they are prepared to provide drugs for 50 patients. There are also some orally administered drugs for cancer which have good efficacy but they are not on the Hospital Authority Drug Formulary. President, this is the situation we have here in Hong Kong.

When some kaifongs bumped into me on the street, they asked me, "Why do we have to suffer when the public coffers are full of money? Why can money not be handed out according to the needs in society? Money should be spent where it is badly needed. When the Government hands out \$6,000 to every person, is it doing this because it is unhappy and it feels it has been wronged?"

When we pay taxes, it is done in the hope that the Government can take care of education and healthcare matters. Now the Government is not doing anything. It says that it does not know how to go about doing these things. Actually, it does not want to do anything. It lacks neither the will nor the abilities. So it is giving the money back to the people. Now when the Government returns the money to me, how I am to implement free education for 15 years? When the Government returns the money to me, how can I give the drug Deferasirox to some 400 patients suffering from Thalassaemia? I just cannot do it.

President, in the present political landscape, Members have the votes but not the power. This is an undisputed fact. If we do not make good use of the votes we have and work for the well-being of Hong Kong people living in dire straits, we will be wasting the votes in our hands. President, just who have sacrificed the well-being of the people? Just who have not acted in the interest of the people? I am sure the people can tell with their discerning eyes.

I wish to ask Honourable colleagues here in this Chamber or outside just to imagine, if 59 Members of this Council all say to the Government that if it does not help these cancer patients, or parents with a low income, or the children of these disadvantaged groups, then all Members will negative its Resolution, would the Government still sit here and do nothing, and would it let us vote the Resolution down? Of course not. This is because public coffers are full of money. It is not that these things cannot be done, but they do not want to do them. This is the situation we are facing now.

In this Council where we are trapped in this quagmire of having the votes but not the power, and if we do not ponder how we can make use of the last resort that we have and the votes in our hands and force this heartless government which is so full of blind spots and totally detached from the people to do something for those who struggle for survival every day, so that their life can be made somewhat better, then we would feel ashamed of ourselves.

President, even our Premier cannot bear to see this. Members can just imagine, had the remarks made by Premier WEN Jiabao come off the lips of Chief Executive Donald TSANG, what would it be like? I am sure there will be genuine concord in society.

Although I do not want to criticize Donald TSANG again, despite the fact that he should be censured, I would think that of greater importance is that I really hope that our SAR Government will put in more efforts to do something practical.

Dr Margaret NG, a comrade from my party, has earlier posed a question. I do not think she has given the best answer to it. Her question is: why does the Government take the lead to induce fear and panic in the people? My answer is, this is because Donald TSANG just wants to play with power politics. He saw that window and hope to use some misleading remarks and tactics to smear the democrats. When he wakes up in the middle of the night, I do not think that kaifong, those mothers and those who are taking or would want to take Deferasirox — that oral medication for cancer patients — would ever come to his mind. What he thinks of is how he can exhaust all kinds of ways and means to remove these thorns in his side. Is this a practical task that should be done?

When he debated with me — President, it was four years ago — at that time on the stage or in his platform, he had made a number of pledges. Now even Premier WEN Jiabao could not take it and he could not help but ask, what on earth is he doing? There are lots of surpluses in Hong Kong. Public coffers are flooded with cash. The Premier says, since Hong Kong has abundant public revenue and solid foreign exchange reserves, there is a need to further consolidate the social security system here and take better care of the disadvantaged and devote more efforts to improving the living of the people. All these words do ring a bell. These are the things we hope the SAR Government can do and we hope that it can put in more efforts to do something practical for Hong Kong.

An Honourable colleague mentioned just now that it is fortunate that the pan-democrats did not have enough votes, for if they did, it would spell misfortune for Hong Kong. This is ridiculous. Were I elected the Chief Executive four years ago, those items in my platform like 15-year free education, universal retirement protection, producing HOS flats and small-class teaching would all have become a reality if I had enough votes. Why is there such weird logic? Why are there people saying that if the pan-democrats had enough votes, it would spell misfortune for Hong Kong?

Last Wednesday, those Members who decided to support the Government were only inches away from the critical point, only that they backed off at the last minute. They should admit it when they backed off. That does not matter. But the question is, when other Honourable colleagues resorted to abstaining

from voting to come near to the critical point, and in the hope that Donald TSANG would cease to be so heartless, that he could do something more for Hong Kong and for the well-being of the disadvantaged, these people cannot make the criticism that it was an irresponsible act. We hear words coming from the mouth of the pro-establishment Members or officials — such as when K C CHAN, John TSANG or even Anthony CHEUNG talk about "sacrificing people's interest" or "not taking into account the interest of the people", and so on. What kind of remarks are they? And what logic is there in them?

I have faith in the people. I have faith in the masses. I trust the judgment they make at the end of the day. When all these irresponsible and scaremongering remarks by people like K C CHAN, John TSANG and Donald TSANG go away, when such a cloud of untruthfulness disperses, what unfolds before our very eyes would be a crystal clear picture of truth.

President, some people say that not lending support to the Appropriation Bill and the Budget is like politicizing the Budget. This is strange, very strange indeed. The Legislative Council is part of the political framework under the constitutional system of the SAR. If we do not make use of the votes we have in our hands and engage in this political wrestling, I fail to see how then can we say that we are doing things that we should do with the mandate of the people. What does politicizing mean? It is an outright impossibility that government operation would come to a standstill. Ever since the reunification and especially after Donald TSANG has come to power, what the Government has been doing is to court favours from one faction and crack down on the other. This is the law of affinity differentiation. He never tries to cover this up, and he is making it more obvious than ever. Given this, the duty to come to the defence of the master would rest with the pro-establishment camp and all those Honourable colleagues who appeared in that photo. Since when does he want those from the opposition to support him? Queer, indeed.

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

DR PRISCILLA LEUNG (in Cantonese): President, just now I heard Mr Alan LEONG talk enthusiastically about the Budget and the convictions he had when he ran in the Chief Executive election four years ago.

I hope Members can focus their attention on the Vote on Account Resolution today. I think there are many issues worth debating and they can be left to the special meeting of the Finance Committee next week. If Members do not support the Resolution, they can vote against it.

I was in that meeting with the Financial Secretary. I can just say that in that meeting there was a large number of Members from the pro-establishment camp. Just now a Member talked about 59 Members fighting for one common goal and I think that is impossible. On that day, among the Members from the pro-establishment camp, some wanted a tax rebate of \$20,000, some wanted a tax cut, and so on. There were dozens of demands. It was only after much hard effort that attention was focused on three key areas.

I wish to point out also that when the Professional Forum met the press on 23 February, we were one of the few groups which did not rate the Budget as a failure. Like other Members we criticized the Budget for lacking long-term commitments. We launched a stern attack on it. But does that make the Budget a failure as a whole? We do not think so. In our opinion, the Budget has addressed a number of issues which we hope the Government can handle, including the Venture Capital, and collateral by the Government, and so on. I do not wish if you are unhappy about any part of the Budget some Members have pointed out that some of the contents should be left to the discussion in the special meeting of the Finance Committee next week.

I think Members should be more straightforward and cast their votes on the Resolution. I can see that in the cases of the transport subsidy and the funds on account on the last occasion that after very vehement criticisms, including those made on the transport subsidy for the 18 districts, no one cast any vote against it eventually. As a newcomer in this Council, at times I would wonder why after all these scathing attacks, no one would vote against a motion in question. Actually, Members can vote against it. It is all right. I think we should concentrate on the Vote on Account Resolution today. We got to be straightforward. If you do not like handing out \$6,000, then you can go ahead and vote against it. We want to achieve a compromise. On that occasion Members from the pro-establishment managed to agree on three areas and that was very rare. I have paid visits to many districts and in many middle-class neighbourhoods, the people say that they would rather have cash than injecting a sum into their MPF accounts. After conducting some consultation, I suggested

that to the Professional Forum, so that we could see if Members could agree on it. This is because we oppose the idea of handing out cash from beginning to end.

So politics is an art of making compromises. When we have compromised and taken this move and if you do not agree with us, then you can vote against it today or in the special meeting of the Finance Committee where we can discuss the Budget again. With respect to the Vote on Account Resolution today, I think that no matter what grievances you may have, this is the time to vote on the Resolution. It does not matter whether you want to explain why you had abstained from voting or anything else, it is time you voted.

President, I so submit.

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

MR LEE WING-TAT (in Cantonese): President, we are in a new world now. This may sound exaggerated, but when it comes to the old conventions of this Council, I must say that not everything can be taken for granted. Some colleagues said in their speeches that this Resolution used to be passed every year. But President, what used to be passed may not necessarily pass every time. Nor is it the case that people who hold a different view on this matter do not have justified grounds.

President, what has astonished me most is that when we in this Council have reached a high degree of consensus on a certain issue, I sometimes feel a bit perplexed, President, as to why, despite this high degree of consensus, we have not striven for the greatest possibility. Certainly, some colleagues consider that the provisional funding should not be lumped together with certain policies that we have been championing for. But if we do not seek to exert the greatest influence in this process, we will not be able to achieve anything.

Many colleagues have raised the same question. We know that the panels do not have powers. We also know that it has always been the case that we do not have powers. But why do we still try so hard to attend meetings of the panels and to propose motions for debate every week? It is because we know that even though we do not have powers, so long as we fight for our cause at every stage and on every occasion, we will be able to influence the outcome. In

fact, Paul, even if you have a few words with the Secretary, you just know that he may not necessarily change his decision, so how are you going to tell him? You have to work very hard and exhaust all possibilities to force or persuade him to make changes. This is what you have to do when you are not in power.

Some people asked why we have to do this. This is actually very simple, and I do not know why colleagues do not understand the principle after we have debated this for so many times over the past couple of days. When we would like to see a certain thing happen, we have to exhaust every possibility to make it happen. Of course, some occasions may not be directly related to the issue in question and I do not deny this. But we all know that politics is about such a process. No political party or government will purely focus on the issue in question alone.

On the question of provisional funding, we in the Democratic Party and the democratic camp certainly know what we are doing. Our aim is to express our views and discuss a policy, just as we do in debating motions with no binding effect in panels or when we run into a Director of Bureau in the corridor and ask for a meeting with him or her. In short, we make use of every occasion to present our demands.

President or Honourable colleagues, the pan-democratic camp should actually be sympathized. I remember that, as I said previously, whenever we met with foreign consuls and when they asked us how many votes the so-called pan-democrats held, I said it was generally around 55% to 60% and they said, "Then it means that you are the government?" Sorry, the coalition which can obtain 55% to 60% of votes in direct elections in Hong Kong cannot become the government because our system is unfair. I do not wish to make colleagues think that I am making use of this occasion to criticize the functional constituencies, but this is precisely the reason why there is indeed this unequal system. Had this system been an equitable one, our Government could have been Just as Paul said, "You can become the government and when you make a mistake, you step down." I do not mind this at all. Never do I mind about political parties forming the government and facing the possibility of stepping down for failure to implement policies effectively. But the problem is that even though we have the people's mandate, we cannot become the government.

Instead, I wish to ask: By whom this Government is given mandate to become the Government? You can say that it is the Basic Law, but does it have the people's mandate? President, Honourable colleagues, sorry, a government has been formed without the people's mandate. There are only those 800 members of the Election Committee, who will be increased to 1 200 in future, but how many people do you think they can represent at most? They can have only hundreds of thousand votes, which are far less than the votes obtained by the pan-democratic camp. Such being the case, how can it be said that this Government definitely represents the greatest interests in the community? I always have doubts about this.

This Government is not a legitimate government in political science. It has only obtained the people's silent mandate through its performance in the process. This is true. Who has voted for Donald TSANG to be the Chief Executive? Who has voted for K C CHAN to be a Director of Bureau? And, this is not the system of the President's Cabinet as implemented in the United States either. This simply does not stand to reason.

So, some colleagues said earlier that we have made a wrong move or done something which has caused a rebound. In fact, they do not have to worry about us. President, you do not have to worry about us. All Members taking part in direct elections know that we face the test of election once every four years. So, it is unnecessary to worry too much about whether or not what we have done is wrong. Of course, what we have done may be wrong. Never do we think that everything we do is right, but we know why we have to do it.

President, Honourable colleagues, we think that sometimes, new things have to go through a process. Think about this: Two months or two and a half months ago when thousands of people first took to the streets in Cairo, Egypt or in Tunisia, the power-that-be might think that these people were traitors and they did not understand why they had to take to the streets to oppose their governments. Why did hundreds of thousand people take to the streets to oppose their government? Every political act always arouses concern the first time it appears and I fully understand this.

Of course, the Government is very "clever". I do not mind it. This is called the fear tactics. It is the easiest tool in elections, because it is very difficult to show that a government has made achievements. When OBAMA

won the election, he had a support rate of 70% which has nevertheless dropped to some 40% now. The easiest way for any government to win support from the people is not by performing well, but by creating an enemy or a fear. So, why do many autocratic governments like to invade other countries? After their invasion of the neighbouring countries, they would say that the neighbouring countries are wicked or that these countries started the invasion and so, they must fight against them. Their objective is to make their people temporarily put aside the internal problems of the country.

President, what I consider most puzzling is how possibly we can think that the transient measure of handing out \$6,000 is something to be proud of. This is what Mr WONG Kwok-hing of the FTU said on television. I found this most astounding, though I do not wish to make too many criticisms. I can understand it when one takes pride in enabling people to live in peace and work in contentment; and I can understand it when one takes pride in enabling people to live in dignity upon retirement at the age of 65. But I really do not understand how one can take pride in \$6,000. This is simply baffling to me.

PRESIDENT (in Cantonese): Mr LEE, should you not also save these views to the Budget debate?

MR LEE WING-TAT (in Cantonese): President, I certainly will express these views then. I am explaining its relationship with the Vote on Account Resolution.

What I mean is that if colleagues should establish a correlation between the provisional funding and the pro-establishment camp taking pride in their success of striving for a cash handout of \$6,000, I would consider it a bit bizarre. First, I am not jealous, because I always support the idea of having a ruling party and everyone knows that this is my position, and I have talked about this many times. I do not mind the pro-establishment camp becoming the ruling party, and I am not in the least surprised if they support the provisional funding and also the Budget. It is because the pro-establishment camp is a group supportive of the Government, and I am not surprised to see that they will vote for the funds on account and the formal appropriation of funds.

But President, I seldom make any suggestion to you on what you should do. But last week, I said during the debate that "the rites were in tatters and the music of decorum was 'loud'" — some people said that the "music" is actually loud, not in tatters — because the Government should announce major policies in this Council. We will not see the Chief Executive or the Financial Secretary stand up in front of a restaurant or a pub to announce the Budget. No, this will not happen. I made this point last week. When we have to uphold the dignity of a parliamentary assembly, President, you should actually think about this too and that is, when a major revision in policy was to be proposed, did we bar or prevent the Financial Secretary from making a statement at the meeting of the Legislative Council at 11 am or 1 pm last Wednesday? President, I believe you certainly will not stop him from doing so. It is fine for him to meet with the pro-establishment camp and discuss the provisional funding or other matters with them. I am not jealous of them, and I will treat them as a coalition government or whatever. The question is: Why is this revision not announced in a solemn parliamentary assembly? Some colleagues said to me that in future, they may, in the middle of their discussion, simply arrange for a "stand-up" in front of a restaurant after they have finished their meal, announcing changes to the amount of provisional funding right there.

PRESIDENT (in Cantonese): Mr LEE, you have frequently switched between Chinese and English in your speech. I believe your Vice Chairman will frown on you when she hears all this. So, please try to avoid this.

MR LEE WING-TAT (in Cantonese): Alright, I will try. A "stand-up" means putting up a microphone, President, and thanks for paying attention to my speech, which has made this happen to me. What I mean is that this approach has shocked me, as I am quite insistent when it comes to the solemnity and conventions of a parliamentary assembly. If the President and this Council have not stopped or prevented the Financial Secretary from making a statement on any revision to the Budget or the provisional funding in this Council, I have to ask the President this: Why did the Financial Secretary not seek your permission for him to read out a statement at the meeting last Wednesday to announce the changes to be made? You can say that this is a minor issue and that it does not matter. But this is how the culture of this Council has been drained away bit by bit.

President, when I was outside this Chamber earlier, I heard Mr IP Kwok-him mention in his speech the resumption of the HOS. Mr IP is a member of the Housing Authority and his position is the same as ours. Never do I mind other political parties taking the lead — I did not speak in English in order not to be scolded by the President — We have over 40 to 50 votes in support of the resumption of HOS. I do not mind it even if Mr TAM Yiu-chung, Chairman of the DAB, would take the lead to demand during the discussion on the Budget or the provisional funding that the Government must resume the HOS, or else they would not support the Budget or the provisional funding, or to demand that the authorities must start discussing this issue on a certain occasion even if they do not agree to resuming it immediately. President, the DAB and the FTU have mentioned the resumption of HOS time and again. I do not understand why they do not even show such simple political wisdom. Even if they do not force the Secretaries of Departments and Directors of Bureaux to make an undertaking right away, there is no reason not to demand that they provide a timetable on an appropriate occasion for settling this issue, say, within three months. I really have not heard anything like this from them.

Some colleagues said that we must not lump everything together, and I am only explaining this point. Members of the Legislative Council become most important in the passage of bills, the Budget and the Policy Address. These are the rare opportunities for political parties or Members of the Legislative Council to wield the power to influence the policies of the Government. Everyone should know that one must maximize his influence — President, I said it in Cantonese before I said "maximize" — So, I do not think this is not related.

President, I am sure that you know the operation of the Congress of the United States. When the President needs only a dozen to 20 votes more, he would ring up the House of Representatives and the Senate. So, why is it that the bills in the United States are like Christmas trees with so many things hung on them? Because that is the time when you can add onto a bill the initiatives that you consider reasonable and work relating to your constituency. Everybody knows this, so what is so magical about it? I do not understand why such experienced Members do not adopt this approach to maximize their manoeuvre in fighting for their cause. I am not suggesting them to do something to topple the Government. How possibly can it be toppled? The Chairman of our Party, Mr Albert HO, once attended a programme of Commercial Radio together with Mr TAM Yiu-chung. Mr TAM Yiu-chung said that our opposition to the Budget

would lead to the toppling of the Government. President, let me briefly give a response here. If the Democratic Party calls for the resumption of the HOS and if the DAB support it and say that they will have another view on the Budget if the Government does not take on board this proposal or provide a timetable, I believe the Financial Secretary will immediately talk to Mr TAM Yiu-chung and Mr IP Kwok-him to understand their views or ask them if it is possible to further discuss this with them although the Government cannot resume the HOS.

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

We all know that it is impossible for the Budget to be voted down and any demand will be incorporated, just that you go away even without putting forward your demand and hence, the Government certainly does not have to incorporate your demand. Everyone knows this. I will not criticize the Government for resorting to this means to scare the public, but if this is done frequently and when the public become more mature, they will not be afraid of it anymore. Rather, the public will ask: With your tenacity, why do you not fight for the resumption of the HOS? *(The buzzer sounded)* Thank you, Deputy President.

DEPUTY PRESIDENT (in Cantonese): Your speaking time is up. Does any other Member wish to speak?

MR KAM NAI-WAI (in Cantonese): Deputy President, just now I heard Dr PAN of the FTU mention "N noes" right at the outset of his speech. He said that the first "no" of these "N noes" is "no logic", alleging that we pan-democrats do not have logic. Then, I heard Mr WONG Kwok-hing of the FTU borrow the words of the Government by saying in his speech earlier that the voting down of the provisional funding would result in "no pay" for CSSA recipients and that it would affect the low-income earners because the authorities would not be able to pay out various kinds of subsidies and that various scenarios would arise which would greatly affect the low-income earners.

I really have no idea about what logic the FTU has. I wonder if Members still recall that a few weeks ago the FTU — let us not say that they stood on the

side of the pan-democrats and let us just say that they stood on the side of the public — opposed the single-track approach for transport subsidy proposed by the Government. In the Legislative Council, if they would join the pan-democratic Members in voting against the single-track approach for transport subsidy, about 300 000 to 400 000 people would not be able to receive this \$600 subsidy. In that case, would they neglect and sacrifice the interest of the public in that these low-income earners would not be able to receive the transport subsidy? If this is a comment made by the Government, I would not say that I can make allowances for it, I can understand this approach of hysterically slinging mud at people who hold dissenting views. It is because I know that it will adopt this approach, and basically, Secretary Prof K C CHAN is always unprepared. No one knows where he is now, and he is entirely unprepared. He thought that the motion could certainly be passed but when the outcome turned out to be a mess, he did not know what to do. This is why they would have to sling mud at other people. Therefore, I can understand this approach taken by the Government. The Government certainly has to sling mud at other people because it has done nothing.

But they, being Members themselves, are precisely doing such a thing. If the democratic camp is able to vote down the provisional funding, and I mean if we have enough votes to vote it down, the Government will, as mentioned by many colleagues, follow up many of our demands. As Mr LEE Wing-tat said just now, in respect of the resumption of the HOS, I can precisely see that in its press release for the press conference convened in response to the Budget, the DAB mentioned that it still strongly called for the resumption of the HOS by the Government. It turns out that this is only a view written in the press release with no action to be taken. Why? They have the ability to say to the Government, "If you do not resume the HOS, we can reject your request for provisional funding." There are many such examples. Members may still recall that in the incident concerning Hong Kong's bid to host the Asian Games, the DAB voted against the proposal and the Government did not proceed with it. Besides, in respect of the single-track approach for transport subsidy proposed by the Government, the DAB has actually put forward some improvement proposals and the Government has eventually made amendments to the scheme now.

If the demand of the DAB is not just a demand on paper or a demand in the press release, but a demand underpinned by true actions in a vote in the Legislative Council, the Government would have to make changes. If the DAB truly stands on the side of the public and strongly demands the resumption of

HOS, could the Government not introduce changes? In the Legislative Council, we must take actions in our work, and could we only make empty talk? Could we be like the Secretary who said just a few words or made just a few comments at Panels or committees with no binding effect? Or, could we be like Mr WONG Kwok-hing who likes most to propose motions with no binding effect? Even though the motions are passed, he can still make a sharp turn in the vote, and this is still useless.

We mentioned "N noes" earlier, and Dr PAN said that we have no I wonder if some people may pigeonhole themselves into it — I mean the comment about being irresponsible. We, being Members of the Legislative Council, all know what responsibility we have. We consider that we may not necessarily have to vote against this Resolution and that abstaining from voting can put even greater pressure on the Government, so as to make the Government revise this Budget in the next few weeks and include more long-term objectives and policies, rather than taking actions only after Premier WEN Jiabao has made some remarks, right? Premier WEN is in Beijing, which is so far away, and yet he can see the picture. We are sitting here in this Chamber and living in Hong Kong. Could it be that we cannot see what is going on?

So, with regard to the comments made earlier about having no logic and being irresponsible, I hope that we, being Members, have to fulfil our responsibility of using this vote in our hands. I hope that what we can realize is not the platform on paper, and not the demands in the press release. Rather, I hope that we can really force the Government to do something. We will abstain from voting on this funding request in the hope that the Government With regard to the three major aspirations put forward by us, I hope that the Government can address them squarely. Deputy President, I so submit.

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

(No Member indicated a wish to speak)

DEPUTY PRESIDENT (in Cantonese): If not, I now call upon the Secretary for Financial Services and the Treasury to reply. This debate will come to a close after the Secretary has replied.

SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY (in Cantonese): Deputy President, I thank Members for their speeches made earlier on. Just as they said last week, most Members have spoken on issues pertaining to the Budget. Many Members mentioned their views on the Budget as well as its inadequacies. I believe there is still plenty of time for us to further debate them and for the Government to give a response in the next meeting when the Budget will be discussed.

Many of the comments made on the Budget earlier have mentioned the areas concerning the people's livelihood in which the Government has not done enough and of course, we can continue to discuss this. But I would like to point out that the recurrent expenditure relating to the people's livelihood proposed in this year's Budget has actually increased considerably. It has increased by 8% over last year's revised estimate. The increase is higher than the nominal growth of the Gross Domestic Product in the corresponding period, and 56% of it is proposed to be spent on such areas as education, healthcare and social service which are of concern to Members.

(THE PRESIDENT resumed the Chair)

Certainly, we are not here to debate the Budget today. We can leave it to a later time. Our discussion today is about the Vote on Account Resolution. In their speeches earlier, many Members talked about why they supported or why they opposed or did not support the Vote on Account Resolution. This is a choice made by Members themselves, and they have talked about this in their speeches. I believe we all know what we are doing. However, I would like to take this opportunity to explain to the public what the funds on account are all about.

As mentioned by a number of Members, it is purely a technical arrangement to seek funds on account. The objective is to enable this Council to have time to discuss the Budget. When the financial year starts on 1 April and if we cannot make this arrangement for the funds on account, we may very possibly have to pass the Budget before 1 April. But with the funds on account, this Council can have ample time to hold a debate and to enable the public to understand the contents of the Budget. This has been a long-standing

arrangement, and it is also a good arrangement for it enables this Council to conduct its procedures more smoothly, and the Government has all along taken a supportive and co-operative attitude to this end. As this is only a technical arrangement, it does not involve any policy issue. All the one-off measures proposed in the Budget which require the approval of the Legislative Council, as well as measures proposed by the Financial Secretary with which Members have expressed their dissatisfaction earlier are not included in this Vote on Account Resolution. I think I must make this point clear, so that the public will know clearly what the funds on account are all about.

Dr Margaret NG said earlier that I clarified this point last week only after repeated requests. In fact, I remember that after Dr Margaret NG had finished her speech and with the consent of the President, I immediately rose to clarify that the Vote on Account Resolution did not include the grant of \$6,000 and other measures which I mentioned just now. I have to clarify this point.

In any case, the voting down of the Vote on Account Resolution by the Legislative Council last week is, I think, most unfortunate and saddening. This has indeed created uncertainties in the Government's operation and financial arrangement, because the public just did not know what happened. The public thought that it would be tantamount to the voting down of the Budget, and there had been many concerns and worries in the community. Therefore, I think I must explain this.

On that day, the Government immediately clarified to the public in a most responsible manner and immediately submitted an application to the President of the Legislative Council for re-examination of the Resolution by the Legislative Council. Certainly, we had never come across this situation before. This had never happened before. But the public must know that the Government has the determination and will to take remedial actions immediately. We put across the Government's message to the public on that night which helped allay the concern of the public about the voting down of the Resolution. I am very grateful to the President of the Legislative Council for accepting our application, as we stated in the application that the schedule was pressing and that we did not wish to further put off the proposal to seek funds on account, for this would cause the many services of the Government and funding provision relating to the people's livelihood in such areas as social service, medical and healthcare, and education to come to a halt. It is our duty to immediately explain this to the public and

submit an application to the President of the Legislative Council. What we did was very simple and that is, we held a meeting immediately to discuss and decide what to do as the next step and submitted an application to the President of the Legislative Council in accordance with the procedures.

The funds on account for this new Resolution under Head 106 Miscellaneous Services Subhead 789 Additional Commitments are revised to \$500 million. Compared with the funds on account for this Subhead of \$1 billion in the previous Resolution, there is a reduction of 50%. We hold that the amount sought for this Subhead in the previous Resolution is in order, and we have proposed this amendment in order to comply with the Rules of Procedure of the Legislative Council. This is why we have made this amendment.

Anyway, I hope that today's discussion can achieve a result that the public would wish to see — the passage of the funds on account, so as to enable the Government to continuously have the necessary resources to carry on with its services between the start of the new financial year on 1 April 2011 and the time when the Appropriation Ordinance 2011 comes into operation.

Thank you, President.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by the Secretary for Financial Services and the Treasury 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)

Mr LEE Cheuk-yan rose to claim a division.

PRESIDENT (in Cantonese): Mr LEE Cheuk-yan 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.

Dr Raymond HO, Dr David LI, Mr CHAN Kam-lam, Mrs Sophie LEUNG, Dr Philip WONG, Mr WONG Yung-kan, Mr LAU Kong-wah, Mr LAU Wong-fat, Ms Miriam LAU, Mr Timothy FOK, Mr TAM Yiu-chung, Mr Abraham SHEK, Ms LI Fung-ying, Mr Tommy CHEUNG, Mr Vincent FANG, Mr WONG Kwok-hing, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr CHEUNG Hok-ming, Mr WONG Ting-kwong, Prof Patrick LAU, Ms Starry LEE, Dr LAM Tai-fai, Mr CHAN Hak-kan, Mr Paul CHAN, Mr CHAN Kin-por, Dr Priscilla LEUNG, Dr LEUNG Ka-lau, Mr WONG Kwok-kin, Mr IP Wai-ming, Mr IP Kwok-him, Mrs Regina IP, Dr PAN Pey-chyou, Mr Paul TSE and Dr Samson TAM voted for the motion.

Mr Fred LI, Dr Margaret NG, Mr James TO, Mr CHEUNG Man-kwong, Ms Emily LAU, Ms Audrey EU, Mr LEE Wing-tat, Dr Joseph LEE, Mr KAM Nai-wai, Mr WONG Sing-chi, Mr Alan LEONG and Miss Tanya CHAN abstained.

THE PRESIDENT, Mr Jasper TSANG, Mr LEE Cheuk-yan, Mr LEUNG Yiu-chung, Mr Frederick FUNG and Mr CHEUNG Kwok-che did not cast any vote.

THE PRESIDENT announced that there were 52 Members present, 35 were in favour of the motion and 12 abstained. Since the question was agreed by a majority of the Members present, he therefore declared that the motion was passed.

PRESIDENT (in Cantonese): Proposed resolution under the Interpretation and General Clauses Ordinance to amend the Buildings Energy Efficiency (Registered Energy Assessors) Regulation.

PRESIDENT (in Cantonese): I now call upon the Secretary for the Environment to speak and move the motion.

PROPOSED RESOLUTION UNDER THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

SECRETARY FOR THE ENVIRONMENT (in Cantonese): President, I move to amend the Buildings Energy Efficiency (Registered Energy Assessors) Regulation (the Regulation), as set out in the paper circulated to Members.

The Regulation was tabled in the Legislative Council on 26 January 2011 for vetting. A Subcommittee was then formed to scrutinize the Regulation. I would like to express my wholehearted gratitude to the Subcommittee for its invaluable advice during the scrutiny.

The Regulation was made pursuant to section 42 of the Buildings Energy Efficiency Ordinance concerning the registration and regulation of, and disciplinary matters in respect of Registered Energy Assessors (REAs). The principal legislation seeks to mandate the compliance with codes of practice promulgated by the Electrical and Mechanical Services Department (EMSD) concerning the energy efficiency of four types of building services installations and energy audits. Those installations are air-conditioning, electrical, lift and escalator and lighting installations. Under the Ordinance, REAs are required to certify the declarations by building developers before submission to the Director of Electrical and Mechanical Services (the Director), that suitable design provisions have been incorporated into the planning and design of the buildings in accordance with the codes of practice. REAs may also issue Forms of Compliance regarding major retrofitting works conducted, and carry out energy audits for commercial buildings and commercial portion of composite buildings.

The Administration established two Task Forces which served as platforms for discussing the legislative proposal. Members of the Task Forces include representatives from professional bodies, major chambers of commerce, property

management companies, real estate developers and retail associations. During the scrutiny of this Regulation, the Legislative Council Subcommittee also invited deputations to its meeting, and the majority of them are members of the Technical Task Force. They in general showed support to the Regulation.

A Register of REAs (the Register) will be made available to the public for inspection for free. The Subcommittee considered that, apart from expiry dates of the registration of REAs, members of the public may also have interest to know when an REA's registration commences. The Subcommittee thus asked the Administration to consider including relevant information in the Register. I thus propose to amend section 3 to this effect.

Section 5 of the Regulation provides for the registration of REAs. The Subcommittee considered that the Administration should allow professionals other than engineers to be registered as REAs after completing or taking relevant courses. In fact, sections 5(1)(a), 5(1)(b) and 5(2) already allow different groups of eligible persons to apply for registration as REAs. Specifically, section 5(2) provides reasonable flexibility for the Director to allow registration from a competent candidate, who fulfils the prescribed conditions, including satisfying the Director that his competence is comparable to his counterparts seeking registration under section 5(1) by looking at his knowledge, qualification, education, experience and training as a whole. Whether the applicant belongs to the engineering profession or others is not a factor to be considered. Having regard to the strong views of the Subcommittee, we propose to amend section 5 to clearly state that the Director may accept the attendance or completion of any course that the Director considers relevant as the qualification or education of the applicant.

Members of the Subcommittee also requested that the disciplinary board, which handles disciplinary proceedings regarding REAs, should have lay members. Hence, I propose to amend sections 15 and 16 of the Regulation. I also propose to amend sections 7, 9, 13, 18 and 19 of the Regulation and the amendments are minor and technical in nature. All the proposed amendments have been agreed and supported by the Subcommittee.

President, I would like to thank the Subcommittee again for its invaluable advice, and ask for Members' support for the proposed amendments. Thank you.

The Secretary for the Environment moved the following motion:

"RESOLVED that the Buildings Energy Efficiency (Registered Energy Assessors) Regulation, published in the Gazette as Legal Notice No. 19 of 2011 and laid on the table of the Legislative Council on 26 January 2011, be amended as set out in the Schedule.

Schedule**Amendments to Buildings Energy Efficiency
(Registered Energy Assessors) Regulation**

1. Section 3 amended (Register of Registered Energy Assessors)

Section 3 —

Repeal paragraph (c)

Substitute

"(c) the validity periods of all certificates of registration issued to the assessor under section 5(4)(b) or 6(6)(b); and".

2. Section 5 amended (Determination of application)

- (1) After section 5(2) —

Add

"(2A) For the purposes of subsection (2)(a), the Director may accept the attendance or completion of any course that the Director considers relevant as the qualification or education of the applicant.".

(2) Section 5 —

Repeal subsection (5)

Substitute

"(5) The registration is valid for the period beginning on the date on which the certificate of registration is issued and ending on the day before —

(a) the 10th anniversary of the date on which the certificate is issued; or

(b) the date on which the name of the applicant is removed from the Register of Registered Energy Assessors under section 9,

whichever is the earlier."

3. Section 7 amended (Validity of renewed registration)

(1) Section 7(1) —

Repeal

"Subject to section 9, a registration"

Substitute

"A registration".

(2) Section 7(1)(a) —

Repeal

everything after "the application and"

Substitute

"ending on —

- (i) the 10th anniversary of the expiry date of the current registration; or
- (ii) the day before the date on which the name of the applicant is removed from the Register of Registered Energy Assessors under section 9,

whichever is the earlier;".

(3) Section 7(1)(b) —

Repeal

"for a period of 10 years"

Substitute

"for the period".

(4) Section 7(1)(b) —

Repeal

"; or"

Substitute

"and ending on the day before —

- (i) the 10th anniversary of the date on which the certificate is issued; or

- (ii) the date on which the name of the applicant is removed from the Register of Registered Energy Assessors under section 9,

whichever is the earlier; or".

- (5) Section 7(1)(c) —

Repeal

everything after "the application and"

Substitute

"ending on —

- (i) the 10th anniversary of the expiry date of the current registration; or
- (ii) the day before the date on which the name of the applicant is removed from the Register of Registered Energy Assessors under section 9,

whichever is the earlier."

4. Section 9 amended (Removal from Register of Registered Energy Assessors)

Section 9 —

Repeal subsection (5).

5. Section 13 amended (Commencement of disciplinary proceedings)

Section 13(3) —

Repeal

"of prospective disciplinary proceedings to the Secretary"

Substitute

"to the Secretary under subsection (2)(b)".

6. Section 15 amended (Disciplinary board panel)

(1) Section 15(1)(d) —

Repeal

"discipline; and"

Substitute

"discipline;".

(2) Section 15(1)(e) —

Repeal

"(Cap. 409)."

Substitute

"(Cap. 409); and".

(3) After section 15(1)(e) —

Add

"(f) not more than 10 members who are not, in the opinion of the Secretary, from the engineering profession.".

- (4) Section 15(3)(b), before "has" —

Add

"(in the case of an appointment under subsection (1)(a), (b), (c), (d) or (e))".

7. Section 16 amended (Disciplinary board)

Section 16(2) —

Repeal

"all 5 categories of members specified in section 15(1)"

Substitute

"5 different categories of members specified in section 15(1), one of whom must be a member appointed under section 15(1)(f)".

8. Section 18 amended (Hearing)

Section 18(8) —

Repeal

everything after "any document"

Substitute

"which —

- (a) tends to incriminate himself or herself;
or
- (b) the person would on grounds of legal professional privilege be entitled to refuse to give or produce."

9. Section 19 amended (Determination of disciplinary board)

Section 19(2), after "may" —

Add

", if it is satisfied that it is just and equitable in all circumstances of the case to do so,."

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

MS AUDREY EU (in Cantonese): President, in my capacity as Chairman of the Subcommittee, I report to this Council the deliberations of the Buildings Energy Efficiency (Fees) Regulation and the Buildings Energy Efficiency (Registered Energy Assessors) Regulation. The Subcommittee has held four meetings and also received views from professional bodies and other relevant organizations.

The Regulations provide for the fees payable under the Buildings Energy Efficiency Ordinance (the Ordinance) and for the registration as REAs as well as related registration matters. Apart from considering various fee levels, the Subcommittee has discussed in detail matters prescribed in the Buildings Energy Efficiency (Registered Energy Assessors) Regulation (the Regulation), including eligibility criteria for registration as REAs and disciplinary proceedings.

Regarding the eligibility criteria for REAs, members noted that under the Regulation, Registered Professional Engineers (RPEs) or corporate members of the Hong Kong Institution of Engineers (HKIE) or persons having equivalent qualifications recognized by the HKIE in electrical, mechanical, building services or environmental disciplines, who possess relevant post-qualification working experience and knowledge, may apply to the Director for registration as REAs. Furthermore, the Director may grant a person who does not have the specified qualification but has expertise and extensive practical experience approval for eligibility for registration. Similar arrangements could be found in other registration mechanisms.

In respect of the qualification of REAs, the Government will, having taken on board the views of the Subcommittee, propose amendments to allow the Director to accept applications from professionals other than professional engineers for registration as REAs after completing relevant accredited courses.

Furthermore, members of the Subcommittee have put forward a lot of views on the information that must be contained in the Register of REAs, composition of disciplinary board, documents relating to the cost of hearing, matters relating to protection conferred on documents subject to legal professional privilege, and the drafting of provisions. The Administration has taken on board members' views and will propose a number of amendments today to the Regulation. This is supported by the Subcommittee, too.

In the following, President, I will present my personal views, also the views of the Civic Party. Actually, two Regulations are involved here. Insofar as fees are concerned, members actually did not have any strong views. They also noted that the fees in question were similar to those payable by similar professionals. As for the Regulation, however, members put forward many other views while taking on board some of the views expressed by professional bodies and individuals.

In particular, in respect of the qualification of the first group mentioned in the Regulation, there is no dispute about government officers carrying out energy assessments for certain buildings. Furthermore, according to the Government's initial design — in section 5 — there are several groups in the private sector, with one of them being RPEs. As I pointed out just now, this group of professionals is under the electrical, mechanical, building services or environmental disciplines. Furthermore, these professionals must be suitable persons who have two years of practical experience and relevant knowledge. Besides professional engineers, corporate members of the HKIE can become so-called "corporate members" after meeting very stringent requirements, including possessing three years of experience and relevant knowledge and being suitable persons.

Members should already know the objective eligibility standards for these two groups of professionals. However, the Regulation also provides that the Director may exercise discretion for some persons. However, the knowledge, qualification, education, experience and training of these persons must be comparable to the two groups of professionals I mentioned previously. During

our discussions, we had enquired with the Administration a number of times what "comparable" meant. It seemed that the only explanation given by the Administration was that these people must be internationally acclaimed. According to the Administration, if overseas professionals are to be employed for the design of the West Kowloon Cultural District or some major designs, there is no reason to require them to sit an examination again, obtain relevant qualification or become corporate members of the HKIE. Hence, they are supposed to meet the eligibility criteria provided they are internationally acclaimed.

However, many colleagues put forward their views, which were also the views of the deputations. If we look at the energy audits conducted aboard or energy efficiency assessments, this phenomenon should actually be quite common. After completion of a relevant course, many people should be able to undertake such tasks. In particular, many surveyors or architects, for instance, may not be registered engineers. After completion of relevant courses and acquiring the relevant knowledge, they should be able to conduct energy audits for buildings. It can be imagined that, with the number of buildings continuing to grow and persons or body corporates expressing concern about energy efficiency, more energy assessments may be required. If the Administration merely seeks to tighten the qualification by requiring the relevant persons to be either registered engineers or internationally acclaimed personalities, the scope may become too narrow and ambiguity may arise.

For this reason, members requested the authorities to organize some accredited courses in the future for people aspiring to work as REAs and expand the scope of eligibility by covering people other than registered engineers. This actually explains why we have to hold four meetings although the Regulation is not very long, given that we have to fight for an expansion of the scope of eligibility. We are very pleased because the Government has finally acted on our advice. To this end, the Government will propose some amendments later, including considering probably an accredited course and allowing persons other than engineers to submit applications.

Furthermore, there is another great concern to colleagues, and deputations attending our meetings had also put forward their views on such concern, that is, more and more disciplinary committees of professional bodies should actually include some "lay persons". This point has been taken on board by the

Government, and so it is included in the Government's amendment. According to the relevant amendment, the membership of the disciplinary board panel should be expanded by adding subsection (1)(f), that is, not more than 10 members who are not, in the opinion of the Secretary, from the engineering profession to not more than 10 engineers from each of the various engineering disciplines.

Hence, President, broadly speaking, this is a relatively substantial improvement. Many other technical improvements and some provisions relating to legal professional privilege have obviously been added. Furthermore, our views have been incorporated into some provisions relating to costs and the information that must be contained in the Register. All this has been included in the amendments, too.

All in all, President, we are very pleased to see the smooth completion of the scrutiny of the Regulation. We also hope that more people can become assessors expeditiously to enable our buildings to conduct energy assessments. Thank you, President.

MR KAM NAI-WAI (in Cantonese): President, on behalf of the Democratic Party, I support the passage of these two Regulations. As mentioned just now by Ms Audrey EU, Chairman of the Subcommittee, the fees prescribed in the Buildings Energy Efficiency (Fees) Regulation are comparable to other corresponding fees in general. For instance, the fee for obtaining a copy of the certificates is only \$155, which is affordable to members of the public. Hence, the Democratic Party supports the Fees Regulation.

On the other hand, I hope the Government can amend regulations similar to the Buildings Energy Efficiency (Registered Energy Assessors) Regulation (the Regulation) at an early stage in the future. As mentioned just now, the Subcommittee held a number of meetings in order to fight for slightly expanding the eligibility criteria for registration as REAs, so that not purely so-called professional engineers are eligible for registration. This is very important because we often worry about the occurrence of monopolization in the community. First, as the saying goes, "the eagle does not catch flies". Very often, these professional engineers are not willing to undertake "minor" works.

As a result, there may only be few professional engineers in the market, thereby resulting in monopolization.

Second, if the number of professional engineers is too small, consumers may be required to pay exorbitant fees. This is why in the Subcommittee, other colleagues and I requested the authorities concerned to allow persons having completed the courses accredited by the Director to be eligible for registration as REAs. We greatly support this point as this will give members of the public more choices in the market. It is very important for both developers and small property owners to be able to choose among a wide spectrum and a large number of REAs.

Of course, we can also see that the relevant examination should meet the professional standard. However, the requirements for the relevant professional engineers might not be too high, as the Regulation involves mainly energy efficiency, not safety issues. We do not mean that these REAs may make mistakes. But we think that it is acceptable for the Government to set a less stringent standard for the relevant courses or qualification, because safety issues are not involved.

As regards the membership of the disciplinary board, I do not entirely understand why the Government the industry, deputations coming forward to express their views as well as some Members in the Subcommittee, who are also representatives of the industry, have all expressed support for the inclusion of some lay persons, such as persons from the engineering discipline, in the disciplinary board. I believe this is also in line with the general trend of society, right? In this way, not purely people from a specific profession can examine the discipline of the profession. Hence, I hope the Government can allow this category of lay persons to participate in regulation of this sort or related disciplinary boards to enhance the credibility of the relevant disciplinary findings. This matter is not purely confined to the discipline. Instead, people from different disciplines should be allowed to join the disciplinary board.

Hence, the Democratic Party supports the relevant amendments proposed by the Government.

President, I so submit.

PROF PATRICK LAU (in Cantonese): President, I would also like to thank Ms Audrey EU and all the other members of the Subcommittee on this Regulation. In fact, it is through our concerted efforts and co-operation that the Government has finally managed to appreciate the special problems encountered by us in amending this piece of Regulation.

Both Mr KAM and Ms EU have made the points very clear. Even the Secretary has clearly explained his proposed amendments. I would also like to thank two members of the industry for their letters and explaining their requests. As a member of the Hong Kong Institute of Surveyors and an architect, they explained how the qualification of energy assessors can be relaxed after amendment.

President, this is a very important piece of legislation. With the passage of the Buildings Energy Efficiency Ordinance and the amendments to the Regulation in the Schedule, Hong Kong will complete its first step in environmental protection. As mentioned repeatedly by the Secretary, energy consumed by buildings takes up as much as 90% of the energy used across the territory. Therefore, if we are to pass these amendments to the Regulation, the relevant regime will be able to commence formal operation. Not only does this piece of law affect the professionals, all property owners and owners of buildings also need to understand it.

Hence, I hope members of the public can appreciate the significance of the legislation, so that they will know the great importance of understanding the concept of environmental protection when assessing the energy efficiency of buildings in the future. I also hope that the wastage of electricity in Hong Kong can thus be reduced.

President, I greatly support the various amendments proposed to this Regulation. Thank you.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): If not, I now call upon the Secretary for the Environment to reply.

SECRETARY FOR THE ENVIRONMENT (in Cantonese): President, I have nothing else to add.

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

(Members raised their hands)

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

(No hands raised)

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

MEMBERS' MOTIONS

PRESIDENT (in Cantonese): Members' motions. Two proposed resolutions under the Interpretation and General Clauses Ordinance.

First motion: Extending the period for amending the Securities and Futures Ordinance (Amendment of Schedule 5) Notice 2011 and the Securities and Futures (Financial Resources) (Amendment) Rules 2011.

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

PROPOSED RESOLUTION UNDER THE INTERPRETATION AND GENERAL CLAUSES ORDINANCE

MR JAMES TO (in Cantonese): President, at the House Committee meeting on 25 February 2011, Members decided to form a subcommittee to jointly study the two pieces of subsidiary legislation set out in the motion. Simply put, these pieces of subsidiary legislation seek to study matters pertaining to the regulation of credit rating agencies.

Given that the Subcommittee needs more time for scrutiny, in my capacity as Chairman of the Subcommittee, I move that the scrutiny period of the two pieces of subsidiary legislation be extended to 13 April 2011.

President, the content of the motion has been set out on the Agenda. I urge Members to support the motion on extending the scrutiny period.

Mr James TO moved the following motion:

"RESOLVED that in relation to the —

- (a) Securities and Futures Ordinance (Amendment of Schedule 5) Notice 2011, published in the Gazette as Legal Notice No. 28 of 2011; and
- (b) Securities and Futures (Financial Resources) (Amendment) Rules 2011, published in the Gazette as Legal Notice No. 29 of 2011,

and laid on the table of the Legislative Council on 23 February 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 13 April 2011."

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

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): I now put the question to you 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.

PRESIDENT (in Cantonese): Second motion: Extending the period for amending the Public Revenue Protection (Dutiable Commodities) Order 2011 and the Public Revenue Protection (Motor Vehicles First Registration Tax) Order 2011.

PRESIDENT (in Cantonese): I now call upon Ms Miriam LAU 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 11 March 2011, Members decided to form two subcommittees to study separately the two pieces of subsidiary legislation set out in the motion.

Members also agreed that I, in my capacity as Chairman of the House Committee, shall move a motion to extend the scrutiny period of the two pieces of subsidiary legislation to 4 May 2011 to give the relevant Subcommittee more time for scrutiny.

President, the content of the motion has been set out on the Agenda. I urge Members to support the motion.

Ms Miriam LAU moved the following motion:

"RESOLVED that in relation to the —

- (a) Public Revenue Protection (Dutiable Commodities) Order 2011, published in the Gazette as Legal Notice No. 32 of 2011; and
- (b) Public Revenue Protection (Motor Vehicles First Registration Tax) Order 2011, published in the Gazette as Legal Notice No. 33 of 2011,

and laid on the table of the Legislative Council on 2 March 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 4 May 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 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.

PRESIDENT (in Cantonese): Ms Miriam LAU will move a motion under Rule 49E(2) of the Rules of Procedure to take note of Report No. 16/10-11 of the House Committee laid on the Table of the Council today in relation to the Antiquities and Monuments (Declaration of Proposed Monument) (Ho Tung Gardens) Notice.

PRESIDENT (in Cantonese): According to the relevant debate procedure, I will first call upon Ms Miriam LAU to speak and move the motion, and then call upon the Chairman of the Subcommittee formed to scrutinize the subsidiary legislation concerned to speak, to be followed by other Members. Finally, I will call upon the public officer to speak. The debate will come to a close after the public officer has spoken, and the motion will not be put to vote.

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

I now call upon Ms Miriam LAU to speak and move the motion.

MOTION UNDER RULE 49E(2) OF THE RULES OF PROCEDURE

MS MIRIAM LAU (in Cantonese): President, in my capacity as Chairman of the House Committee, I move a motion, as printed on the Agenda, under Rule 49E(2) of the Rules of Procedure to allow Members to debate the Antiquities and Monuments (Declaration of Proposed Monument) (Ho Tung Gardens) Notice.

Ms Miriam LAU moved the following motion:

"That this Council takes note of Report No. 16/10-11 of the House Committee laid on the Table of the Council on 16 March 2011 in relation to the subsidiary legislation and instrument(s) as listed below:

<u>Item Number</u>	<u>Title of Subsidiary Legislation or Instrument</u>
(3)	Antiquities and Monuments (Declaration of Proposed Monument) (Ho Tung Gardens) Notice (L.N. 26/2011)."

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

MR KAM NAI-WAI (in Cantonese): President, in my capacity as Chairman of the Subcommittee on Antiquities and Monuments (Declaration of Proposed Monument) (Ho Tung Gardens) Notice (the Subcommittee), I report on the deliberations of the Subcommittee.

From the heritage conservation point of view, members of the Subcommittee generally welcomed and supported the Antiquities and Monuments (Declaration of Proposed Monument) (Ho Tung Gardens) Notice (the Declaration Notice) declaring the Ho Tung Gardens a proposed monument for statutory protection within the specified period of 12 months. During this period, the Antiquities Authority (AA) could consider in a more comprehensive manner whether or not the Ho Tung Gardens should be declared as a monument under section 3 of the Antiquities and Monuments Ordinance (the Ordinance), and the

Administration would also hold further discussions with the owner on preservation options.

Some members of the Subcommittee considered that the assessment criteria and mechanism for determining the grading of historic buildings and the declaration of monuments/proposed monuments should be published. And to help the public better understand the heritage value and preservation need of individual historic buildings, the reasons for the selection and the historical, cultural and architectural significance of the graded buildings should be clearly explained to the public. A member of the Subcommittee suggested that reference should be made to international standards such as that of the United Nations Educational, Scientific and Cultural Organization in assessing the heritage value of buildings and sites.

During our discussions, some members of the Subcommittee called for a more effective mechanism and better co-ordination of heritage conservation work for timely protection of graded historic buildings. Furthermore, the authorities should proactively approach the private owners concerned expeditiously to explore preservation options, so as to prevent a recurrence of incidents such as King Yin Lei.

The Subcommittee also considered that a long-term, holistic and sustainable policy should be drawn up to preserve privately-owned historic buildings. Moreover, a fair, specific and transparent compensation and financial incentive policy should be formulated to encourage the preservation by private owners of proposed monuments or historic buildings in their ownership.

President, in the following, I will present my personal views.

President, on behalf of the Democratic Party, I support the declaration of the Ho Tung Gardens as a proposed monument. Despite our support, we actually feel concerned because we have seen the Government turning four buildings, namely Jessville in Pokfulam, Prince Edward Road West, King Yin Lei and the Hong Kong Sheng Kung Hui, from proposed monuments into statutory monuments.

Members can see that the Government has employed various means, namely the change or relaxation of the plot ratio, in-situ land exchange and even

transfer of development, for the conservation of these monuments. In other words, in passing this motion today, we are actually giving power to the Government which will then hold discussions with owners of these monuments.

Of course, the Government will submit the matter to the Legislative Council for discussion again if funding approval of this Council is required. If the various means mentioned are used without any need for funding endorsement by Members of this Council, then we are now only endorsing whether or not the building in question should be declared a monument.

Therefore, we are a bit worried about our gate-keeping role. At the Subcommittee meetings, a number of colleagues shared the view that to owners of buildings declared as proposed monuments as well as members of the public, a clear determination of some criteria, such as standards and criteria for compensation, will enhance fairness and transparency.

Hence, in relation to compensation matters, I urge the Government to give more consideration to more concrete conditions or rules as criteria and standards for discussion with the owners concerned. This is the first point I wish to raise.

As regards the second point, colleagues and members of the community have often raised the question about why a certain building would have suddenly turned into a proposed monument. Of course, we have seen two prominent examples. The first one is the intended demolition of King Yin Lei by its owner. There was an outcry in both the local community and society as to why the building had to be demolished. However, by the time the relevant departments arrived there, many bricks and tiles had already been removed. Another example is the Ho Tung Gardens. Unlike the case of King Yin Lei, in which the bricks and tiles were removed, the owner of the Ho Tung Gardens played by the rules. Instead, he submitted a plan to inform the Buildings Department of his intention. Under the Government's mechanism, no action will be taken until the department concerned is informed of the plan submitted by the owner for the demolition of the building.

Some time ago, more than 1 400 historic buildings were declared as graded buildings. Can the Government act more proactively so that Members can hold discussions earlier? Let me cite the Ho Tung Gardens as an example. The

time was actually very tight from its declaration as a proposed monument to the holding of discussions by the relevant Subcommittee of the Legislative Council. In respect of historic buildings, I think there is a need for the Government to act more proactively to submit cases of buildings with a tendency to be declared as statutory monuments to this Council and the community for discussion. The Government should not wait until some buildings are to be demolished (bricks and tiles were removed in one case where the owner did not play by the rules, and a plan was submitted in another case) before considering the preservation of monuments.

I would like to come back to the first issue mentioned just now, namely, whether there is a fair and transparent compensation mechanism. Similarly, if there is a fair and transparent mechanism for assessing these 1 000-odd historic buildings whereby the Government can estimate which buildings and when they will become statutory monuments, I think the list should be presented to us earlier for discussion, as it is fairer to do so.

Certainly, the Government might say that it has already acted in this manner, as the buildings concerned have already presented to Members for discussion and views are being collected. I understand that the Government has the so-called work priorities. But after all, the Government must take the first step to determine the way of handling these 1 000-odd buildings and the preservation approach. I consider it appropriate to engage the public in discussion earlier. I have the impression that from the preservation of the Victoria Harbour to that of the Star Ferry Pier, that is, since sometime around 1 July 2003, the local consciousness and conservation awareness of Hong Kong people has been becoming stronger and stronger. The Government should not waste our "public sentiment", so to speak.

In fact, there has all along been a very strong aspiration for conservation. Nobody wants to see the Government drag its feet or adopt a piecemeal tactic of taking one step at a time in terms of saving bricks and buildings. This is not a good approach.

I hope the Government can expeditiously draw up a timetable and a priority list and inform us of what standards and criteria it will adopt to determine buildings for declaration as statutory monuments. Only in doing so can it

systematically and efficiently address our grave concern about the demolition of and damage to the historic buildings before us.

President, I so submit.

MISS TANYA CHAN (in Cantonese): President, we in the Civic Party support the declaration of the Ho Tung Gardens as a proposed monument. Meanwhile, we also wish to make use of this opportunity to say a few words to the Secretary about ways to further improve our conservation mechanism. In particular, we hope the Secretary can consider updating the Antiquities and Monuments Ordinance (the Ordinance) in due course. This piece of legislation, if not updated, will become a monument, too. I hope the Secretary can conduct a review when it is opportune to do so.

First of all, despite the present declaration of the Ho Tung Gardens as a proposed monument, we still dare not tell what will eventually happen to it. According to some of the Legislative Council information I read the other day — if my memory is correct, I was still not a Member of this Council at that time — Ms Audrey EU, who was already a Member of this Council, was one of the participants of the discussion on the declaration of 128 Jessville in Pokfulam as a proposed monument. If I remember it correctly, it was also due to the declaration of 128 Jessville as a proposed monument that a document was submitted to the Legislative Council in April 2007 explaining why the building had to be preserved. Though the record listed in the document then was not at all detailed, it was stated therein that the authorities concerned had assessed the background to 128 Jessville in Pokfulam from the perspectives of social value, architectural merit, group value and rarity, which are similar to the six major elements of the existing grading system. Nevertheless, the one-page document had only five paragraphs. Finally, in February 2008, the building was declared no longer a proposed monument, with the order made under the Ordinance withdrawn as well. Subsequently, a fresh assessment of the building was conducted.

Certainly, some Members pointed out then that the inconsistency in the assessments was very great. In particular, even I joined the outing after reading the most typical introduction to the historic merit of the building, especially the background of the mansion owner. When the building was initially declared a

proposed monument, its owner was described as a representative figure of the Chinese elite class, a community leader, a holder of numerous public offices and having influence on various social strata. However, in February 2008, there was a new version saying that the owner was actually not at all active and influential in social activities. Moreover, his contribution and reputation was far from impressing the public. Of course, the rarity of the building saw a drastic fall suddenly, somewhat like the nosediving of the popularity ratings of the Secretaries of Departments.

Actually, a more detailed report written in English was also available at that time, and we subsequently had the opportunity to read it. President, I was talking about a Heritage Assessment Report drafted by the Antiquities and Monuments Office (AMO). When I read the Chinese gist of this English report, I also noticed a sharp fall in grading. As a result, many people at that time cast doubts on the impartiality of the antiquities and monuments grading excuse me, President, I should say the impartiality of the assessment rather than the grading. Of course, we are actually not questioning the professionalism of the AMO staff, but still they belong to the civil service structure. Hence, I do not know why there is such great inconsistency in these two heritage assessment reports. Actually, they had explained that there was a great difference between the outlook and inwards of the mansion. However, President, I believe such great inconsistency in judging the influence of and public offices held by the master of the mansion cannot be justified rashly by the difference between its outlook and inwards. I believe this point is especially open to question. After being declared no longer a proposed monument, the mansion was suddenly turned into a Grade 3 historic building.

As the President should also be aware, the grading system is actually an administrative system. It has been clearly explained in the document that there is no direct protection in law. Of the three Grades, namely Grade 1, Grade 2 and Grade 3, Grade 3 is the lowest. I really found it very strange that a building could have suddenly turned from a proposed monument into a Grade 3 historic building. Certainly, we finally learnt that the owner eventually managed to reach an agreement with the Development Bureau for the preservation of his mansion, and members of the public were pleased, too. However, it is precisely because of such an act that the public cast doubt on this system, as it is not at all easy for a building to become a Grade 1 historic building. President, Grade 1 status refers to "buildings of outstanding merit, which every effort should be

made to preserve if possible". Actually, as Members are aware, if a building, which has been classified as a Grade 1 historic building, may face development or redevelopment pressure, and the Development Bureau will consider declaring it as a proposed monument, as was the case of the Ho Tung Gardens.

Hence, I hope the Secretary, in her capacity as the Antiquities Authority (AA), can consider afresh more detailed and independent assessments of this type of heritage buildings. For both monument owners and members of the public, these independent assessments are a learning experience. We can at least briefly understand the connection of Mr HO Tung and his family with Hong Kong history from reading some history about the Ho Tung Gardens. However, if a heritage assessment is to be conducted, I still hope that the authorities can perform their tasks in a more detailed manner.

Furthermore, I would like to say a few words about matters pertaining to the Ordinance. As the President might probably be aware, the Ordinance, which came into force in the 1970s, has been amended several times, though the amendments have been relatively minor, such as the nomenclature changes to "Chief Executive", the addition of Land Registry, and so on. However, section 6 of the Ordinance mentions specifically what monument owners are prohibited from doing without the approval of the AA.

This reminds me of the Maryknoll Convent School incident. During the discussion on the Ho Tung Gardens, I made a special effort in enquiring with a male officer of the AMO again whether a tree assessment is required to be conducted in relation to the Gardens. Why? Because it is spelt out clearly in section 6 of the Ordinance that an application for a permit has to be made to the AA in respect of the planting or felling of trees. However, without a detailed tree record, how can the Government tell which trees have been felled or planted?

Actually, it is not too complicated to conduct a tree assessment. President, as in the case of the Maryknoll Convent School, we have seen its graduates make a relatively detailed tree assessment report for the School, including some diagrams and records of the species of the trees. Therefore, we can tell the locations of the trees, their species and health conditions. Why is it necessary to do so? Because a permit has to be presented if the felling of a tree is required in the end because of poor health condition. The felling cannot be effected unless an approval has been granted. Furthermore, in terms of tree planting — Members might find it absurd — the tree report is even more

important given that the entire area has to be protected (as with the present case of the Ho Tung Gardens, it is about an area rather than a building). I hope trees will not be neglected should the Government decide that the area as a whole has to be preserved. I believe the Government should also consider the trees in the vicinity during the assessment. The mutual influence between the building and its surrounding area as well as their ambience should be preserved, too.

Lastly, I would like to say a few words about issues arising from tree surveys or assessments. As I mentioned just now, it is time to conduct a review of the Ordinance. President, since its commencement in the 1970s, the Ordinance has nearly become a monument. I earnestly hope the Secretary can give consideration to conservation matters, as we have considered these matters for a long time, too. Even Prof C Y JIM has spoken on these matters numerous times. Of course, I have thought about whether these matters are within the portfolio of the Tree Management Office — Secretary Carrie LAM cannot avoid getting involved again — or other portfolios. But how can a natural heritage be preserved? Actually, insofar as the nomenclature is concerned, the Ordinance may not be entirely applicable, but in terms of content, some parts involve its entire portfolio. Let me cite the Tai Long Sai Wan incident as an example. As the President should be aware, the existing legislation cannot fully protect this place. Moreover, Tai Long Sai Wan is just one of the examples. I believe there are many other places which are worth preserving, too.

I very much hope that the Secretary can, when opportunities arise, discuss with the Secretary for the Environment how the relevant legislation can be enhanced, so that our natural environment can be better protected, as all these things are important assets to be passed on to our children as well as extremely precious assets in our community. I hope people of this generation can make effective use of the natural environment while protecting it properly.

I so submit.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): Members have finished. I now call upon the Secretary for Development to speak. This debate will come to a close after the Secretary has spoken.

SECRETARY FOR DEVELOPMENT (in Cantonese): President, first of all, I thank Mr KAM Nai-wai, Chairman of the Subcommittee on Antiquities and Monuments (Declaration of Proposed Monument) (Ho Tung Gardens) Notice (the Subcommittee) and other members of the Subcommittee for completing the scrutiny of this Notice in just one meeting and expressing views on the Government's proposed preservation of historic buildings. Just now, I also heard the speeches delivered by Mr KAM and Miss Tanya CHAN in the debate. I will make a brief response to their speeches and the Subcommittee's views I have already heard.

On 28 January this year, in my capacity as the Antiquities Authority (AA), as well as in consultation with the Antiquities Advisory Board (AAB) and with its members' consent, I published in the Gazette the Declaration Notice under section 2A of the Ordinance. As a result, the Ho Tung Gardens, situated at No. 75 Peak Road, was declared a proposed monument for statutory protection for a period of 12 months to allow the Development Bureau more time to discuss preservation options with the owner and consider in detail whether the Ho Tung Gardens should be declared a statutory monument.

Having a high historical and architectural value, the Ho Tung Gardens is the only remaining residence in Hong Kong directly related to Sir Robert HO Tung. As a distinguished community leader during the early development period of Hong Kong society, Sir Robert HO Tung had also made very important contribution in a number of spheres. Therefore, the declaration of the Ho Tung Gardens as a proposed monument is also supported by the community.

As Members may still remember, this Declaration Notice represents the second time the present-term Government invokes its statutory power since the publication of its new heritage preservation policy in 2007 to declare a specific site with the buildings on it a proposed monument. Last time, it was King Yin Lei in September 2007. A comparison of the experience gained in the declaration of these two proposed monuments reflects that the change in the

Government's heritage preservation policy and measures in the past couple of years has borne fruit.

There are very obvious differences in the handling of King Yin Lei and the Ho Tung Gardens in at least four areas. I hope to share these with Honourable Members here because during the analysis, I might be able to respond to Mr KAM's concern by demonstrating to him that we have not only acted very proactively, but also taken many steps to allow public participation in heritage preservation.

To start with, when I was dealing with the King Yin Lei case in September 2007, I was criticized for, among others, failing to grade the mansion at King Yin Lei at that time and publish any assessment on the value of this historical and architectural heritage. Therefore, we were slightly blamed by the owner of King Yin Lei at that time for failing to inform the community of the historical and heritage value of the building. Compared with King Yin Lei, the heritage value assessment of the Ho Tung Gardens was conducted in great detail.

Mr KAM has also mentioned the preliminary assessments of 1 444 historic buildings conducted by a group of experts years ago in Hong Kong. The AAB, now having been given the relevant task, has opted for a highly transparent method to discuss with the public the expert assessments. In 2009, the experts' preliminary assessments or recommendations were uploaded onto our website, and members of the public were invited to express their views. As far as I can remember, the then AAB joined the Commissioner for Heritage's Office (CHO) in attending some discussion meetings and even visiting some District Councils for discussions on the proposed graded buildings in their districts. We also wrote to all owners of the historic buildings our recommended gradings to inform them that the buildings owned by them had already been graded.

Upon collecting these views, the AAB would begin considering the proposed gradings for confirmation. Here I can report to Honourable Members that, according to the experts' assessments, 1 154 of these 1 444 historic buildings may be graded as Grade 1, 2 or 3 historic buildings. As of today, having regard to public and owners' views, the AAB has confirmed the gradings of 830 buildings. It is relatively difficult to grade the remaining 200 to 300 buildings because the AAB has adopted the approach of "settling the simple cases before the difficult ones". We have already completed gradings which are generally

non-controversial and not opposed by owners. Next, the AAB will follow up work relating to buildings in respect of which we have received dissenting views, such as the views that a higher grading should be accorded, the grading accorded is unwarranted or views from owners opposing grading in any form.

Thanks to this highly transparent process in which owners' participation is enabled, the owner of the Ho Tung Gardens already knew a long time ago that the historic building owned by him was proposed for declaration as a Grade 1 historic building. Given his knowledge of the proposed declaration, compared with the owner of King Yin Lei, who alleged that he had no knowledge at all of the Government's declaration of the building as a proposed monument, the owner of the Ho Tung Gardens or his representative had already contacted us eight times before the declaration of the Ho Tung Gardens as a proposed monument to discuss its historical interest and the views of its owner should he be requested to preserve the Ho Tung Gardens. We also introduced to him the financial incentives offered under our new policy. This is the first difference.

Of course, there is one more important point about this difference, that is, in my capacity as the AA, I have told the AA and in public that all historic buildings accorded Grade I status by the AAB — though the grading is devoid of a statutory protection basis, as pointed out by Miss Tanya CHAN, it is nonetheless an administrative grading system — we will regard them as a pool of historic buildings subject to confirmation by the AAB. For the relevant buildings to become statutory monuments in the future, they just need to follow the prescribed procedure and undergo one more assessment before they can be declared statutory monuments. This is why when we learnt through the alarm system the risk of the Ho Tung Gardens being demolished, we could nearly say that a decision could be made immediately owing to its Grade 1 status. Therefore, we must make every effort to preserve the Ho Tung Gardens by exercising the power conferred upon me by the Ordinance.

As pointed out by Mr KAM, he did not want to see the Ho Tung Gardens demolished or damaged, as in the case of King Yin Lei, before the Government took action. The second difference lies in the monitoring and alarm system. One of the duties of the CHO, set up by the Development Bureau, is to establish an internal monitoring system. The relevant government departments, including the Lands Department, Buildings Department, Planning Department and even various District Offices under the Home Affairs Department, are members of this

system. Through their daily work, they will bring to our attention should they become aware of any possible change to the graded historic buildings, so that we can take action. We decided this time around to proceed with statutory work in end January by publishing a notice to declare the Ho Tung Gardens a proposed monument because it had been brought to our attention that the demolition plan of the Ho Tung Gardens had already been approved, and so had its new construction plan after redevelopment. Therefore, we thought it is opportune for the Government to step in.

The third biggest difference is that, when the King Yin Lei incident occurred, we happened to have a plan to publish a comprehensive heritage preservation policy, especially on ways to offer financial incentives to privately-owned historic buildings. Actually, at that very moment, we were still unable to introduce to owners by what means historic buildings could be preserved. However, things were much different when it comes to the Ho Tung Gardens. Not only was a very detailed heritage preservation policy already published in October 2007, including the policy of offering financial incentives to privately-owned historic buildings, we could also ask the owners to trust us because there were four successful cases showing that we could get this done. I wish to clarify here that, among these four successful cases, only King Yin Lei is accorded the status of proposed monument. The three other cases are merely administrative gradings, including Grade 1 and 3 buildings. In other words, the financial incentives are not confined to buildings with a statutory monument status. Such incentives will be offered to all buildings provided their gradings have been confirmed.

Mr KAM queried if it was unfair and biased in citing four examples in which it seemed that different approaches were adopted by us. My view is just the opposite. I note that, during the discussion held by the Subcommittee, Mrs Sophie LEUNG was inclined to support our views because it was, on the contrary, flexible to do so, because of the uniqueness of each case. Neither do I think that undue compensation should be made, if I may say so. In other words, if we can come up with a simpler method with which owners are satisfied without the need to spend public money or exchange land, we will definitely opt for the simplest method, as public resources will be committed whenever public money or land exchange is involved. Therefore, I consider it more appropriate to give consideration on a case-by-case basis and use the most flexible method.

During this process, Mr KAM needs not worry about the apparent lack of transparency, because the Legislative Council needs not approve any funding. Actually, other approval bodies are involved in the processing of all cases, such as the four cases cited by Mr KAM. Let me cite King Yin Lei as an example. Because of the need to rezone the lot, the "Green Belt" originally offered to its owner has to be turned into residential land, and the approval of the Town Planning Board (TPB) is required. In this respect, there are statutory procedures allowing the public to express their views. As for the preservation of the heritage hotel on Prince Edward Road West, approval has to be sought from the TPB because of the need to relax the plot ratio as a financial incentive. Even for some cases requiring only the approval of the Executive Council as in the case of land exchange, we still have to follow the established procedures, whereby the relevant District Councils have to be consulted every time these cases are to be dealt with. Therefore, Mr KAM needs not worry about the lack of transparency. However, should there be a case requiring the spending of public money, I will not hesitate to approach the Legislative Council for Members' support in the Finance Committee to enable us to carry out preservation work properly.

Nevertheless, Members should have heard me say that buying historic buildings for preservation with cash should be regarded as the last resort in Hong Kong. I have also visited many other cities and found that they seldom opted for spending public money on compensation in order to carry out heritage preservation, as the amounts of money involved were literally astronomical figures. The community might not fully endorse this approach, too. For our heritage preservation policy to be put into practice, all social sectors, including private owners of these historic buildings, must make concerted efforts. This explains why we do not want to establish a mechanism whereby money is spent on every occasion to buy out privately-owned historic buildings.

I would also like to respond briefly to some of the views I heard during the discussion held by the Subcommittee. I very much welcome future discussions with Honourable Members to explore these views in the Panel on Economic Development.

The first view is that the Government should provide more in-depth information on the case of the Ho Tung Gardens by spelling out its historical, cultural and architectural merits, so that the Government will be able to gain more public support when declaring it a proposed monument or statutory monument in the future. In fact, we immediately launched this task in end January after the

declaration of the Ho Tung Gardens as a proposed monument. I wonder if the President has noted that we have arranged for some seminars to be held on weekends by inviting some professors from the University of Hong Kong who have written books about the family of Sir Robert HO Tung to chair the seminars. Though not through our direct arrangement, Sir Robert HO Tung is also introduced in one of the episodes of "*The Hong Kong Nobles*" broadcast by one of the television stations. We have also invited some historians to continue to conduct assessments on the significance of the HO Tung family or Sir Robert HO Tung himself to Hong Kong history.

Insofar as the second aspect is concerned, both Mr Abraham SHEK and Mr LEE Wing-tat shared the view that we should play a more proactive communication role in terms of financial incentives and compensation policy. Just now, I already mentioned the existence of this transparent mechanism. But my personal feeling is that it is most imperative to demonstrate sincerity in discussing these cases with the relevant owners in the past couple of years. Since the publication of the Declaration Notice in end January, I have personally contacted the owner of Ho Tung Gardens three times. The owner was so nice that she arranged for my colleagues and me to visit the Ho Tung Gardens. Miss CHAN can rest assured that after the visit, we found that the significance of the Ho Tung Gardens lies not only in its buildings. The Gardens are very beautiful, too. Therefore, the trees in the Gardens will also be included in the assessment in the future.

The third view is that, for the sustainable development of the heritage preservation policy in the long run, some Members proposed or proposed again that a preservation fund be established. As Members are aware, I have all along been adopting an open-minded and proactive attitude towards the establishment of a preservation fund. We will also continue to examine internally overseas experience in the hope of bringing up this proposal for discussion in the community in due course.

The last point is about public engagement. In the past three years, the CHO has spared no effort in public engagement. Our public engagement work is not confined to the general public; emphasis is laid on students as well. I wonder whether or not Mr CHEUNG Man-kwong has the opportunity to see a teaching kit produced by us on heritage preservation for distribution to all secondary schools in the territory as part of the Liberal Studies. We also hope

that our next generation will all the more appreciate the effort made by this generation in fighting for the preservation of these historic buildings. The CHO will also make efforts in public education through other activities, including Open Days and invitation of social organizations to revitalize historic buildings in the form of social enterprises.

Lastly, I am very pleased that our work has gained the general support and recognition of the community since the gazettal in end January of the Notice on declaring the Ho Tung Gardens a proposed monument. The Declaration Notice, after its commencement, can provide timely statutory protection for the Ho Tung Gardens. Both the Development Bureau and I will continue to adopt a pragmatic and open-minded attitude in discussions with its owner to strive for a consensus and seek an appropriate win-win preservation option by all means. We will consider in detail whether or not the Ho Tung Gardens should be declared a statutory monument before the expiry of the 12-month period.

Thank you, President.

PRESIDENT (in Cantonese): Under Rule 49E(9) of the Rules of Procedure, I will not put any question on the motion.

PRESIDENT (in Cantonese): Members, it is now already 8.00 pm. As there are still two motions with no legislative effect and one adjournment motion on the Agenda, which have to be dealt with, I am of the opinion that it is unlikely that all the business can be finished by midnight today. Therefore, I will suspend the meeting at about 10.00 pm until 9 am sharp tomorrow.

PRESIDENT (in Cantonese): Two motions with no legislative effect. I have accepted the recommendations of the House Committee: that is, the movers of 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 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: The development of self-financing post-secondary institutions.

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

I now call upon Ms Starry LEE to speak and move the motion.

THE DEVELOPMENT OF SELF-FINANCING POST-SECONDARY INSTITUTIONS

MS STARRY LEE (in Cantonese): President, I move that the motion, as printed on the Agenda, be passed.

In 2000, the Government of the Hong Kong Special Administrative Region (SAR) decided to make vigorous efforts to develop post-secondary education and set the target of raising the participation rate in post-secondary education from 18% to 60 % of the young people from the relevant age cohort in 10 years' time. It only took the Government a few years to achieve or even over-achieve this target.

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

According to the Government's reply to a Legislative Council question, at present 65% of the young people are enrolled on post-secondary programmes. Almost all the additional places offered during these 10 years are in the self-financing sector. From 2001 to 2009, there was a "Big Leap Forward", be it in the number of self-financing post-secondary institutions, the number of students or the number of programmes. A decade ago, only 9 163 students were enrolled on full-time self-financing programmes; in 2009, the corresponding number increased to 57 200, representing an increase by exactly six times. The number of self-financing post-secondary education providers has also increased from four back then to 21 now, which is a four-fold increase; and the number of programmes has also increased from 20 to 363, which is an increase by 16 times. As for degree types, originally there were only the higher diploma and bachelor's

degree, and now there is also the sub-degree, with the associate degree type having recorded the highest rate of increase.

In the 2009-2010 Policy Address, the Government indicated its intention to develop education services and earmarked two sites for this purpose. Subsequently, it also announced that a total of six sites, including the one at Queen's Hill, would be used for the development of private universities.

As a result of this policy, places for self-financing programmes will continue to increase in the coming 10 years. With the Government's granting of six sites for the development of private universities, the number of self-financing degree places will increase from 17 000 to 18 000 in the future. In other words, apart from the 15 000 degree places and the 4 000 senior year places funded by the University Grants Committee (UGC), about 21 056 places will be created in the self-financing sector. Projecting on this basis, when these sites are used and the relevant private universities completed, and assuming that the number of UGC-funded places remains unchanged, the number of students enrolled on self-financing degree programmes will be more than that enrolled on UGC-funded programmes.

Deputy President, the topic of the motion debate proposed by me today is "The development of self-financing post-secondary institutions". From the statistical analysis just now, Members may find that the self-financing post-secondary sector will grow rapidly, and the future development of self-financing post-secondary institutions largely hinges on what positioning the Government assigns to self-financing post-secondary institutions and how it perceives their role in the post-secondary education sector.

Although the Government has stressed the need to develop education services, judging from its effort made so far with regard to self-financing post-secondary institutions, I can hardly envisage the day when these self-financing post-secondary institutions become renowned private universities in Hong Kong or even in the region, and manage to compete with long-established prestigious universities, or even become so appealing that students would give up studying in prestigious universities and enrol on these self-financing post-secondary programmes. I think there is still a long way to go to achieve this. Why?

First and foremost, colleges are colleges after all. We have discussed this issue with members of the sector, and we find that the existing pathway for colleges to gain university status is most unclear. The general perception in society is that colleges are colleges, and top students and teachers will not give up the opportunity of entering universities and go to colleges instead. People who wish to make donations to universities or higher education institutions also tend to donate to universities rather than colleges. This is the inherent inadequacy of colleges.

The second reason is the disproportionate amount of subsidies, which I would call "acquired inadequacy". Nowadays, various academic institutions in Hong Kong enjoy a high reputation in the academic circles in the world. These institutions certainly deserve tribute for their efforts made, but credit must also be given to the substantial resources put in by the Government. Taking a closer look at the information, one will find that the average cost of each UGC-funded Bachelor's degree is \$1 million. How is this \$1 million arrived at? The average UGC funding for an undergraduate place is about \$210,000, which would add up to over \$800,000 for a four-year programme, and together with the tuition fees paid by the student, the total amount required is about \$1 million.

However, the funding of self-financing degree programmes will only come from the students. I have looked into the situation. Taking the most inexpensive programmes at present as an example. The tuition fees range from \$40,000 to \$70,000, and the funding is only \$200,000 to \$280,000. Given this uneven distribution of resources, I think it is indeed impossible for self-financing institutions to compete with prestigious universities or long-established universities.

"Even the cleverest housewife cannot prepare a meal out of nothing", so the saying goes. When resources are inadequate, colleges are colleges after all. So, I cannot see how these private universities can achieve outstanding results within a reasonable time frame and attract enrolment.

Therefore, the Government must ponder over this issue at this juncture. If the Government only hopes to operate some academic institutions to increase the number of university graduates, these institutions may remain in their present state forever. If the Government really hopes that self-financing post-secondary institutions can compete with different universities, or if it hopes that private

universities in Hong Kong will be like those overseas one day — I remember the Secretary has pointed out repeatedly that some renowned universities overseas are also private universities — and be able to establish themselves among the prestigious universities in the world, it has to draw up some plans now. Radical changes must be made, be they to the existing legislation, the regulatory model or the mode of funding, or else I am afraid the nightmare of the associate degree places may return.

There are three major hidden concerns in the ever-expanding self-financing post-secondary education sector. I hope the relevant bureau will address them. The first concern is that the recognition of self-financing bachelor's degrees may be very low. Why? According to my computation just now, most of the existing degree programmes are UGC-funded. Assuming that 15 000 such bachelor's degrees are to be awarded currently, with the imminent completion of the tendering process of the earmarked sites concerned, the relevant private universities will be completed soon. Shortly afterwards, the number of bachelor's degrees will increase to 36 056. (This is arrived at by adding up 15 000 and the 21 056 worked out by me just now.) This is a quantitative easing policy on bachelor's degrees, which will definitely have an impact on their recognition.

From the financial and economic point of view, the United States is now adopting a quantitative easing monetary policy, and the value of the greenback is expected to depreciate. In that case, how can these bachelor's degrees be spared? Therefore, the Government must perform the role of a gate-keeper and overseer with regard to their quality. The Government should also let us know how it will ensure that holders of bachelor's degrees awarded by self-financing institutions will be recognized by society. This is vitally important. Otherwise, the 20 000 or so graduates from degree programmes offered by these self-financing institutions each year may face the problem of their academic qualifications not being recognized by society.

Therefore, I hope the Secretary will give a response to this in his speech later on. This is a very important point. As the bureau is prepared to grant land for the various academic institutions to build their campuses, what ideas or plans does the Government have?

The second concern is that the tuition fees may rise beyond the students' affordability. This may make students heavily in debt even before they graduate. I guess the first group of people who are interested in these programmes are graduates of associate degree programmes. As Members may be aware, the recognition of associate degrees is yet to be established in society. To fulfill their dream of obtaining a bachelor's degree, and in order to obtain higher academic qualifications, graduates of associate degree programmes may enrol on these self-financing degree programmes.

If they have already borrowed a large amount of money from the Government when they were enrolled on the associate degree programmes, and then they go on to study in private universities, we can imagine that they may have owed a debt of over \$100,000 or even a few hundred thousand dollars by the time they graduate, and part of their tuition fees may be used for repaying the Government for the costs of campus construction. I will give a further explanation on this point later.

The third concern is the disparity in the quality of self-financing degree programmes. As pointed out in the Report on Higher Education in Hong Kong published by the UGC, the post-secondary education system is fragmented and complex, and co-ordination among institutions and a clear regulatory framework are lacking. Among the various self-financing programmes, some are offered by community colleges of publicly-funded institutions while others are offered by independent, private institutions, and some others are offered by private universities. In short, self-financing degree programme providers are so diverse that the public will find the system difficult to read, and the quality of the programmes also varied. The public generally have more confidence in self-financing programmes offered by UGC-funded institutions, but they may not have a very clear idea about the quality of other self-financing programmes.

It is precisely because post-secondary education plays a very important role in enhancing the quality and qualifications of young people that I call on the Government, in the first proposal of the motion, to take this opportunity to reform the existing mode of regulating post-secondary education, so as to ensure that the non-publicly-funded segment of the post-secondary education system is effectively monitored and co-ordinated.

As the post-secondary education segment is a system in itself, I think the authorities should establish an overarching policy to consider, in a holistic

manner, each segment in the system, including the mode of regulation. The authorities should also enhance the transparency of the post-secondary education system as a whole to ensure the co-ordination and articulation of these segments. However, what mode should be adopted? I have not come up with any conclusion yet. As Members may know, the Government is now consulting the stakeholders, and I expect the Government to brief this Council within a reasonable time frame on the next step it will take to rectify the existing problem of the regulatory framework failing to keep abreast of the times.

In the course of examining the mode of regulation, the relevant legislation will inevitably be involved. People from the post-secondary education sector always point out that the existing legislation governing post-secondary education, that is, the Post Secondary Colleges Ordinance, is much too rigid and actually too restrictive on post-secondary institutions intent on applying for the award of university status. This is not conducive to the development of these institutions. Therefore, I hope the authorities will introduce legislative amendments expeditiously and make a concrete effort to remove the relevant barriers and hurdles. I know the Government is planning to review the relevant legislation, and I hope it will take this opportunity to conduct consultation in a serious manner so as to gauge the views of stakeholders. I also hope the Government will discuss its thoughts with this Council as soon as possible.

One of the reasons why tuition fees of these self-financing programmes are exorbitant is that students have to bear the campus construction costs. Members of the sector told me that the unit cost of a self-financing programme is at least \$60,000 on average. In other words, the average cost of a programme of a relatively reasonable standard is \$60,000. Take the recent loan application made to this Council by the Hang Seng School of Commerce as an example. For a campus with a floor area of about 11 200 sq m, which can accommodate 1 500 students, the construction cost is already \$308 million. If this loan is to be repaid in equal instalments over 10 years, each student will have to pay about \$20,000 in the annual tuition fee for this purpose. This implies that a student enrolled on a four-year degree programme has to pay \$80,000 in the tuition fees to repay the campus construction costs. If the loan is to be repaid in equal instalments over 20 years, each student will have to pay \$10,000 per year, and upon completion of a four-year self-financing degree programme, a student will have paid about \$40,000 for the campus construction costs. Assuming that the repayment period is 10 years, and together with the tuition fee of \$60,000, the

tuition fee may be as high as \$80,000 as a result. For many young people, \$80,000 is indeed a very large amount.

For students enrolled on publicly-funded degree programmes, as Members may know and I have also mentioned this point just now, the average annual amount of government subsidy is about \$210,000, and so the amount of subsidy for four years will be \$840,000. Together with the tuition fees, the average unit cost of publicly-funded degree programmes is about \$1 million, 80% of which is paid by taxpayers. However, ever since self-financing degree programmes were offered, all expenses have to be met by the tuition fees, except for some expenses which were met by donations from the school sponsors. Assuming that the tuition fees range from \$40,000 to \$70,000, the total amount involved would be some \$200,000 to \$300,000, without any government subsidy. As I have mentioned just now, these students still have to repay the campus construction costs for their institutions. Under these circumstances, the Government is indeed duty-bound to review the inequitable allocation of resources and funding.

Therefore, here I would like to call on the Government to set up matching grants for campus construction costs, and to relieve the pressure of tuition fee increases exerted by campus construction costs through alternative means of providing campus construction funding to self-financing institutions. Actually, applications to the Fifth Matching Grant Scheme (MGS) have just been closed, and approval has been given to the applications by three private universities, namely The Open University of Hong Kong, the Hong Kong Shue Yan University and the Chu Hai College of Higher Education, to use funding under the MGS to meet part of their campus construction costs. I request demand the Government to also provide such matching grants to other institutions which have obtained the Government's approval and are about to offer self-financing programmes, so that in expanding their campuses, these institutions may, apart from securing donations, receive a certain amount of subsidy from the Government, which may be disbursed on a dollar-for-dollar matching basis. Assuming that a particular institution has to build a campus of about 10 000 sq m in area, it has to secure \$150 million in donations and may also receive \$150 million in grant from the Government.

Apart from providing subsidies for campus construction, another simple method is to provide direct subsidies to students enrolled on self-financing programmes for their tuition fees. As stated in the motion, I hope the

Government will examine different ways to alleviate the inequitable allocation of resources. I will save the rest of my time for the concluding remarks.

Deputy President, I so submit.

Ms Starry LEE moved the following motion: (Translation)

"That since 2000, private education providers have multiplied in number, offering a great variety of self-financing post-secondary programmes; with the continuous expansion of self-financing institutions, there are quite a number of concerns in society, including the possibility of institutions running into financial difficulties, their development lacking co-ordination, unsatisfactory programme quality and tuition fees exceeding students' affordability, in addition to the Government's inadequate resource allocation in encouraging the development of self-financing institutions, resulting in the interests of the students concerned not being protected effectively; in order to ensure programme quality and safeguard students' interests, this Council urges the Government and the relevant authorities:

- (a) to reform the existing mode of regulating post-secondary education, so as to ensure that the non-publicly-funded segment of the post-secondary education system is effectively monitored and co-ordinated;
- (b) to provide matching grants for self-financing post-secondary institutions to build campuses, so as to alleviate the pressure of tuition fee increases exerted by campus construction costs;
- (c) to consider providing tuition fee subsidies for students enrolling in self-financing post-secondary programmes through various channels, including studying establishing a post-secondary education fund or by way of education vouchers, etc.;
- (d) to ensure the diversity of self-financing programmes, so as to provide programme options in different academic disciplines for students; and

- (e) to appropriately control the growth in the number of places of self-financing programmes, so as to avoid an excessive supply of self-financing post-secondary places."

DEPUTY PRESIDENT (in Cantonese): I now propose the question to you and that is: That the motion moved by Ms Starry LEE 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 CHEUNG Man-kwong to speak first, to be followed by Mr WONG Kwok-hing and Miss Tanya CHAN respectively; but no amendments are to be moved at this stage.

MR CHEUNG MAN-KWONG (in Cantonese): Deputy President, since 2006, the subject of self-financing post-secondary education has become an indispensable subject of motion debates in the Legislative Council every year. One reason is post-secondary education is very important, yet a more important reason is the detrimental impact of the Government's attempt to press forward the "Great Leap Forward" in the number of associate degree places is still lingering even to date.

Now, the pressure on young people aspiring to progression has almost reached a breaking point, and the Government has even shifted the responsibility of providing additional university places to private universities and the market of self-financing undergraduate degree programmes. Will the Government continue to repeat its own mistake or repent and rectify its mistake, thereby restoring order in the chaos in post-secondary education? I hope Secretary Michael SUEN will make this clear in his response.

In the motion, Ms Starry LEE pointed out that since 2000, members of the community have a clear idea of the concerns arising from the expansion of self-financing educational institutions. Actually, members of the community have run out of patience with the Government's piecemeal changes, and neither

will they tolerate the Government's repeated mistakes anymore. Therefore, the focus of my amendment is to plug the loophole of the existing problem of the lack of regulation or improper regulation of self-financing educational institutions. Among other things, I propose to amend the Post Secondary Colleges Ordinance (the Ordinance) to abolish outdated provisions and subject self-financing post-secondary educational institutions to registration and regulation to ensure that their governance, teaching facilities, qualifications of teaching staff, exit performance standards, the size of their campuses, the number of enrolments and financial capabilities can meet the relevant standards, and non-compliant institutions may be liable to revocation of registration.

The SAR Government proposed in 2000 the target of a 60% post-secondary education participation rate. The then Education and Manpower Bureau pointed out in its paper submitted to this Council that since the Ordinance was enacted as early as in the 1960s, many of the provisions were outdated, unable to facilitate the diversified development of higher education. Besides, it was also pointed out that the Education Ordinance would not apply to post-secondary education programmes, and some regulation meant to protect young school children might be unnecessary for adult-learners. The then Principal Assistant Secretary, that is, the incumbent Deputy Secretary for Education, Michelle LI, also criticized that the standards laid down in the Ordinance were inconsistent, unable to ensure the quality of post-secondary education. She also proposed to combine the provisions on post-secondary education in the Education Ordinance with the Ordinance, so that they would become a new piece of legislation governing post-secondary education.

The past decade has witnessed the rapid development of post-secondary education and associate degree programmes, but the relevant legislation is unable to catch up with this development. The Education Bureau has failed to deliver, both in amending the Ordinance and introducing new legislation. As no amendment has been made so far to the provision on the requirement that major courses must span at least four years, sub-degree programmes which only span two to three years are not subject to the registration requirement under the Ordinance. However, the Government has not only failed to perform its duty of introducing legislative amendments but even trimmed the toes to suit the shoes by using the Education Ordinance, which is primarily targeted at secondary and primary education, to regulate post-secondary education. This is ridiculous, and it is lazy and irresponsible on the Government's part. Even when some

institutions have failed to comply with certain requirements, such as the height requirement on buildings on campus, the Education Bureau only turned a blind eye to it and allowed these institutions to violate such requirements blatantly, thereby rendering the legislation nugatory.

Deputy President, given the uncertain recognition and development of associate degree programmes, graduates definitely wish to obtain recognized undergraduate degrees. Under the New Senior Secondary academic structure, the demand of secondary school graduates for university education will continue to rise, and it is only common, natural and reasonable of young people to try every possible means to enter university. To attract more students who have attained the academic qualifications required but are unable to enroll at subsidized universities, and in order to enhance the appeal of their associate degree programmes, institutions have changed their strategies one after another to tap the market of self-financing undergraduate degree programmes. Therefore, as the Government has announced that it will further develop private universities and self-financing undergraduate degree programmes, we must raise this warning again, loud and clear: Do not ever forget the bitter lesson of the "Great Leap Forward" in the number of associate degree places and deal another blow to the value of undergraduate degrees, thereby causing their further depreciation and leaving young people in predicament and heavy debts upon graduation.

The University Grants Committee (UGC) warned in the report entitled *Aspirations for the Higher Education System in Hong Kong* that "the growth of private provision is not exempt from danger A simple reliance on market forces will not work". The current shortfall in the take-up of available undergraduate degree and associate degree places is almost entirely in the self-financing sector. In a matter as important as post-secondary education to Hong Kong residents, there must be sufficient government regulation. If confusion is allowed to develop further in the system, the interests of students will be harmed.

Actually, the Report of the Phase Two Review of the Post Secondary Education Sector published in 2008 also pointed out that there is "a case for including sub-degree qualifications in the Ordinance so that non-statutory post-secondary institutions offering different types of awards can be registered under the Ordinance" to prevent institutions from seeking to boost their prestige when their staff and equipment are inadequate. This was pointed out by the

UGC and stated in the relevant report. With the development of the new academic structure, the Government should ensure that the legislation, after amendment, can impose adequate regulation on the healthy development of post-secondary education in the future.

Deputy President, other details of my amendment are a corollary to the proposal to amend the Ordinance. Undoubtedly, the excessive supply of places will inevitably affect the quality of education, but the key to controlling the growth in the number of places also lies in assuring the quality of education. If there are reasonable regulation and quality assurance for the enrolment and programmes of institutions, it would be impracticable for us to propose to limit the size of enrolment of private universities and number of self-financing undergraduate degree programmes. If more quality undergraduate degree places are offered in society to nurture more quality university students, why would we oppose it? However, given the previous bitter lesson of associate degree places, we have reasons to doubt the Government's monitoring in this respect.

To ensure the quality of education, we must attach great importance to teaching facilities and qualifications of teaching staff. In the past, students of self-financing institutions used to enjoy their campus life and teaching facilities, such as dormitory and library facilities. However, these are not necessarily available anymore now. Therefore, the requirement under the Ordinance that institutions must be equipped with adequate teaching facilities is not unjustified at all. Similarly, it is also necessary for the Ordinance to require that the number of teachers, their academic qualifications, salaries and conditions of service must meet certain standards. In particular, it is not uncommon at all for post-secondary institutions to abuse the practice of employing teachers under short-term contracts in recent years. Some institutions even allow their academic departments to employ over 80% of their teachers on contract terms, with the duration of some teachers' contracts ranging from one year, half a year to even three months. When stability is lacking in teaching, how could quality be assured? As evident in a number of recent cases in which the relevant professional regulatory bodies refused to recognize and register some self-financing sub-degree programmes, teaching facilities and the number of full-time teaching staff are important elements in professional training, and they should not be compromised because of the background of the relevant institutions.

Deputy President, concerning the Education Bureau's ineffective monitoring of Direct Subsidy Scheme schools, Secretary Michael SUEN tried to explain it away by arguing that he is "toothless". Now, the Government is still unable to introduce any policy and legislation to regulate post-secondary education. Is this a failure on the Government's part to honour its words?

Over the past decade, the number of self-financing educational institutions has increased by four times, and that of the relevant programmes has increased by six times. The number of students enrolled on associate degree programmes has even increased by over nine times. Although legislative amendments are not a panacea for quality assurance, and they still have to be complemented by the Government's provision of subsidies and resources, the Education Bureau simply could not stick to the old rut and refuse to make any changes to the relevant legislation in the face of the ever-changing circumstances of post-secondary education. It should not use a rigid method regardless of all the changes and shirk its responsibilities by always saying that the relevant schemes are under review.

Deputy President, I so submit. I implore Members to support my amendment.

MR WONG KWOK-HING (in Cantonese): Deputy President, in the past, post-secondary education in Hong Kong was mainly funded by the Government. In 2000, the Government set the target of raising the participation rate in higher education in Hong Kong to 60% in 10 years' time. In the blink of an eye, 10 years have gone by, and according to the report of the Review of the Post-Secondary Education Sector published by the Education and Manpower Bureau in 2006, the participation rate in post-secondary education in Hong Kong in 2005-2006 already reached 66%. During the same period, however, the number of publicly-funded undergraduate degree programmes only increased slightly from 14 537 in 2000 to 14 828 in 2005-2006. Actually, the main reason for the substantial increase in the participation rate was the increase in the number of self-financing programmes. In fact, from 2000 to 2005-2006, the number of self-financing undergraduate degree places increased by 1 353 and the number of self-financing sub-degree places increased from 2 621 to 17 077, which was a sudden surge. The so-called self-financing programmes are programmes financed solely by tuition fees collected from students. Therefore, the tuition

fees of most of these programmes are higher than those of government-funded programmes.

According to the information on the Government's Information Portal for Accredited Self-financing Post-secondary Programmes, among the full-time accredited self-financing programmes in 2010-2011, 156 are associate degree programmes, 157 are higher diploma programmes and 57 are undergraduate degree programmes. According to the information on the relevant portal, for associate degree and higher diploma programmes, the annual tuition fees would be some \$30,000 to \$50,000, and most programmes span two to three years. Calculated on this basis, the amount of tuition fees a student has to pay to complete a sub-degree programme would often amount to almost \$10,000 or even more. For students from low-income families, such a huge amount is definitely unaffordable. The annual tuition fees for undergraduate degree programmes are even higher, with many of them amounting to \$50,000 to \$60,000. If a student who has decided to pursue further education enrolls on a sub-degree programme and then enrolls on an undergraduate degree programme, the total amount of tuition fees he has to pay in the end would amount to some \$200,000 to \$300,000. Actually, many students in our community have to obtain tuition fee loans from the Student Financial Assistance Agency (SFAA) to meet the exorbitant tuition fees.

Even if students can secure a job in the market after completing the undergraduate degree programmes, fresh graduates would not be very well-paid. Yet, they are under the pressure of repaying the tuition fee loans. Such pressure will leave these young people with no choice but to keep postponing their plans in life. It has also made it impossible for them to fulfill their duty of providing financial support to their parents.

Deputy President, my amendment precisely seeks to address these actual circumstances, and I hope the Government will help these students relieve their burden and pressure. Under the SFAA's Non-means-tested Loan Scheme (NLS), the current interest rate is 3.599%. Although it is slightly lower than the prevailing best lending rate of 5% charged by banks, interests under the NLS are chargeable upon the SFAA's payment of loan to the relevant student. Take a student who enrolls on a two-year top-up degree programme after enrolling on a two-year associate degree programme as an example. He will have to obtain a loan from the SFAA when he enrolls on the associate degree programme, and it

will take him four years to complete these programmes. As he has to attend classes during these four years, he will only be able to take up part-time jobs no matter how hard-working he is. During these four years, the interests incurred on the loan will keep accumulating, though the student has yet to graduate.

Deputy President, the Government keeps encouraging members of the public to pursue further studies and add value to themselves. However, apart from chanting empty slogans, will the Government provide any concrete support and assistance to them? If the Government does not provide any concrete support and assistance to young people, will it be able to help them equip themselves to meet the challenges in the future? I think the Government should pay attention to this heavy burden of loan interests on students. For Hong Kong society as a whole, the Government always stresses that Hong Kong should move towards a knowledge-based economy and develop the four pillar industries and the six priority industries. In order to develop the four pillar industries and the six priority industries, however, talents with higher academic qualifications are required. Nevertheless, in the absence of any complementary manpower training scheme, how can our society make adjustments to develop and add value to our manpower resources? This will greatly affect the enhancement of the competitiveness of our society as a whole.

Deputy President, although charging interests on loans seems to make sense and appears to be reasonable, for students who seek progress in their academic attainment with their own means, I think the policy of charging interests should be reviewed afresh. As the students' purpose of obtaining these loans is to pursue further education, I think the best approach is to offer them interest-free loans. Even if interests are to be charged, it would be more desirable to commence calculating interests after their graduation than from the date such loans are drawn down from the SFAA. I think if the Government is willing to do so, not only will the pressure on students be relieved but the NLS will also become more reasonable.

Deputy President, apart from working on the loan interests, the Government may also work on another front. Currently, the Government offers a tax allowance for education expenses. The total amount of the allowance is \$60,000 for each year of assessment. I propose raising the tax allowance for expenses on self-education so as to relieve the pressure on employed persons in pursuing further studies. As I said just now, students have to face this heavy

pressure of repaying the loan cum interests once they graduate from the programmes and join the workforce. If they are lucky enough to secure a relatively well-paid job, their pressure of loan repayment will be slightly relieved. Generally speaking, however, we can see that university graduates may earn at most some \$10,000 monthly when they join the workforce after graduation. For them, it is already not bad, but they still have to repay the loan cum interests. Under this circumstance, how can they make such future plans as getting married or even provide financial support to their parents? Therefore, I hope to urge the Government, through the Deputy President, to give serious consideration to the proposals in my amendment.

Thank you, Deputy President.

MISS TANYA CHAN (in Cantonese): Deputy President, in the 2000 Policy Address, the Chief Executive undertook to enable 60% of senior secondary school leavers to have access to post-secondary education in 10 years' time. The Government even claimed that it would develop Hong Kong into a regional education hub. One of the approaches adopted by the Government was certainly to promote the development of self-financing post-secondary education. Unfortunately, self-financing post-secondary education is fraught with problems. The Government indeed has a duty to refine the development of self-financing post-secondary education.

The original motion of Ms Starry LEE and the amendments of Mr CHEUNG Man-kwong and Mr WONG Kwok-hing all seek to urge the Government to refine or enhance the development of self-financing post-secondary education. Therefore, we from the Civic Party are supportive of them. In the following, I will mainly explain my amendment to the original motion.

First, concerning the construction of campuses by self-financing post-secondary institutions, I propose extending the repayment periods of interest-free loans borrowed by these institutions. At present, borrowing institutions must repay their loans in equal annual instalments over 10 years from the date of final drawdown. Subject to proven financial difficulties, they may apply for an extension of the loan repayment period from "no more than 10 years" to "no more than 20 years". For any outstanding loans after the first 10 years,

interests have to be paid at the no-gain-no-loss rate. In other words, interests are charged.

Certainly, the Government will only make loans to these self-financing post-secondary institutions for development after a series of vetting and approval procedures. Given the approval, I believe the relevant educational institution must have a good track record, be free from problems, have a good reputation and are capable of long-term development. As such, the Government should consider extending their loan repayment periods, particularly the interest-free period, so that these institutions will not increase their tuition fees as a result of the pressure exerted by these loans.

Besides, we have been requesting the Government to increase the number of publicly-funded undergraduate degree places. At long last, the relevant number has been slightly increased. But the Government is only prepared to provide 500 additional places. As publicly-funded places are inadequate, the Government has made vigorous efforts to encourage various institutions to operate self-financing programmes again. Unfortunately, however, the varied quality of self-financing post-secondary programmes has always been a great concern.

At present, an institution has to undergo an Institutional Review by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ) before registration to ensure that its governance structure, academic standards and quality, qualifications of teachers, quality assurance mechanism and financial position, and so on, can meet the requirements. Besides, every proposed undergraduate degree programme of a registered post-secondary institution is subject to a separate Programme Validation process to ensure that its academic standard is up to undergraduate degree level. The flow chart of this process is very complicated, with "yes's" and "no's" and also routings back to the starting point, and so it seems that the process is very stringent.

However, there was a press report in October last year, which I am going to read out aloud: The Division of Social Studies of the Community College of City University (CCCU) intended to operate an undergraduate degree programme on social science in its Telford Annex. Before sending staff to the CCCU for inspection, the HKCAAVQ found that the head of the CCCU had sent urgent

emails to some 30 teaching staff, requiring each one of them to borrow 20 books from the library of the parent institution, the City University of Hong Kong in Kowloon Tong, and place these books in the library of the Telford Annex as there were not enough books there. The total number of books so put in that library amounted to over 600.

The fact that this self-financing institution used the resources of its parent university to make up for the shortage reflects its lack of adequate resources to operate self-financing undergraduate degree programmes. If approval for programmes is easily granted, the public will inevitably be concerned about the quality of self-financing undergraduate degree programmes. When the quality of the programmes is questionable, the recognition of graduates from self-financing undergraduate degree programmes by the community and employers will be undermined. Therefore, the vetting and approval of programmes must not be conducted in a perfunctory manner, and the Government should perform its gate-keeping role strictly.

It has already been 11 years since the Education and Manpower Bureau began to promote associate degree programmes in 2000. The annual number of graduates from associate degree programmes has increased from some 5 000 initially to 20 000 on average in recent years. However, in the face of the low recognition of the associate degree qualification, the Government's pressing task now is to improve the positioning of the associate degree qualification expeditiously and allow people with this qualification to apply for important positions, such as civil service positions, so that they will enjoy fair opportunities of competition. At present, we can hardly find any jobs from recruitment advertisements for people with the associate degree qualification, while most jobs require the qualification of undergraduate degree, higher diploma or secondary school education. Certainly, we may notice that the Government has included the associate degree qualification in the academic qualification requirement for positions such as Assistant Information Officer in the recruitment exercise of the Information Services Department. In other words, it recognizes the relevant qualification. In general appointments, however, it is still difficult to find jobs for this qualification. I hope the Government will make a greater effort in this respect.

In the future, the increasingly rapid development of private universities will definitely have a bearing on the number of people with the associate degree

qualification. The Government should clearly determine the positioning of the associate degree qualification as an independent academic qualification, rather than only allowing it to become a stepping stone towards enrolment on undergraduate degree programmes.

Many of the students enrolled on associate degree programmes will strive to move onto undergraduate degree programmes, and many of them will choose to enroll on undergraduate degree programmes offered by local institutions in collaboration with overseas institutions. At present, subject to section 8 of the Non-local Higher and Professional Education (Regulation) Ordinance (Cap. 493), non-local courses conducted in collaboration with the following local institutions of higher education may be exempted from registration: the City University of Hong Kong, the Lingnan University, the Hong Kong Baptist University, the Hong Kong Shue Yan University, The Chinese University of Hong Kong, the Hong Kong Academy for Performing Arts, The Hong Kong Institute of Education, The Hong Kong Polytechnic University, The Hong Kong University of Science and Technology, The Open University of Hong Kong and the University of Hong Kong.

Although these courses are offered in collaboration with overseas institutions, most of the classes are conducted locally, and the degrees are mostly conferred by the relevant overseas institutions rather than the institutions mentioned just now.

On the Education Bureau website, it is stated under the Frequently Asked Questions, that is, FAQ, concerning Non-local Higher and Professional Education Courses that "the registration or exemption of a non-local course under the Ordinance does not carry with it any indication or implication whatsoever that this confers any particular standing to the course or comparability to a local degree programme. The recognition of any qualification for employment purposes is a matter within the discretion of individual employers." What does that mean? It means although students have spent tens of thousand dollars or even over a hundred thousand dollars to enroll on an undergraduate degree programme, the recognition of the qualification ultimately rests with the employers. The Government should indeed review this. Actually, when I read the relevant advertisements in the newspaper, I have a feeling that they are somewhat like property sale advertisements in sales brochures. Why? Let me fold it up so that Members will not be able to see it. There is a sentence printed

in very small fonts at the bottom of the advertisement — even the Secretary is smiling — this sentence must be included, but it is indeed very similar to property sales brochures. This sentence is about the issue of recognition, and it goes on to ask readers to refer to the relevant legislation, and so on. This is the case of this advertisement, yet there is another advertisement with sentences printed in even smaller fonts — I am sorry, I did not mean to do so — Deputy President, they are printed in very small fonts indeed. Therefore, those who can notice them may regard themselves as lucky, and I have no idea what would happen to those who cannot notice them.

My fourth amendment is about reviewing the various existing financial assistance for post-secondary students. In this regard, just now some Honourable colleagues mentioned that the existing Non-means-tested Loan Scheme (NLS) for continuing education is fraught with loopholes, and default cases involving students of self-financing institutions have given cause for concern. Many students would enroll on pre-associate degree programmes before enrolling on associate degree programmes and even self-financing undergraduate degree programmes. As they have to borrow a number of loans from the Government, their debts and interests will continue to accumulate, and the amount they have to repay will very often be over \$100,000.

Just come to think about this. If a student starts with a pre-associate degree programme and study all the way to a self-financing undergraduate degree programme, and calculating this on the basis of a 10-year repayment period, he will have to make repayments for three loans at the same time in the first six years, and the immense pressure on him is indeed unimaginable for those who have not gone through such a situation. They will be unable to make the repayments even with all their salaries. Calculated on the basis of the current interest rate of 2.5%, plus the risk rate of 1.5%, for a loan of \$100,000, an interest of \$2,500 will be charged, and together with the risk payment of \$1,500, just the interests alone will amount to \$4,000.

I know the Government will definitely stress again that the situation of default on repayment of government loans by post-secondary students is very serious, but the Government should indeed review the relevant mechanism. I also hope the Government will expeditiously publish the outcome of the consultation on the NLS for post-secondary students conducted earlier. Besides, the Government should not forget those compliant students who make their

repayments on time. The risk rate of 1.5% is still imposed on them although they make repayments on time. This is indeed most unfair.

I know Permanent Secretary for Education Cherry TSE indicated earlier that the authorities would give consideration to encouraging students to make repayments early or on time by waiving the interests or charging a lower interest rate on their loans. I hope the Government will announce the details as soon as possible and relieve the burden of the students and their parents.

In recent years, the Government has been stressing that it will make active efforts to develop private universities, and it has also indicated that it will place the focus of facilitating the internationalization of the education sector of Hong Kong on developing self-financing post-secondary institutions. Apart from land, the quality of the programmes is actually the most important consideration. Regarding the hardware, I do not think Hong Kong has any problem with it. Certainly, we still have to discuss this with the Secretary for Development. However, it is the software which matters. I hope these institutions will develop quality programmes. If the quality can be assured and the development is sound, not only will students have peace of mind in enrolling on these programmes but the community and employers will also have confidence in employing these graduates.

Thank you, Deputy President.

SECRETARY FOR EDUCATION (in Cantonese): Deputy President, Hong Kong is moving towards a knowledge-based economy, and coupled with the rapid development of the global economy, Hong Kong is presented with changes, opportunities and challenges. In these circumstances, we must step up our efforts in nurturing talents in Hong Kong, particularly in post-secondary education, so as to improve the quality of our manpower and enhance the competitiveness of Hong Kong.

The Government has always attached great importance to the development of post-secondary education. On this front, our policy is to promote the parallel development of self-financing institutions and private institutions. A sound education system should not offer a single pathway and mode of further education. In many advanced economies, the self-financing sector plays a pivotal role in the provision of post-secondary education, and self-financing

institutions and private institutions co-exist and complement each other. The development of self-financing post-secondary institutions is especially robust in the United States, Japan, South Korea and Taiwan, where there are many successful private universities providing students with diversified and quality post-secondary education. Their experiences may serve as useful reference for Hong Kong. Therefore, the Government has been actively encouraging the development of self-financing post-secondary education in order to pool the wisdom, resources and forces of various sectors in the community to enable the higher education system in Hong Kong to become more diversified, thereby benefiting more students.

In promoting self-financing post-secondary education, the Government has all along been giving equal emphasis to both quality and quantity. In particular, we attach great importance to the quality and standard of self-financing post-secondary education. To this end, we have put in place a stringent quality assurance mechanism and monitoring initiatives to ensure the quality of the relevant programmes. These include:

- (a) conducting quality assurance assessments for local post-secondary programmes, including self-financing programmes;
- (b) formulating a set of general guidelines on associate degree and higher diploma programmes for compliance by institutions and accreditation bodies; and
- (c) the Government has set up a committee to conduct discussions and reviews on matters relating to the quality of self-financing post-secondary education.

Apart from adopting a stringent quality assurance mechanism and various initiatives, the Government has also been actively promoting the development of self-financing post-secondary education through a series of support schemes. These schemes include the Land Grant Scheme, the Interest-free Start-up Loan Scheme, the Quality Enhancement Support Scheme, the Quality Assurance Support Scheme and a financial assistance scheme for students.

With the Government's promotional efforts and the participation of different sectors in the community, the self-financing post-secondary education sector has come a long way over the past 10 years, and the achievement of this

sector is evident to all. The age participation rate in post-secondary education has doubled from about 30% a decade ago to 60% at present. As for the programmes, young people have more diversified choices. Apart from the some 340 degree programmes, they may also choose to enrol on around 500 associate degree programmes covering different professional disciplines offered by various local post-secondary institutions. Besides, the Government officially launched the Qualifications Framework in 2008 to provide young people with a diversified progression pathway, including various continuing education programmes, vocational education and training and academic programmes, to enable young people to engage in continuing education and enhance their competitiveness in this ever-changing society.

In the meantime, self-financing post-secondary education has achieved continuous improvement both in quality assurance and academic standard. The Open University of Hong Kong and the Hong Kong Shue Yan University were awarded university status in 1997 and 2006 respectively and became the first self-financing universities in Hong Kong. Positive public responses show that members of the community accept the development of self-financing post-secondary institutions in Hong Kong and consider that these institutions will facilitate the diversification of the higher education sector. After years of effort, there are now four self-financing degree-awarding institutions in Hong Kong, namely The Open University of Hong Kong, the Hong Kong Shue Yan University, the Chu Hai College of Higher Education and the Hang Seng School of Commerce. Together they offer about 17 000 places for degree and top-up degree programmes to provide more progression pathways to students who intend to pursue further education.

The Government attaches great importance to the further development of post-secondary education. We acknowledge the contribution of the self-financing sector to post-secondary education in Hong Kong and will continue to encourage self-financing institutions to play a more active role in the post-secondary education sector to provide young people with quality, diversified, flexible education pathways with multiple entry and exit points. Actually, many members of the community hold that post-secondary education in Hong Kong has to be diversified to enable society to give greater play to its potentials. Different sectors in the community may operate institutions with special characteristics based on different educational philosophies to achieve diversity and plurality of post-secondary education in Hong Kong.

Looking ahead, we will continue to make active efforts to promote the parallel development of self-financing institutions and publicly-funded institutions to ensure that the development of post-secondary education will give equal emphasis to both quality and quantity. To this end, the Chief Executive proposed in the policy address last year to establish a Self-financing Post-secondary Education Fund with a total commitment of \$2.5 billion to provide stable and sustainable resources to enhance the quality of teaching and learning in self-financing education and offer scholarships to outstanding students. Moreover, he also proposed to increase publicly-funded first-year first-degree places to 15 000 per annum and double in phases the number of UGC-funded senior year undergraduate places to 8 000 per annum starting from the 2012-2013 academic year. This will provide meritorious sub-degree graduates with more opportunities of articulation to the last two years of an undergraduate programme under the new academic structure. Upon implementation of the new initiatives, we estimate that over 30% of our young people in the relevant age cohort will have access to publicly-funded or self-financing degree programmes. Young people attending local post-secondary programmes, including places for sub-degree programmes, will account for about 65% of the relevant age cohort, which is more than double the level of about 30% a decade ago.

Deputy President, I so submit. After listening to Members' views, I will give my responses accordingly.

MR TAM YIU-CHUNG (in Cantonese): Deputy President, I wish to make a declaration of interest. I am the Chairman of the Management Board of the Hong Kong College of Technology, and I have taken up this position for almost 20 years. I wish to share with the Secretary the experience of our attempt to turn into a publicly-funded post-secondary institution. I consider the process a most difficult one.

The Principal and teaching staff of our College are all very industrious. As we noticed that there was demand in the market and many secondary five students in Hong Kong wished to pursue further studies after graduation, we made great efforts in developing post-secondary programmes. However, this was not an easy task. Many institutions have pursued but limited development because they are self-financing. While publicly-funded institutions receive

assistance from the Government in all aspects, institutions operating on a self-financing basis have to deal with various issues by their own means.

Once our sponsors decided to operate the College on a self-financing basis, the first big problem to resolve was land. Although the College was not very well-known, we worked very hard on enrolment and made great efforts in offering some rather satisfactory programmes. However, we had to have venues to conduct classes. We once tried to rent commercial premises, but there were many restrictions on the use of commercial premises. For example, there was the issue of the flow of people and fire safety considerations. It was very difficult to run a school on commercial premises. Subsequently, it happened that during a certain period of time, business did not go well in some shopping malls, and so we rented some shops in a certain shopping mall for conducting classes. However, the rental of shops in shopping malls was generally higher, and after paying the rental with the tuition fees collected from students, we were not sure whether we could pay the salaries of the teaching staff. It was indeed a difficult process. Even though we could secure enrolment for our courses, it was difficult for the College to continue with its operation.

In 2000, the Government relaxed the relevant policy, prepared to provide subsidies and land to facilitate the development of self-financing post-secondary education. We were thrilled, and so we pooled every single cent from the College's funds to show the Government the College's funding position. We also indicated that we could raise loans from banks or additional funds. We made an application to the Government, hoping that the Government would provide us with land and subsidies, and we also undertook to repay the loan in full in 10 years' time. However, after going through our financial statements, the Government expressed concern about the possible closure of our College on the ground that we were not really very well-known, and so our application was refused. The Government would rather allocate the resources to publicly-funded institutions because it considered that these institutions would have a greater capacity to repay loans, while our College might not have such ability. Perhaps, the Government has made a good decision, or else we would have become heavily indebted. Subsequently, we found out that some institutions which had secured loans from the Government were unable to repay them, and thus the Government could only extend their repayment periods. This shows the Government's practice was rather impractical.

Frankly, even if the Government provides school premises to school sponsors, the ownership of the premises is still held by the Government. If the Government really supports the development of self-financing post-secondary institutions, it should provide funding for school sponsors to build campuses and operate programmes. If school sponsors have to build campuses by their own means, how much tuition fees should be charged to offset the campus construction costs after the completion of the campuses? Therefore, I think the Government actually does not encourage the development of self-financing post-secondary institutions. With the numerous barriers imposed by the Government, it is difficult for institutions which are not very well-known to operate. However, why was there subsequently the rapid development of self-financing post-secondary institutions? Actually, it was only because some publicly-funded institutions made use of their good reputation to operate post-secondary institutions. Besides, it is very convenient for them to operate various programmes, and thus their operation can sustain. Now, some people even think that the "subsidiary institutions" are even larger in scale than the "parent institutions" because post-secondary institutions established by publicly-funded institutions have a high enrolment for sub-degree programmes. This was how self-financing post-secondary institutions began to flourish.

Does the Government really intend to develop self-financing post-secondary institutions now? Does it really want to support and help these institutions so as to give the younger generation more choices? I think the Government's policies on this area are inadequate. The Government's policies are peculiar indeed. While self-financing post-secondary institutions have to be financially self-sufficient and deal with various issues by their own means, publicly-funded institutions receive assistance from the Government in all aspects — it is the same with schools and residential care homes for the elderly — it is a very interesting polarization. If the Government really intends to develop self-financing post-secondary institutions, I think it must give more support and assistance to these institutions, so that they can really undergo development. Otherwise, everything will only be empty talk, and in the end, publicly-funded institutions will only continue to expand, which will in turn undermine the quality of their programmes and give rise to indiscriminate admission or a decline in the quality of graduates, thereby making it necessary for the Government to enhance its oversight.

I do not hope that the same problem will keep emerging in Hong Kong, and so I hope Ms Starry LEE's motion will be passed as it will urge the Government

to reflect on this issue. In particular, the Government should further increase the number of undergraduate degree places to address the needs arising from the current economic development instead of maintaining it at the level of some 10 to 20 years ago. As for sub-degree programmes, there has been considerable development in recent years. However, will the Government provide more articulation avenues so that graduates from sub-degree programmes can further their studies? What other initiatives can the Government put in place to help these people who would like to further improve themselves? I think the Government should examine and consider this issue more thoroughly and find out if any changes should be made to the existing policy.

I hope Members will support Ms Starry LEE's motion. Regarding the amendments proposed by Mr CHEUNG Man-kwong, Mr WONG Kwok-hing and Miss Tanya CHAN, I think their arguments are very similar to the views held all along by the DAB, and some of their arguments are totally in line with those of the DAB. Members from the DAB will support these amendments. Thank you, Deputy President.

MR CHEUNG KWOK-CHE (in Cantonese): Deputy President, with the Government's attempt to push the industrialization of education, and coupled with the "culture of certificates" advocated by the Government, students and their parents have a strong aspiration for the undergraduate degree qualification. Not only is there a substantial increase in the number of non-publicly-funded sub-degree and undergraduate degree places, but the number of post-secondary institutions and providers operating such programmes has also increased drastically from only about 10 a decade ago to 24 last year. Everyone is competing to grab this piece of juicy pork in the education sector.

Deputy President, the importance of education to the development of an individual is not to be questioned, and the Government is duty-bound to enhance the education level of its people. Although the Government has increased the number of publicly-funded post-secondary places in recent years, as pointed out in the report of the UGC last year, "the (post-secondary education) system is complex and fragmented the system is fragmented and not entirely transparent". Therefore, given the lack of information, it is difficult for existing students, prospective students or parents to make their choices of

post-secondary programmes. It can be argued that the existing mode of regulation of post-secondary education must be revamped.

Let me talk about the oversight of programmes first. Although there is oversight of self-financing private post-secondary institutions, such oversight is only carried out sparingly. These institutions may offer programmes only by obtaining accreditation from the Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ). As for self-financing programmes offered by the eight UGC-funded institutions, they will only be subject to the self-monitoring of these institutions. Precisely because stringent oversight of self-financing programmes has all along been lacking, the recognition of some programmes has been seriously undermined, and the quality of associate degree programmes is especially varied. Many graduates from associate degree programmes are not only unable to receive recognition for their qualification in society but are also unable to practise what they studied, which is a waste of their tuition fees and time.

For this reason, it is imperative for the Government to change its existing passive and evasive attitude and step up its oversight of programmes offered by self-financing post-secondary institutions to ensure that these programmes can meet the relevant standards. As to the conduct of oversight, I oppose the proposal put forth earlier in the UGC report on establishing a separate oversight body similar to the UGC because such overlap will only result in the waste of public money. Actually, the UGC can readily effect oversight of programmes offered by self-financing post-secondary institutions.

As for the eight UGC-funded institutions, many of them have set up self-financing community colleges or colleges of technology. However, the administration, finances, teachers and the use of facilities of these colleges are mostly mixed with those of their parent universities and can hardly be clearly separated. It would be very difficult for the Education Bureau to monitor publicly-funded programmes to ascertain whether universities have misused public funding on self-financing programmes.

To ensure the proper use of public money, the Government has a duty to compel publicly-funded post-secondary institutions to enhance their administrative and financial transparency, or even require them to de-link with

their colleges which offer self-financing programmes to prevent them from creating ambiguities, which would otherwise deprive students who are entitled to financial assistance of their rights and interests.

(THE PRESIDENT resumed the Chair)

In the long run, President, I think these initiatives may only provide temporary relief instead of a permanent cure. To genuinely resolve the core problem of post-secondary education in Hong Kong, the best approach is to put in more resources and substantially increase the number of university places so that more secondary school graduates can access university education.

The Government has undertaken to increase the number of publicly-funded undergraduate places by 500 so that it will become 15 000 per year starting from 2012-2013. But by some simple reckoning, one will find that the number of such places has remained unchanged for over a decade since 1997, so even if the Government shows exceptional mercy this time by increasing the number of places by 500, the average additional number of places per year is only about 30, which cannot help relieve the shortage of publicly-funded undergraduate places at all.

I hope the Government will adopt a more visionary approach and expeditiously formulate a timetable for substantially increasing the number of local undergraduate places, while refraining from using "the pressure on public finances" as an excuse, or else the competitiveness of Hong Kong will definitely be surpassed by that of other places in the future.

President, I so submit.

DR PAN PEY-CHYOU (in Cantonese): President, youth unemployment is a very serious problem confronting Hong Kong society nowadays. During the period from November last year to January this year, the unemployment rate of young people aged 15 to 19 was as high as 21.6%, which was a striking figure. The unemployment rate of the older age group, that is, people aged 21 to 29, was

also as high as 5.4%. The unemployment rates of these two age groups are keeping pace with each other and taking up the first and second places in the unemployment rates of all age groups.

I think there are two fundamental reasons for the high unemployment rate among young people. First, young people do not have any work experience when they first join the workforce, but many employees prefer employing people with work experience; and second, young people have low educational attainment. Therefore, pursuing further studies is the primary means for poor young people to break away from poverty. It is true that pursuing further studies to obtain higher academic qualifications is not necessarily a guarantee for poverty alleviation and a well-paid job nowadays, but at least this may enable young people to take a step towards this goal and gain a foothold on the path of life, so that they may stand a better chance of breaking away from poverty.

However, pursuing further education to obtain higher academic qualifications is not an easy task. It is true that meritorious students may acquire the qualification required for allocation of publicly-funded undergraduate places by taking university entrance examinations, but for poor students with average academic performance, the only option is to pursue further studies by their own means. However, tuition fees are indeed exorbitant nowadays. Even for an average diploma course, the tuition fee is as much as a few tens of thousand dollars. In recent years — I regret to say that — some post-secondary institutions in Hong Kong seem to have developed an obsession with money. I know that the tuition fee for some master's degree programmes has increased by \$70,000, representing an increase of 20% of the total tuition fees. In recent years, the tuition fees of many programmes which are not really very popular have increased at a rate much higher than the inflation rate. I cannot help but sigh in despair. When have our post-secondary institutions become so mercenary? They simply act in such a way as if saying "those with the money will be admitted, while those without any will be rejected". This practice is indeed very regrettable.

For a worker earning an average salary of, say \$10,000 monthly, the rental and water and electricity charges will take up 40% of his income, and travelling expenses will take up 30% of it, and the expenses on food, clothing, shoes and miscellaneous items will take up a further 15%. How much is left? Only 15%,

that is \$500, is left. It would be a joke to argue that one can spend \$500 monthly on the pursuit of further studies.

Therefore, I think it is indeed very difficult for poor young people to pursue further studies only by their own means nowadays. It is not true to say that the Government has not made any effort in this respect. The Government has launched the Continuing Education Fund under which every individual may receive a subsidy of up to \$10,000 once in a lifetime. I consider this a benevolent policy, but what can one do with \$10,000? With this amount, one can only enroll on a very short course. However, if one wishes to obtain a degree or a diploma, this \$10,000 is indeed a drop in the ocean, and many diploma and undergraduate degree programmes are even not among the reimbursable courses under the Continuing Education Fund.

In the 2011-2012 Budget, the Financial Secretary has earmarked \$2.5 billion for the establishment of a Self-financing Post-secondary Education Fund to offer scholarships to outstanding students. We consider this a good move, but it is not enough. Why? With outstanding students, we are probably talking about 5% to 10% of the students. However, many students may not achieve outstanding performance, and most students just have average academic achievements. For these poor students with average performance, our society should recognize their determination to pursue further education and their resolve in seeking self-improvement. I think society as a whole should show appreciation to these young people, telling them that their poverty would not be an obstacle, and we believe they will be successful and we are prepared to help them. This is a very important message.

Therefore, we are very supportive of establishing the Self-financing Post-secondary Education Fund. However, we think the scope should be extended to benefit poor students with average performance, that is, students who intend to pursue further studies but do not have the financial means to do so.

Besides, my colleague, Mr WONG Kwok-hing proposed lowering the interest rate under the Non-means-tested Loan Scheme and commencing the accrual of interests after students' graduation. I think these are also possible alternatives to help students. We should not forget that injecting funds into education is actually investing in the future. When we offer help to these poor yet determined students now to enable them to finish their studies and become

successful, these students will repay society a thousand or even ten thousand times in the future. This investment is definitely worthwhile.

With these remarks, I support the original motion and the amendments.

MS AUDREY EU (in Cantonese): President, our Chief Secretary Henry TANG attended some time ago a youth forum where he said the stubborn and wilful character of the post-1980s generation would lead to a headlong crash and destruction. I hope that Mr TANG can find the time to listen to our debate on this motion and the amendments today. I am sure he would get some enlightenment and that is, when the young people have so much discontent, it is actually related to government policy on self-financing post-secondary institutions.

I have listened carefully to the speech made by Secretary Michael SUEN, but I feel very disappointed indeed. The Secretary had heard the speeches of Ms Starry LEE, Mr CHEUNG Man-kwong, Mr WONG Kwok-hing and Miss Tanya CHAN, and this is not the first time we discuss this issue. It has been discussed in this Council many times and Members have put forward a lot of views to the Government. But as we listen to the Secretary, we found that he was only reading from a script prepared beforehand. Then he said that he would listen carefully to the views expressed by Members. Actually, the Secretary has heard such views many times. But I have never heard him make any response to these views repeatedly put forward by Members.

Since the year 2000 when the former Chief Executive TUNG Chee-hwa had set a target to enable 60% of the students to complete an associate degree course in 10 years, many people have compared this to the 85 000 units fiasco in the housing sector. There was an increase of eight to 10 times from 2 600 at the beginning to some 24 000 now. But the question is, all these courses are run according to market principles. I am sure that many people would know, and Mr SUEN as the Secretary for Education would also know, that it will not work if education is provided according to market principles.

Many Honourable colleagues have talked about tuition fees and they said that a sum of \$30,000 to \$50,000 is very expensive. We can just do some simple computations. A student upon his completion of an associate degree

course will have owed some \$100,000 in loan. And if he pursues further studies and enrolls on a self-financing degree course, his debts would be added by another some \$100,000 two years later. So when he graduates, he would have owed \$200,000 in principal and on top of it the interest payable. Also, as mentioned by many Honourable colleagues, there is also a risk rate of 1.5% and that rate will be charged once the loan is drawn. For a loan of \$220,000, and if repayments are to be made over 10 years after graduation, the amount of repayment to be made each quarter will be about \$6,500. This is a heavy burden indeed.

Recently, the media have made a comparison between the situations in Hong Kong and Singapore and an analysis was made of the relevant data. The findings show that the proportion of young people in Hong Kong studying in universities is low. The employment rate of associate degree graduates is only 30%, whereas the employment rate of associate degree graduates in Singapore is as high as 70%. Dr PAN Pey-chyou said earlier that the jobless rate among young people in Hong Kong is indeed worrying. The report also points out that while the population and social resources of Hong Kong and Singapore are largely similar, the discontent among the post-1980s generation in Singapore is obviously less serious than that in Hong Kong.

Prof Paul YIP from the Department of Social Work and Social Administration of the University of Hong Kong who has done research on the post-1980s generation for the Central Policy Unit once said that Singapore was much better prepared than Hong Kong in addressing the population problem. The Singaporean Government manages to ameliorate the discontent of the post-1980s generation by providing diversified channels of further studies and subsidized home ownership. He pointed out that the proportion of students in Hong Kong enrolled on a degree course has been kept at 18.5% over the past 10 years. The actual number has recently been increased by 500 to 15 000. But the similar rate in Singapore is 25%, or 6.5 percentage points more than Hong Kong. In addition, Singapore plans to raise the age participation rate for university education to 35% by 2020 and it will found a technology and design university and an institute of technology as well.

The report also compares the expenditure of the two governments on university education. Singapore's spending has risen from HK\$4.73 billion in 2004 to HK\$19.459 billion this year. But if we look at the funding from the University Grants Committee of Hong Kong, the funding level over the past eight

years has been kept at about \$11 billion to \$12 billion. It can thus be seen that Singapore spends more than Hong Kong in university education. As I said earlier, the employment rate of graduates in Singapore is as high as 68.5%, whereas it is only some 30% in Hong Kong. In Hong Kong, the average monthly income of graduates has dropped from \$13,000 in 2000 to \$12,500 in 2008. In other words, while degree places have appreciated in value, the salaries of the graduates have depreciated.

Prof Edward CHAN, former Vice-Chancellor of Lingnan University once pointed out to us that when a private university charges a tuition fee of \$40,000 to \$50,000, part of the sum will be used to repay the government loans used for the campus construction. The remaining \$30,000 can be used as the capital that can be invested in the students. This is really a tiny sum when compared to the \$180,000 government subsidy for each degree place. This also explains the big difference between students of associate degree courses and those of degree courses. Those on an associate degree course have to pay expensive tuition fees but they are getting much less. As many Members have said, graduates of associate degrees are still repaying the loans when they have reached 30 years of age. As Miss Tanya CHAN and Mr WONG Kwok-hing have said, I hope the Government can lend them help. I would also like to hear an explanation and a response from Secretary Michael SUEN later (*The buzzer sounded*) Thank you, President.

MR LEUNG KWOK-HUNG (in Cantonese): President, the Government always talks about using the market to resolve problems. After TUNG Chee-hwa had assumed office, he advocated improving education and appointed three commissions. And I have talked so many times about them that I feel sick of it. One of these commissions was on education. In the year 2000, TUNG found himself in a very precarious position and so he rolled out more reforms in education. He advocated that Singapore should be adopted as a model. They had an age participation rate of 60% and so Hong Kong must achieve the same rate. And so associate degree programmes were introduced. Associate degrees are not bad after all and all you need is to pay. He said that the market model was to be adopted. Actually, he tried to solve the problem by resorting to two venues.

What are these two venues? Perhaps you may want to laugh. They are the slaughterhouse and the cemetery. What is a slaughterhouse? It is the killing fields, where indoctrination is practised and elimination made the goal. The aims of education remain unchanged, the same as those back in the colonial times. The Government tells the students to go into the killing fields and nicely names it as the market. But this is really a slaughterhouse. The so-called market is a combination of the cemetery and the slaughterhouse. Ms Audrey EU has talked about these slaughterhouses. They are the degree mills and shops which offer education as a commodity. All the operation costs, cost of building the campus, rents, and so on, are all transferred onto the students. After being fleeced there the students enter another slaughterhouse, and they have to pay exorbitant tuition fees to study some unheard of courses. That adds to the difficulties they experience when they want to switch to a university programme later. And the Government takes a discriminatory attitude towards their academic qualifications. In the end, they are sent to the cemetery where the bitter end awaits them. Such are the miseries of the market.

What then is that cemetery? They are in heavy debts after graduation. They cannot find a job because they cannot make use of what they have learnt. This Government is always bragging and exaggerating. Secretary Michael SUEN is leaving again. Does he have to go to the washroom so soon? This is his style. This is what he will do when he does not like the things he hears. May I ask how he would teach others? Confucius once said that he would teach all kinds of students. He had 3 000 students and 70 of them became scholars. When Confucius could come to the rescue of some bad students, I do not think the Secretary should leave even if I am a naughty student. This kind of attitude no wonder Mr LAM Chiu-ying has called for his resignation. I will have to go on even though he does not want to listen. This is because there is still a lady from his bureau who is listening.

Some people say that this group of graduates cannot find any jobs because they are too poor in academic attainment. What we have now is a knowledge-based economy. Do not pronounce it wrongly for it may mean some other thing. It should be knowledge-based economy. But the value or price of knowledge is getting lower and lower while the cost of getting a certificate of death for knowledge, that is, coming out from the slaughterhouse or the cemetery, is becoming higher and higher. This is most ridiculous. What kind of world is this? On the one hand it is said that now is a knowledge-based economy and one cannot make any money without knowledge and it is suggested that people

should pursue knowledge. But the pursuit of knowledge results in higher and higher costs of knowledge and people who monger knowledge are asking for higher and higher prices. And so students find themselves heavier and heavier in debts when they graduate. This is the predicament we have created for our post-secondary students with this three-in-one market, cemetery and slaughterhouse. I have talked about it here and what Ms Audrey EU has just read out can be found on the web. When Singapore spends \$2, Hong Kong will only spend \$1. So how can our Government blame the students of Hong Kong? It is the Hong Kong Government that is inept.

Once I swore here. I do not know if it should be regarded as foul language. But it is ruled by the President as unparliamentary. At that time, I asked the top officials, that is, the Secretaries of Departments and Directors of Bureaux, whether their children studied in secondary schools in Hong Kong. All of them were like paralyzed, dared not raise their hands. They did not even dare to move their heads. All their limbs were seemingly paralyzed and could not move. They did not dare to respond to me. Then I rebuked them. They did not use these things here and they used things elsewhere. Then they called upon the people of Hong Kong to ask them to go to these slaughterhouses and cemeteries. And now secondary schools in Hong Kong are infested with problems like school closures and class reductions. Mr LAM Chiu-ying pointed out that an official from the Education Bureau had gone to King's College and said to the school management that they did not have any power at all. They should not hold any meetings and it was useless to hold meetings. Then the official came out and said after the meeting that the school management had agreed with the proposal to reduce the number of classes in King's College. I think the official should step down just because of this incident alone. But he did not. The person who is responsible should also step down, right? What is the point of overseeing education matters when he does not have any integrity? He often says that we are setting a bad example for the kids. He lies to the media. And the Secretary is defending him. He is doing that because he thinks I will not go to the Education Bureau to stage a demonstration. He can get some cops and arrest me. He is really a scum of the education sector. It is not that Mr LAM Chiu-ying will have to jump into the harbour, but the subordinate of the Secretary will have to go. If the Secretary goes on shielding him, then the Secretary himself should go. Mr CHEUNG Man-kwong even said that the Secretary needs not step down. But buddy, how can he ask someone like LI Peng to step down?

So my conclusion is very simple, and that is, there are just harsh measures and no virtuous deeds done by the Secretary. After meddling with housing policies and leaving a host of problems which remain unsolved even today, and all these so-called "nine strokes", and so on, now he pokes his hands into another policy area. When we have people like him around and with all his lengthy replies given in this Council, how can we have any luck? President, this is an institutional problem. We have a Chief Executive who is appointed by a minority and who in turn appoints some good-for-nothing officials who only lie instead of speaking the truth. How then can there be any hope for education in Hong Kong?

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

PROF PATRICK LAU (in Cantonese): President, I have to declare that I am an honorary professor of the Department of Architecture of the University of Hong Kong, the architect of the Kowloon East Campus of the HKU SPACE, and a member of the Council of The Open University of Hong Kong.

In my opinion, given the geographical conditions of Hong Kong and our lack of any natural resources, it follows that human resources are the most precious asset we have. We must groom and nurture talents and provide opportunities for our young people so that they can excel in all kinds of pursuit in education. Many students want to pursue further studies here in Hong Kong as they think that the costs are lower than going abroad. They can afford such costs. And on top of it, the Government also offers grants and scholarships to them.

Many Members have said earlier that the number of subsidized degree places is not enough and on the other hand, post-secondary institutions with a diversified background are quite successful. But many people are critical of the quality of students from these post-secondary institutions. I once set up a scholarship to encourage students with the interest and academic achievement to pursue a programme on architecture. I had the chance to interview many applicants. I was glad to see that there were many young people in Hong Kong endowed with talents. They were students who applied for enrolment at a community college. I asked them if it was because of their failure to enter a

mainstream university that they had decided to enrol at a community college. I also asked them what in their opinion the academic standards of the community colleges were. They replied that the main reason for enrolling at a post-secondary institution was that they could come to know other young people. They knew that there were many disciplines in post-secondary institutions and when they could study in different disciplines, it would be of great help to them in future when they work. So I am glad to see post-secondary institutions can become so diversified.

I think the Government should explain to Members the proposal made by the UGC in the Report of higher education, that universities should work to separate themselves from their community colleges within three years. I understand that the UGC does not want to use public money to subsidize the self-financed programmes of the eight universities, but I think that the current arrangement may not be at all fair.

I remember that when the SPACE was freshly formed, there were many top-notch professors from the School of Architecture of the University of Hong Kong — they were my professors — and they were also many professionals, and all of them worked together in the hope that the Department of Architecture in the SPACE could be a success and that a fine tradition of instruction could be shaped. The professor who used to teach me came to the college as the department head after his retirement from the University. He also thinks that it is often not the case that only students with the best academic results can study architecture. The programmes of the college are well-run and they are well-received among the students. I know that the finances of the SPACE are in good shape and each year the money earned is plowed back into financing the University.

I think this is a big problem because a school should not just think about making money. The Government should encourage these self-financing post-secondary institutions to specialize and put in resources on developing academic disciplines that are outstanding and of special value, as well as subjects of different domains of learning. This will offer more choices to the students who can then pursue further studies here in Hong Kong according to their preferences. The self-financing post-secondary institutions can enhance their co-operation with the professional bodies to train professionals to meet the needs of Hong Kong society in future while making professional services more competitive. Certainly, we would need a mechanism which is uniform,

stringent, transparent and effective in programme accreditation and supervision of the institutions. The most important thing is to ensure quality in teaching and management and to protect the interest of the students.

The greatest problem facing the post-secondary students is the bottleneck for further studies and difficulties in articulation with degree programmes. According to the report of the review of higher education, in 2000-2001, the number of subsidized undergraduate degree places was only 14 000 and there has been an increase of only 3.7% in 10 years. However, there has been an increase in post-secondary places by 11 times during the same period. This shows the problems mentioned by Members earlier and they are, the Government must face squarely the severe shortage of subsidized undergraduate degree places and formulate a long-term policy on their subsidization. Only by doing so can the young people have a chance to further their studies.

Thank you, President.

MS MIRIAM LAU (in Cantonese): President, in the year 2000, the former Chief Executive, Mr TUNG Chee-hwa, called for the development of a knowledge-based economy and raising vigorously the age participation rate of post-secondary education in Hong Kong. From that time onwards, self-financing post-secondary education has grown tremendously and all kinds of self-financing programmes have mushroomed. The number of self-financing associate degree places has grown 10 times from some 2 400 in the year 2000 to some 26 000 in 2010.

However, the authorities have not done a good gate-keeping job against this background of a huge surge in associate degree places. In the case of the Hong Kong College of Technology in 2008, although the self-financing associate degree programme in nursing had passed the accreditation and enrolment could begin, it was only after the programme had been operating for three years that it was learnt that the programme had not passed the professional accreditation by the Nursing Council of Hong Kong. As a result, the graduates could not be registered as nurses. These students wasted three years' time and more than \$100,000 in tuition fees.

The case shows that the authorities have not been doing their best to align the different requirements on programme quality on the part of the institution and

the sector concerned. As for the Government, it has all along given a freehand to these self-financing post-secondary institutions, thus adding to the negative impression in society about the quality of associate degrees. Many young people with an associate degree point out that their qualification is often not recognized and at times it is worse than graduates of Secondary Five or Secondary Seven.

When the Government fails to fulfil its responsibility in monitoring which is the first thing it should do, how then can the interest of the students be protected? We have the Quality Assurance Council, the Joint Quality Review Committee and the Hong Kong Council for Accreditation of Academic and Vocational Qualifications which together form a quality assurance mechanism, and these three agencies are responsible respectively for quality assurance of undergraduate and postgraduate programmes in UGC-funded institutions, self-financing associate degree programmes in UGC-funded institutions and programmes offered by non-UGC-funded local post-secondary institutions, and also vocational qualifications. However, in terms of the accreditation framework, there is much overlapping and redundancy.

Apart from these three major accreditation bodies, with respect to the self-financing programmes offered by the eight institutions, as these institutions are all eligible for self-accreditation, they can be accredited and monitored by their respective internal quality assurance mechanisms. Hence there is a lack of uniformity in the accreditation criteria adopted by the institutions. This is unfair to institutions which are not universities, while also causing confusions among the students.

Even in a report issued by the UGC last December, it was queried that the existing arrangements could not provide effective support to the students and help them understand the quality assurance system which is so complicated. Hence an overhaul of the present quality assurance system should brook no delay. The authorities should refer to the recommendations made by the UGC and study the establishment of a uniform quality assurance agency. The results thus obtained should be used to merge and enhance the existing various quality assurance mechanisms. It is also hoped that by strengthening the monitoring, public confidence in self-financing programmes can be given a boost.

Furthermore, the authorities must also be concerned about the financial burden of these students on self-financing programmes. Now students applying for enrolment on self-financing post-secondary programmes can apply for government loans like those students on subsidized programmes, but the tuition fees payable are usually higher than those for self-financing programmes. If students borrow non-means-tested loans, as the interest rate is as much as 3.599% and they have also to pay an additional risk interest rate of 1.5%, and on top of these, interest is charged from the first day the loan is drawn, so the debts which the students have to pay when they work in society later would have snowballed considerably.

Furthermore, the Liberal Party has all along been urging the authorities to lift this 1.5% risk interest rate charged on the students. In this way, those students who repay on time will not have to pay for those who default on loans. Therefore, the unreasonable situation of innocent people being made victims for the wrongdoings of others will not arise. We have always advocated lowering the interest rate for non-means-tested loans. And the interest should be charged from the day the students graduate in order that their financial pressure be reduced. In this regard, our position is similar to that held by Mr WONG Kwok-hing and Miss Tanya CHAN.

The Liberal Party agrees with all the amendments to the motion and the only point about which we have reservations is that the original motion mentions that the growth in the number of places of self-financing programmes should be controlled. This idea seems to underline a distrust of the institutions with respect to their judgment on market demand and it would easily lead to an intervention in the autonomy and independence of the institutions. In our opinion, the most important thing is that quality should be assured and the self-financing programmes should not be operated simply for purposes of making profits. For if this is the case, aspiring students will be harmed and there is no way society's competitiveness can be upgraded.

President, I so submit.

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

DR RAYMOND HO (in Cantonese): President, first of all, I wish to declare that I am the former Chairman of the Council of the City University of Hong Kong and at present a member of its advisory committee. I am also appointed by the Government as a member of the school management committee of the Ng Yuk Secondary School in the New Territories. I am also a visiting professor of the HKU SPACE.

President, the Government made a pledge in 2000 that in 10 years' time, 60% of the high school leavers would have access to receive post-secondary education. A series of measures were then rolled out to promote the development of self-financing post-secondary education. Subsequently, in October 2008, the Task Force on Economic Challenges formed by the Chief Executive selected six industries in Hong Kong with a clear and distinct advantage. The education industry is one of them. In the Policy Address of 2010-2011, the Chief Executive reiterated that the Government would continue to promote the development of the education industry. The aim is on the one hand to consolidate the position of Hong Kong as a regional education hub and on the other to endeavour to provide diversified opportunities of further studies for the young people.

As a matter of fact, a basket of measures has been introduced by the Government in the last decade to promote the development of self-financing post-secondary institutions. These include the Start-up Loan Scheme, the Land Grant Scheme, the Quality Enhancement Grant Scheme and the Accreditation Grant. Also, the Government also proposed in the same Policy Address to set up a Self-financing Post-secondary Education Fund with a commitment of \$2.5 billion. The Fund covers the Self-financing Post-secondary Scholarship Scheme, the Quality Enhancement Support Scheme and the Quality Assurance Support Scheme.

To a certain extent, these measures show that the Government has put a lot of efforts in promoting the development of self-financing post-secondary institutions. However, when promoting the development of self-financing post-secondary institutions, we must ensure that the quality of the programmes offered by these institutions can serve to consolidate the position of Hong Kong as a regional education hub and offer more diversified programmes to our young people.

Currently, the non-UGC-funded programmes offered by local post-secondary institutions are accredited by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ). I was the vice-chairman of its predecessor, the Hong Kong Council for Academic Accreditation, and also the chairman of its executive committee. I have therefore a considerable understanding of the work of the HKCAAVQ. I understand that the accreditation work of the HKCAAVQ is comprehensive and very stringent. However, with the rapid development and diversification in the programmes offered by post-secondary institutions, the authorities concerned must review the current accreditation mechanism to see if it meets the needs of future development. In the Report on Higher Education Review 2010 released by the UGC, it is proposed that a uniform quality assurance body should be set up for the post-secondary education system as a whole. This is a direction we should consider.

Quality assurance can ensure local students can receive a quality education and it is also an important element to the development of our education industry. This is because only by providing quality programmes that quality students from outside Hong Kong can be attracted to come here for studies and so our position as a regional education hub can be consolidated. The situation which we do not wish to see most is a tilt in our education industry in that certain self-financing institutions may compromise on their programme quality and admission criteria owing to financial considerations. In this way, Hong Kong will be relegated into a trading centre for higher education qualifications.

Meanwhile, although a series of measures has been introduced to assist in the development of self-financing post-secondary institutions, these institutions may be subject to resource constraints, especially at the initial stage of their establishment. Their campus and related facilities may not be so desirable and students may not fully experience the life of a post-secondary student. This will result in higher education becoming a mere extension of their high school life. In this absence of good learning conditions, students from abroad will be deterred from coming to Hong Kong.

The language environment which these self-financing post-secondary institutions can offer is also our concern. And this is also an important consideration for students from outside Hong Kong. Despite the fact that work has been done in Hong Kong to promote biliteracy and trilingualism, for many

local post-secondary students, English and Putonghua are only their second languages. Therefore, once outside the classrooms of the local post-secondary institutions, it is not certain that an ideal environment for language learning can be provided for overseas students. Examples are students from the Mainland who may want to improve their English through everyday life or overseas students who may want to improve their Putonghua.

President, the problems mentioned should be addressed by the authorities. For if not, the development of the education industry in Hong Kong will remain no more than wishful thinking. For the local students, the so-called diversification in learning opportunities could only become second best and inferior options. And while the Government seeks to promote the development of the education industry, it must ensure that the self-financing post-secondary institutions can grow in a healthy manner.

I so submit.

MR CHAN HAK-KAN (in Cantonese): President, Premier WEN Jiabao of the State Council particularly raised, in a press conference held after the closure of the sessions of the National People's Congress and the Chinese People's Political Consultative Conference, that with respect to the development of Hong Kong in the planning of the Twelfth Five-Year Plan, Hong Kong must pay attention to education in order to increase the momentum for our development. Premier WEN also reminded us that Hong Kong had to pay attention to and resolve the deep-rooted conflicts in our socio-economic development. Premier WEN has talked about that many times and his views are agreed by many citizens in Hong Kong. I think that the inequalities in education are one of such deep-rooted conflicts that Hong Kong has to face.

President, I do not wish to talk about the importance of education here, but from the macro perspective, education can be considered as the tool to strengthen the nation and the basis for ensuring peace and stability. It can be used to train up talents, upgrade our competitive edge and propel sustained economic development. In the individual content, knowledge can be considered as power. And many people, the young people in particular, hope that through their hard work, knowledge can be used to change their lives. An equal opportunity in receiving education is the key to changing the young people's lives. And if there

is no equality in education, how can this polarity between the rich and the poor be removed and how can people live in a fair and equal society?

In February last year, we debated on a motion entitled "Formulating a comprehensive youth policy" and I pointed out that the young people of Hong Kong were facing a predicament in five aspects, namely, difficulties in looking for a job, promotion, realizing their dreams, buying a home and in communication. Today, I wish to point out that the main cause of the predicament in these five aspects is the unfairness and inequalities caused by the education policies of the Government.

First of all, I wish to say that the places available for bridging associate degree graduates from self-financing post-secondary institutions to the university are very few. Figures show that 14 253 students studied in the associate degree programmes of the self-financing post-secondary institutions in 2009 and there were 10 188 students who studied in the high diploma courses. But the places which bridge them to a university degree are only 2 000 places a year. This is in effect blocking the avenues to further studies of the associate degree graduates and also the avenues of these graduates in acquiring knowledge and so change their lives.

Also, the qualification of an associate degree commands a low recognition in society. It is very difficult for associate degree graduates to find a good job. The employment rate of these graduates is only 78%, and for the remaining 22%, they can only find some part-time jobs in society. Some of them are even underemployed or unemployed. Even if they can land a job, their monthly salary is only about \$8,000 to \$9,000 on average.

It is because of these two reasons that objectively speaking, these associate degree students are like second-class citizens in the academic world. It looks as if they are inferior and besides having little hope for further studies and getting a job, there is little chance for them to get promoted or buy a home. This problem has been worsening ever since the year 2000 and it has developed into the serious social problems and conflicts that we have today.

This inequality in education resources is caused by the inability of the Government to make good use of its abundant resources and huge foreign exchange reserves. The expenditure on education in Hong Kong is less than

20% of the total government expenditure. In the Budget delivered by the Financial Secretary not long ago, education expenditure only takes up 17.5% of total public expenditure and it is even less than the amount of 18.9% last year. As a share of the GDP, this expenditure on education is always lower than the level in advanced countries in the West. Computations based the data made public by the Financial Secretary show that education expenditure is only 3.9% of the GDP, far less than that in other advanced countries or places. Education expenditure is 4.2% of the GDP in Korea, 6.5% in Singapore, 5.2% in the United Kingdom and 5% in the United States.

President, there are strong calls in society for an expansion of government investment in education, increasing the input in self-financing post-secondary institutions, raising the quality of teaching, reducing the financial burden of the students, and hence carving out more outlets for the students upon graduation. If the Government only keeps this huge amount of fiscal surplus and foreign exchange reserves and lets them idle, then these tens of thousands of associate degree students will find themselves trapped in a predicament. They are helpless and they will become second-class citizens. In the words of Mencius, it is not that the Government cannot do it, only that it refuses to do it.

The remarks made by Premier WEN show that the Central Authorities are supportive of the idea that the SAR Government should increase its input in the development of education. Since there is already a green light from the Central Authorities, why is the SAR Government hesitant in taking any step forward?

With these remarks, President, I urge the Government to increase its input and solve the problem of the grim prospects of associate degree students.

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

(No Member indicated a wish to speak)

PRESIDENT (in Cantonese): Ms Starry LEE, you may speak on the three amendments. You have up to five minutes.

MS STARRY LEE (in Cantonese): President, first of all, I have to thank the 12 Members who have spoken earlier. Now it is almost 10 o'clock at night and I am grateful to Members for even after hours of a heated debate, there are still 12 Members who have spoken on the topic. I would like also to thank those Members who have proposed amendments respectively to my motion.

Mr TAM Yiu-chung talked about the position of our party the DAB. I wish to talk about my view on each one of the amendments. Mr CHEUNG Man-kwong in his amendment mainly adds a proposal to amend the Post Secondary Colleges Ordinance and repeal outdated provisions to regulate the teaching facilities, and so on, of local self-financing post-secondary educational institutions. Actually, this is also the direction of the speech I have made. I also think that there is an urgent need to realize this proposal. I would also hope that the Government can include a review of these matters in the report it is going to submit at the end of this year. Mr CHEUNG Man-kwong also talked about other amendments and they are mainly about strengthening the monitoring mechanism, ensuring that self-financing post-secondary institutions must be equipped with sufficient full-time teaching and non-teaching staff on long-term employment, and that a fair and effective redress mechanism must be established. All these are issues which we often face when we handle complaints regarding post-secondary institutions. The DAB would support these proposals.

Then Mr WONG Kwok-hing proposes in his amendment to lower the interest rate under the Non-means-tested Loan Scheme. This suggestion is in line with that made by the DAB in this Council in the speeches made by DAB Members on many occasions. Hence we will support this suggestion.

Miss Tanya CHAN in her amendment suggests extending the repayment periods of interest-free loans incurred by the institutions. While we support this proposal, we would expect the Government to lend its support in a more generous manner. Mr TAM Yiu-chung has just shared his experience in taking part in the developments of such self-financing post-secondary institutions. Actually, these institutions were facing tremendous pressure at that time, especially with respect to finding capital to construct their campuses. I only ask that a matching fund be set up by the Government. I would think that the Government can even consider providing matching arrangements for campus construction in a more concessionary manner, such as meeting the construction costs, and so on. We would agree with such a proposal.

As for the suggestions made in other amendments, they are also in line with the proposals made by us before. So I hope Members can lend their support to the original motion and the amendments.

Ms Miriam LAU said that she has reservations about the proposal made in my original motion to appropriately control the growth in the number of places of self-financing programmes. Actually, I added this proposal to the original motion because I see that with the development of private universities in the next few years, the pace of increase in places would be rather fast and the speed of their growth would even be faster than that of the UGC-funded places. Therefore, I am worried that the excessive growth in the number of places within a short period of time may undermine the recognition given to these qualifications. We hope that the Government can control the growth in the number of places in an appropriate manner so that graduates would not find any difficulty in being absorbed by the market, otherwise more jobless people and discontent may be created.

I therefore hope that the Liberal Party can lend its support to this idea. As a matter of fact, other amendments proposed by Members do not seek to delete this proposal from me. I hope that the Liberal Party can consider supporting my original motion and all the other amendments.

President, I so submit.

SECRETARY FOR EDUCATION (in Cantonese): President, I wish to thank Members from the bottom of my heart for their valuable advice and suggestions. I would now like to make a general response to the views put forward by Members.

First of all, I wish to point out that the Government attaches great importance to the quality of self-financing post-secondary institutions. In our efforts to propel the development of self-financing post-secondary institutions, we have adopted an approach of giving equal importance to quality and quantity. We have set up a stringent quality assurance mechanism and formulated relevant monitoring measures to ensure that the quality of the programmes will meet our standards. These include requiring all local post-secondary programmes to undergo accreditation by the relevant quality assurance agencies; setting common criteria for associate degree and higher diploma programmes for compliance by

the educational institutions and accreditation agencies, such that it can be ensured that there are common standards in programme structure, admission requirements and exit qualifications, especially with respect to admission requirements and level attained on graduation. The Tripartite Liaison Committee formed by the Education Bureau, the Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ) and the Joint Quality Review Committee is tasked with discussing and reviewing quality matters in self-financing post-secondary education. We have compiled Good Practices in Quality Assurance: A Handbook for the Sub-degree Sector. We will keep on undertaking reviews and improving the relevant mechanisms and measures in order to upgrade the quality of self-financing post-secondary education.

With respect to monitoring, Members have mentioned the amendments to the Post Secondary Colleges Ordinance (Cap. 320). Currently, this Ordinance regulates matters related to the registration of post-secondary colleges, college premises, teaching facilities, qualifications of teaching staff, conferment of academic qualifications and financial matters. We agree that certain provisions in the Ordinance have become outdated. An example is, as mentioned by Mr CHEUNG Man-kwong earlier, programmes offered by these institutions must at least be four years of duration and that the age of students upon entry must be 17 or above. We are conducting a review of the relevant provisions to ensure that the Ordinance will keep abreast of the times and that it can support the further development of capable and quality self-financing post-secondary institutions.

In co-ordinating various links in the post-secondary education system, the Education Bureau maintains regular dialogues with the institutions and stakeholders in which important issues such as arrangements for the implementation of the new academic structure are discussed. In last December the UGC submitted a report to the Education Bureau entitled Aspirations for the Higher Education System in Hong Kong. It is suggested therein that an oversight body be set up for privately-funded institutions in higher education sector. We are studying the recommendation carefully, and initially, we think that the recommendation has merits. We are consulting stakeholders in the post-secondary education sector in the hope of arriving at a decision within this year on the recommendation.

With respect to the regulation of non-local post-secondary programmes, now the non-local programmes are subject to the Non-Local Higher and Professional Education (Regulation) Ordinance (Cap. 493), and they are required

to be registered pursuant to the Ordinance. This is to ensure that the institutions concerned are non-local institutions recognized in the country to which they belong and that the standards of the programmes are commensurate with those offered in the country concerned. In addition, non-local post-secondary programmes can be submitted to the HKCAAVQ for accreditation and subsequent recognition by the Hong Kong Qualification Framework. Since 2009, some post-secondary institutions have submitted non-local post-secondary programmes in computer science and information technology, and art and design to the HKCAAVQ for accreditation. And from the end of this year, programmes in business and management can also be submitted to the HKCAAVQ for accreditation.

In order to assist in the development of the self-financing post-secondary sector, the Government has introduced a host of support measures. These include granting land at a nominal price under the Land Grant Scheme to help the institutions in constructing purpose-built campuses. As we know, land is a very precious resource in Hong Kong. When the Government sets aside lands and grants them at nominal prices to the institutions, it can reduce greatly the development costs and also prove that the Government is firmly committed to supporting the self-financing sector. Apart from the two sites granted last year, the Government is inviting expressions of interest from local post-secondary institutions and other interested parties for the Queen's Hill site. The site is set aside for the development of a tertiary education facility and it will provide a floor area of more than 100 000 sq m to create 8 000 self-financing degree places.

The Government has also set up a Start-up Loan Scheme under which interest-free loans are provided for the construction of new premises or improving the teaching environment and facilities. A Quality Enhancement Grant Scheme is also available to offer grants to projects or measures aiming at enhancing the quality of post-secondary education. The Chief Executive announced in the policy address last year that a Self-financing Post-secondary Education Fund with a financial commitment of \$2.5 billion would be set up to provide scholarships to students on self-financing associate degree programmes and offer support to efforts by the institutions in enhancing quality and quality assurance.

Some Members have proposed to extend the interest-free loan period. Currently, we offer 10-year interest-free loan schemes to assist education institutions in building premises or facilities. In response to the demand from

the sector, we have revised the schemes with the approval of the Legislative Council in the years 2008 and 2010 respectively in which institutions with financial difficulties can request an extension of the repayment period to 20 years, that is to say, interest will be paid according to the no-gain-no-loss rate after the 10-year interest-free period. The arrangement will enable the institutions to formulate prudent financial plans and complete the repayment within a reasonable period of time. There is also a mechanism in place for the extension of the repayment period for institutions in such a need. This approach aims at helping the institutions according to their specific needs.

Apart from these measures, financial assistance to students is an important part of support given to the self-financing sector. As Members have pointed out, the Government has been reviewing all kinds of financial assistance for post-secondary students in order to ensure that qualified students will not be deprived of the chance to receive post-secondary education for lack of means.

Since the academic year of 2008-2009, we have extended the Local Student Finance Scheme to students enrolled on locally-accredited full-time self-financing degree programmes or graduates of associate degrees currently on a bridging course for degree programmes. Eligible students may be given a student loan or grant to assist them in paying the tuition fees, academic expenses and living expenses. During the academic year of 2009-2010, the Local Student Finance Scheme paid out more than \$700 million in grants and \$230 million in low-interest loans. More than 20 000 of the students in need or 33% of the total student population have benefited from the Scheme.

The Financial Secretary has suggested in the 2011-2012 Budget that from the academic year of 2011-2012 onwards, the income ceiling for award of the maximum loan amount under the means-tested mechanism will be relaxed. It is estimated that this measure will enable an additional 11 000 post-secondary students to benefit. Students awarded the maximum loan amount may be given an additional grant of \$1,000 every year to meet their academic expenses. In addition, the Budget also suggests that the levels of loan amounts should be revised so that post-secondary students who are given loans less than the maximum loan amount can be given more. Furthermore, the Government is conducting a review of the operation of the Non-means-tested Loan Scheme with a view to offering more effective support to post-secondary students.

Some Members have expressed concern about the diversification of programmes and the number of places in the self-financing post-secondary programmes. Our aim in promoting the development of self-financing post-secondary education is to facilitate greater diversification and increase the opportunities of the young people in receiving post-secondary education. The Government will put in place a rigorous quality assurance mechanism to ensure that the relevant programmes will meet quality standards. On the basis of quality assurance, the self-financing sector can flexibly adjust and deploy resources to offer programmes of various numbers and kinds according to the demands of the young people for post-secondary education, the demands for various kinds of talents in society as well as the mission of the institutions concerned. It is hoped that this can respond swiftly to the needs of the young people and society.

Now, the self-financing post-secondary institutions offer various kinds of accredited full-time programmes to the students. These programmes are closely in line with market and social demands. For example, to dovetail with the development of the six priority industries, more institutions are offering programmes in testing and certification, design and the digital media, and so on. These programmes can offer more choices to the students and meet the needs of the socio-economic development of Hong Kong. Diversification is realized not only in the number of programmes offered but also in the differences in the missions of institutions. Some of them emphasize liberal education while some emphasize professional training. Such different approaches to and philosophies in education will provide greater choices for the students.

In order to enhance the transparency in the post-secondary education sector, we set up the iPAA — Information Portal for Accredited Self-Financing Post-Secondary Programmes — in 2007. The information portal lists information on all accredited full-time self-financing post-secondary programmes and their institutions. This will enable students to access easily the latest developments in the sector.

Some Members are concerned about the issues of manpower and academic freedom in the self-financing institutions. The Government has always respected the high degree of autonomy enjoyed by post-secondary institutions in areas like staff recruitment, fixing the terms of employment, academic development and internal resources deployment. We also encourage the

institutions to enhance human resources and improve quality of teaching. When the HKCAAVQ conducts institutional accreditation and programme accreditation, it will consider factors like strength of the teaching staff and teacher-student ratio. We have also compiled the Good Practices in Quality Assurance: A Handbook for the Sub-degree Sector in which the institutions are encouraged to formulate detailed plans on human resources management. The newly proposed Self-financing Post-secondary Education Fund will offer support to the institutions with respect to their quality enhancement projects, including schemes to upgrade teacher quality.

Some Members have cited the contents in the report Aspirations for the Higher Education System in Hong Kong which the UGC submitted to the Education Bureau last December. The report makes many recommendations and they will certainly bring far-reaching impacts on the development of the higher education sector in Hong Kong. As I have pointed out earlier, we are studying the recommendations made in the report closely and we will consider the views expressed by stakeholders in the post-secondary education sector. We plan to arrive at a decision on the recommendations within this year.

Lastly, I wish to thank Members for the views they have expressed on the issue of self-financing post-secondary education. As I said in the beginning, the Government attaches great importance to post-secondary education and makes a great financial commitment in the area. Our spending on higher education is 25% of the total recurrent expenditure in education. Self-financing post-secondary education will certainly play a more important role in the diversification of our higher education and its further development. Looking into the future, we will continue to input resources to promote the parallel development of self-financing and publicly-funded institutions. We will also promote the long-term development of post-secondary education according to our approach in attaching equal importance to quality and quantity. We will work to enhance the interflow between the self-financing and publicly-funded sectors, as well as between the sub-degree and degree sectors, thereby facilitating the shaping of a flexible, diversified and multiple-entry and multiple-exit education framework. Also, in promoting education policies and measures, we will forge close communication and effective partnership with the stakeholders.

President, I so submit.

PRESIDENT (in Cantonese): Mr CHEUNG Man-kwong, you may move your amendment to the motion.

MR CHEUNG MAN-KWONG (in Cantonese): President, I move that Ms Starry LEE's motion be amended.

Mr CHEUNG Man-kwong moved the following amendment: (Translation)

"To add ", given that" after "That"; to add "(b) to amend the Post Secondary Colleges Ordinance and abolish outdated provisions to regulate the teaching facilities, qualifications of teaching staff, academic levels as well as financial capabilities, etc. of local self-financing post-secondary educational institutions, so as to ensure teaching quality and student interests;" after "co-ordinated;"; to delete the original "(b)" and substitute with "(c)"; to delete the original "(c)" and substitute with "(d)"; to delete the original "(d)" and substitute with "(e)"; to delete "and" after "academic disciplines for students;"; to delete the original "(e)" and substitute with "(f)"; to delete "to appropriately control the growth in the number of" before "places of self-financing programmes" and substitute with "to adopt quality as the means of gate-keeping for monitoring the"; and to add "and any impact on education quality; (g) to strengthen the monitoring mechanism to ensure that institutions must comply with admission requirements and exit performance standards, so as to avoid substandard programmes and doubts about academic qualifications; (h) to ensure that self-financing post-secondary institutions must be equipped with sufficient full-time teaching and non-teaching staff with long-term employment, so as to enable the sustainable and stable development of research and teaching work; and (i) to establish a fair and effective redress mechanism to safeguard academic freedom and protect the interests of teaching and non-teaching staff" immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That the amendment moved by Mr CHEUNG Man-kwong to Ms Starry LEE's motion, be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Mr WONG Kwok-hing, as Mr CHEUNG Man-kwong's amendment has been passed, you may now move your revised amendment.

MR WONG KWOK-HING (in Cantonese): President, I move that Ms Starry LEE's motion, as amended by Mr CHEUNG Man-kwong, be further amended by my revised amendment.

Mr WONG Kwok-hing moved the following further amendment to the motion as amended by Mr CHEUNG Man-kwong: (Translation)

"To add “; (j) to consider lowering the interest rate under the Non-means-tested Loan Scheme to avoid a situation where the interest rate determined under the Scheme is higher than the interest rates of bank loans, and at the same time, changing the time to commence calculating interests from loan drawdown dates to after students' graduation, so as to alleviate young people's burden and enable them to expeditiously discharge their repayment obligations; and (k) to raise the tax allowance for expenses of self-education, so as to relieve the pressure on working persons in pursuing further studies” immediately before the full stop."

PRESIDENT (in Cantonese): I now propose the question to you and that is: That Mr WONG Kwok-hing's amendment to Ms Starry LEE's motion as amended by Mr CHEUNG Man-kwong 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): Miss Tanya CHAN, as the amendments by Mr CHEUNG Man-kwong and Mr WONG Kwok-hing have been passed, you may now move your revised amendment.

MISS TANYA CHAN (in Cantonese): President, I move that Ms Starry LEE's motion, as amended by Mr CHEUNG Man-kwong and Mr WONG Kwok-hing, be further amended by my revised amendment.

Miss Tanya CHAN moved the following further amendment to the motion as amended by Mr CHEUNG Man-kwong and Mr WONG Kwok-hing:
(Translation)

"To add “; (l) to review the existing approval and certification system for offering post-secondary education programmes, so as to ensure programme quality; (m) to review the various existing financial

assistance, loan and scholarship schemes for post-secondary students to alleviate the financial burden of students who are pursuing self-financing post-secondary education programmes; and (n) to comprehensively review the existing academic accreditation system and study strengthening the monitoring of non-local post-secondary programmes jointly offered by local educational institutions and overseas post-secondary institutions” immediately before the full stop.”

PRESIDENT (in Cantonese): I now propose the question to you and that is: that Miss Tanya CHAN's amendment to Ms Starry LEE's motion as amended by Mr CHEUNG Man-kwong and Mr WONG Kwok-hing be passed.

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

(Members raised their hands)

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

(No hands raised)

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

PRESIDENT (in Cantonese): Ms Starry LEE, you still have 27 seconds to speak in reply.

MS STARRY LEE (in Cantonese): President, Hong Kong is a highly developed society, so it is essential that university places be increased. But as university places are increased, it is important that the places are recognized. This is not

simply a matter of rules and regulations but more importantly, it is about meeting the developments of the industrial mix of our society and specifically, those of the six major industries. I hope and expect that in the report the Government will present to us at the end of this year, a positive response can be made to the demands carried in the motion and the amendments.

President, I so submit.

PRESIDENT (in Cantonese): I now put the question to you and that is: That the motion moved by Ms Starry LEE, as amended by Mr CHEUNG Man-kwong, Mr WONG Kwok-hing and Miss Tanya CHAN, 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.

SUSPENSION OF MEETING

PRESIDENT (in Cantonese): I now suspend the meeting until 9 am tomorrow.

Suspended accordingly at a quarter past Ten o'clock.

Appendix I

WRITTEN ANSWER

Written answer by the Secretary for Security to Mr KAM Nai-wai's urgent supplementary question to Question 2

The Daya Bay Contingency Plan (DBCP) has set out the contingency arrangements for nuclear incidents affecting Hong Kong. In the light of the recent Fukushima nuclear incident in Japan, various departments concerned have reviewed the manpower and equipment involved and supporting measures to ensure that they are well-prepared in the unlikely event of a nuclear incident.

Information on the equipment set out in the DBCP is at Annex. Apart from the equipment listed, the Administration also has about 140 000 iodine tablets in stock for contingency use.

Following the Fukushima nuclear incident in Japan, the Administration has launched a comprehensive review of the DBCP, which will cover, *inter alia*, the equipment and medications for use in an emergency response operation to ensure that the various departments concerned have sufficient resources to take contingency measures and to provide adequate and appropriate protection.

Annex

Equipment for officers implementing the Daya Bay Contingency Plan

<i>Classifications of equipment</i>	<i>Types of equipment</i>	<i>Quantity</i>
Monitoring equipment	Surface contamination monitor	633
	Direct read-out monitor	238
	Gamma does-rate meter	22
	Contamination monitoring system	24
	Portable survey meter	29
	Portable air sampler	25
	Thermoluminescent dosimeter	3 326
Personal protective gears	Dust-mask, half face, disposable	7 284
	Dust-mask, w/gas absorbent	380
	Plastic raincoat	1 349

WRITTEN ANSWER — *Continued*

<i>Classifications of equipment</i>	<i>Types of equipment</i>	<i>Quantity</i>
	Disposable PVC glove	7 127 pairs
	Laboratory gown	456
	Boiler suit	2 482
	Kit box	21
Items for decontamination	Adaptor	3
	Hydrant key	16
	Hose	6
	PVC bag	26 000
	Rubber slipper	7 684 pairs
	Hand towel	4 500
	Rubber boot (half Wellington)	1 881 pairs
	Container	722
	Cloth cap	349