

# OFFICIAL RECORD OF PROCEEDINGS

**Wednesday, 13 April 2011**

**The Council met at Eleven o'clock**

## **MEMBERS PRESENT:**

THE PRESIDENT

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

THE HONOURABLE ALBERT HO CHUN-YAN

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

THE HONOURABLE LEE CHEUK-YAN

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

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

DR THE HONOURABLE MARGARET NG

THE HONOURABLE JAMES TO KUN-SUN

THE HONOURABLE CHEUNG MAN-KWONG

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

THE HONOURABLE CHIM PUI-CHUNG

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

THE HONOURABLE KAM NAI-WAI, M.H.

THE HONOURABLE CYD HO SAU-LAN

THE HONOURABLE STARRY LEE WAI-KING, J.P.

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

THE HONOURABLE CHAN HAK-KAN

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

THE HONOURABLE CHAN KIN-POR, J.P.

DR THE HONOURABLE PRISCILLA LEUNG MEI-FUN

DR THE HONOURABLE LEUNG KA-LAU

THE HONOURABLE CHEUNG KWOK-CHE

THE HONOURABLE WONG SING-CHI

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

THE HONOURABLE IP WAI-MING, M.H.

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

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

DR THE HONOURABLE PAN PEY-CHYOU

THE HONOURABLE PAUL TSE WAI-CHUN

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

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

THE HONOURABLE LEUNG KWOK-HUNG

THE HONOURABLE TANYA CHAN

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE WONG YUK-MAN

**PUBLIC OFFICERS ATTENDING:**

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

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

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

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

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

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

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

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

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

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

THE HONOURABLE MRS CARRIE LAM CHENG YUET-NGOR, 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

MR GREGORY SO KAM-LEUNG, J.P.  
SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT

MR ROBIN IP MAN-FAI  
HEAD, CENTRAL POLICY UNIT

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

MR KENNETH CHEN WEI-ON, J.P.  
UNDER SECRETARY FOR EDUCATION

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

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

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

MISS ADELINE WONG CHING-MAN, J.P.  
UNDER SECRETARY FOR CONSTITUTIONAL AND MAINLAND  
AFFAIRS

**CLERKS IN ATTENDANCE:**

MS PAULINE NG MAN-WAH, SECRETARY GENERAL

MRS CONSTANCE LI TSOI YEUK-LIN, ASSISTANT SECRETARY  
GENERAL

MRS JUSTINA LAM CHENG BO-LING, ASSISTANT SECRETARY  
GENERAL

MRS PERCY MA, ASSISTANT SECRETARY GENERAL

**TABLING OF PAPERS**

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

Subsidiary Legislation/Instruments	<i>No.</i>	
Dangerous Drugs Ordinance (Amendment of Second Schedule) Order 2011 .....	L.N.	56/2011
Dangerous Drugs Ordinance (Amendment of Fourth Schedule) Order 2011 .....	L.N.	57/2011
Administrative Instructions for Regulating Admittance and Conduct of Persons (Amendment) Instructions 2011 .....	L.N.	58/2011
Disability Discrimination Ordinance — Revised Code of Practice on Employment.....	G.N.	2159/2011

**Other Papers**

No. 88 — Report No. 56 of the Director of Audit on the results of value for money audits — March 2011

Report of the Committee on Members' Interests on its consideration of the complaints against Hon LAU Wong-fat in relation to his failure to register interests with the Clerk to the Legislative Council pursuant to Rule 83 of the Rules of Procedure

Report No. 19/10-11 of the House Committee on Consideration of Subsidiary Legislation and Other Instruments

**ADDRESSES**

**PRESIDENT** (in Cantonese): Address. Mr Paul CHAN will address the Council on the "Report of the Committee on Members' Interests on its consideration of the complaints against Hon LAU Wong-fat in relation to his failure to register interests with the Clerk to the Legislative Council pursuant to Rule 83 of the Rules of Procedure".

**Report of the Committee on Members' Interests on its consideration of the complaints against Hon LAU Wong-fat in relation to his failure to register interests with the Clerk to the Legislative Council pursuant to Rule 83 of the Rules of Procedure**

**MR PAUL CHAN** (in Cantonese): Good morning, President and Honourable colleagues. On behalf of the Committee on Members' Interests (CMI), I will make a report prepared by the CMI to the Legislative Council on a number of complaints against Mr LAU Wong-fat and summarize the content of the report.

To start with, President, I would like to explain why I was tasked with chairing the meetings held to consider the complaints against Mr LAU Wong-fat. To preserve the perceived impartiality of the CMI, its Chairman, Mrs Sophie LEUNG, indicated her intention of not chairing the relevant meetings as she and Mr LAU were affiliated to the same political grouping, the Economic Synergy. For the same reason, the CMI also decided that its Deputy Chairman, Ms Emily LAU, was not suitable to take over the chair given that she had referred one of the complaints to the CMI to follow up and had openly commented on the allegations against Mr LAU. As a result, the CMI, in accordance with its own procedure, elected me to chair the relevant meetings. In this connection, I had declared my interests, the details of which are set out in the report. Hence, I do not intend to repeat them in detail here.

During the period from 4 October 2010 to 13 October 2010, the CMI received three categories of complaints against Mr LAU:

- (1) Two allegations were made in the first category of complaints: (a) Mr LAU's alleged breach of the Executive Council's guidelines on registration of interests; and (b) concern expressed about the way the Chief Executive had handled the relevant complaints.
- (2) Two allegations were made in the second category of complaints: (a) Mr LAU had failed to register certain properties and he owned nearly 200 pieces of land as well as over a hundred companies; and (b) the Legislative Council was requested to investigate whether Mr LAU had used insider information to speculate on land and properties.



- (3) The third category of complaints alleged that Mr LAU had failed to register with the Clerk to the Legislative Council (the Clerk) his shareholdings in a number of companies. The complainants requested the Complaints Division of the Legislative Council Secretariat (the Secretariat) to follow up seriously the alleged breach of the Legislative Council's guidelines on registration of Members' interests by Mr LAU.

The CMI has held a total of five meetings to consider a number of complaints against Mr LAU Wong-fat. As the complaints falling in the first category, that is, complaints about Mr LAU's alleged breach of the Executive Council's guidelines on registration of interests and the way the Chief Executive had handled the matter are outside the terms of reference of the CMI, they cannot be dealt with by the CMI. However, the CMI has directed the Secretariat to refer the complaints to the Executive Council for consideration and appropriate actions.

As regards the complaints of the second and third categories, the CMI considered that they related to the registration of Members' interests and involved Rule 83 of the Rules of Procedure (RoP). Hence, according to Rule 73(1)(c) of the RoP, the CMI should consider these complaints.

Rule 83(1) of the RoP provides that a Member shall, not later than the first meeting of each term, furnish to the Clerk, in the Registration Form on Members' Interests (Registration Form) approved by the President of the Legislative Council, particulars of his registrable interests. Rule 83(3) of the RoP further provides that a Member shall furnish to the Clerk particulars of any change in his registrable interests within 14 days of any such change. Pursuant to Rule 83(5)(g) of the RoP, "registrable interests" means, among others, land and property. Furthermore, under Rule 83(5)(h) of the RoP, "registrable interests" also includes the names of companies or other bodies in which the Member has, to his knowledge, either himself or with or on behalf of his spouse or infant children, a beneficial interest in shareholdings of a nominal value greater than one-hundredth of the issued share capital.

Pursuant to the RoP, the CMI launched an investigation and gave detailed consideration.

President, as regards registration of land and property, the CMI noted that the relevant page of the Registration Form only requires disclosure of the general nature of the land or property owned by a Member, but not details such as addresses. According to the record of the Secretariat, a Registration Form was submitted by Mr LAU to the Legislative Council on 16 September 2008, that is, before the first meeting of the Fourth Legislative Council, under the category of "land and property" indicating that he owned properties in Hong Kong, Singapore and China. And legally speaking, land is considered as a kind of property. On this basis, the CMI was satisfied that there was no breach of Rule 83(5)(g) of the RoP on the part of Mr LAU. As regards the allegation that Mr LAU had failed to register with the Clerk certain properties, the CMI decided that no follow-up actions were necessary. The CMI also decided not to pursue the allegation made in the complaint that Mr LAU had used insider information to speculate on land and properties as it was outside the terms of reference of the CMI.

On registration of shareholdings, President, the CMI learnt from the information provided by Mr LAU and obtained by the Secretariat through the Companies Registry that Mr LAU owned more than 1% of the issued share capital of Excel Global International Limited (Excel Global), Flying Ltd (翱翔有限公司<sup>1</sup>), Keen Whole Investments Limited (Keen Whole) and Wong Fat International Development Limited (Wong Fat). Despite the fact that all these shareholdings were registrable, Mr LAU had failed to register within the specified period with the Clerk his shareholding interests in these four companies. Specifically, Mr LAU had failed to register, pursuant to Rule 83(1) of the RoP, his registrable interest in Keen Whole not later than the first meeting of the current term of the Legislative Council office on 8 October 2008 and, pursuant to Rule 83(5)(h) of the RoP, the changes in his registrable interests in Excel Global, Flying Ltd and Wong Fat with the Clerk within 14 days of his acquisition of more than 1% of the issued share capital of these companies. As the relevant details are in the report of the CMI, I do not intend to repeat them in detail here.

On considering whether the complaints are substantiated, Mr LAU explained that his late registration was due to negligence on his part and that he had immediately registered his shareholdings with the Clerk once it came to light that he had not complied with the relevant rules of RoP on registration of Members' interests. Mr LAU also expressed his profound apology for the public

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<sup>1</sup> Mr CHAN pronounced the name of the company as "高 (gou1)"翔

concern and inconvenience which his omission and late registration had caused. He also explained that Excel Global, Wong Fat and Keen Whole were all shell companies which did not own any assets or carry on any business or commercial activities and that Flying Ltd was engaged in the restaurant business.

As Mr LAU had admitted his failure to furnish within the prescribed time limit particulars of his shareholdings to the Clerk as required by Rule 83 of the RoP, in accordance with paragraph (11) of the "Procedure of the Committee on Members' Interests for handling complaints received in relation to the registration or declaration of Members' interests or Members' claims for reimbursement of operating expenses", the CMI considered that the complaints were substantiated and decided that further investigation was not necessary. The CMI also decided that a report would be made to the Council pursuant to Rule 73 of the RoP.

On the handling of violation of rules, the CMI noted that, under Rule 73(1)(e) of the RoP, in reporting to the Council, it may make recommendations, including a recommendation to sanction under Rule 85 of the RoP. Rule 85 of the RoP reads, "Any Member who fails to comply with the registration requirements under Rule 83 of the RoP may be admonished, reprimanded or suspended by the Council on a motion to that effect."

The CMI noted that at various times Mr LAU had held shares in a large number of companies/bodies (fluctuating between 85 and 129) since the beginning of the Fourth Legislative Council. According to the information available, the CMI considered that there was no information to indicate that Mr LAU's omission to register his shareholdings in Excel Global, Wong Fat, Keen Whole and Flying Ltd as required by Rule 83 of the RoP was deliberate.

The CMI also considered that there was no information to indicate that Mr LAU's shareholdings in these companies involved any conflict of interests with his role as a Legislative Council Member thus far, having regard to Mr LAU's explanation that Excel Global, Wong Fat and Keen Whole were all shell companies which did not own any assets or carry on any business or commercial activities and that Flying Ltd was engaged in the restaurant business.

On the basis of the considerations as set out above and in view of the past experience, the CMI decided not to recommend any sanction against Mr LAU under Rule 85 of the RoP in this case. In other words, recommendations would

not be made by the CMI to the Legislative Council to admonish, reprimand or suspend Mr LAU on a motion to that effect for sanction purposes.

Nevertheless, the CMI was of the view that as a Legislative Council Member, Mr LAU should have been more vigilant in complying with the relevant rules of the RoP with regard to registration of Members' interests. While he may delegate the administrative work relating to the registration of interests to his staff, he should not solely rely on them to perform the duty to make registration as it remained to be his own personal responsibility to ensure that the relevant rules are complied with. By omitting to register his registrable shareholdings within the prescribed period, Mr LAU had fallen short of the standards reasonably and legitimately expected of a Legislative Council Member by members of the public.

Lastly, in view of the rising public expectation of the standards of behaviour of a Legislative Council Member, the CMI calls upon all Members to stay alert and vigilant with regard to the registration and disclosure of their interests pursuant to the relevant rules of the Legislative Council to avoid bringing serious consequences upon themselves and undermining the reputation of the Legislative Council.

President, I submit this report. Thank you.

**PRESIDENT** (in Cantonese): Mr CHAN, it seems that the name of a company repeatedly mentioned in your speech should be pronounced as 翹 (ngou<sup>4</sup>)翔.

**MR PAUL CHAN** (in Cantonese): Thank you, President.

## **WRITTEN ANSWERS TO QUESTIONS**

### **Statistics on Household Income**

1. **MR LEE CHEUK-YAN** (in Chinese): *President, regarding the statistics collected from domestic household income quarterly General Household Surveys, will the Government provide the following relevant data for 2010:*

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

**SECRETARY FOR FINANCIAL SERVICES AND THE TREASURY** (in Chinese): President, based on the results of the General Household Survey, the Census and Statistics Department has prepared relevant statistics on monthly household income and per capita monthly household income for 2010 in the table at Annex. The relevant statistics does not include FDHs.

Annex

Year: 2010

Monthly Household Income<sup>(1)</sup>

<i>Decile Group</i> <sup>(2)</sup>	<i>Range of monthly household income (HK\$)</i>	<i>Median monthly household income (HK\$)</i>	<i>Average monthly household income</i> <sup>(3)</sup> <i>(HK\$)</i>
1st	≤ 4,500	3,000	2,500
2nd	4,500 to 7,600	6,000	6,200
3rd	7,600 to 10,500	9,000	9,100
4th	10,500 to 14,000	12,000	12,100
5th	14,000 to 18,000	15,500	15,700
6th	18,000 to 22,000	20,000	19,800
7th	22,000 to 28,000	25,000	24,800
8th	28,000 to 36,600	31,300	31,900
9th	36,600 to 55,000	43,500	44,200
10th	≥ 55,000	77,000	104,900

Year: 2010

Per Capita Monthly Household Income

<i>Decile Group</i>	<i>Range of per capita monthly household income (HK\$)</i>	<i>Median per capita monthly household income (HK\$)</i>	<i>Average per capita monthly household income (HK\$)</i>
1st	≤ 2,400	1,600	1,400
2nd	2,400 to 3,300	2,900	2,800
3rd	3,300 to 4,000	3,700	3,700
4th	4,000 to 5,000	4,500	4,500
5th	5,000 to 6,200	5,600	5,600
6th	6,200 to 7,700	6,900	6,900
7th	7,700 to 10,000	8,700	8,700
8th	10,000 to 13,500	11,300	11,500
9th	13,500 to 21,300	16,600	16,900
10th	≥ 21,300	31,700	45,500

Notes:

- (1) All figures exclude FDHs. Monthly household income refers to the total cash income, including earnings from all jobs and other cash incomes (for example, rent income, dividend and interest, Comprehensive Social Security Assistance and Old Age Allowance) received in the month before enumeration by all members of the household.
- (2) A decile group is a proportion of a set of data (for example, household income) that has been ranked and divided into 10 equal groups, with each group comprising 10% of the estimated population. An income decile group is the division of the population ranked by income into 10 groups, with each comprising the same number of units.
- (3) Because the average monthly income is more vulnerable to the effect of extreme observations, it is not a suitable indicator in reflecting the central tendency of income when compared with the median monthly income.

## Development of Cricket

2. **DR MARGARET NG** (in Chinese): *President, the development of cricket in Hong Kong has a long history and cricket is a popular sport among many non-Chinese youngsters. In recent years, Hong Kong Cricket Sixes, which is an international sports event, has been one of the events recommended to tourists by the Hong Kong Tourism Board. At present, there are seven cricket grounds in Hong Kong, but only the three grounds in Kowloon are open to the public. In this connection, will the Government inform this Council whether:*

- (a) *it has formulated any policy on promoting the development of cricket in Hong Kong; if it has, of the details;*
- (b) *it knows the existing number of people who play cricket; and*
- (c) *it will plan to provide additional cricket grounds on Hong Kong Island, in New Territories East and New Territories West for the use of the public, so as to make it convenient for cricket lovers in all districts to take part in the sport; if it will, of the details; if not, the reasons for that?*

**SECRETARY FOR HOME AFFAIRS** (in Chinese): President, my reply to the three-part question is as follows:

- (a) Promotion of the development of individual sports is mainly the responsibility of the "national sports associations" (NSAs) that are affiliated to both the Sports Federation and Olympic Committee of Hong Kong, China and to their respective International and Asian Federations. With their professional knowledge and experience, these NSAs, including the Hong Kong Cricket Association (HKCA), organize and manage local activities relating to their respective sports. The Government's policy is to facilitate the promotion of sport through the provision of venues and resources to NSAs. Specifically, the Leisure and Cultural Services Department (LCSD) provides subventions to individual NSAs through the Sports Subvention Scheme so that they can organize various types of activity, including: squad training and participation in international sporting events; school sports programmes, community sports club projects and local competitions; training for officials; and attendance at sports conferences. In 2010-2011, the LCSD provided a subvention of about \$2.6 million to the HKCA. This will increase to \$2.9 million in 2011-2012.

In 2010-2011, the HKCA organized 82 school sports programmes and 91 subsidized training programmes. In response to local needs, cricket programmes are held at the community level to promote public interest in the sport.

In addition, since 2007, the Government has been providing funding support to the annual Hong Kong Cricket Sixes under the "M" Mark Support System. As at 2010, the government subvention for the event amounted to \$6 million.

Although cricket is not at present on the elite sports programme, in view of the improvement in the performance of the Hong Kong cricket squad in recent international events, the Hong Kong Sports Institute provided \$0.98 million in Sports Aid Grants to 38 players in 2010-2011 for training purposes.

- (b) Current statistics show that over 6 000 participants annually are involved in training programmes subvented by the LCSD, local competitions, international events and community cricket activities. The annual Hong Kong Cricket Sixes attracts an audience of more than 5 300.
- (c) The LCSD currently provides two public cricket venues, namely the cricket pitch at Tin Kwong Road Recreation Ground and the cricket-cum-soccer pitch at Po Kong Village Road Park, which opened last year. We understand that the existing cricket grounds, both public venues and those operated by private clubs, offer a substantial number of sessions for use by cricketers at different levels. At present, we have no plans to provide additional public cricket pitches on Hong Kong Island, in the New Territories East or in the New Territories West. We will continue to monitor the use of pitches and liaise with the HKCA with a view to identifying suitable sites for new temporary or permanent facilities to promote the development of cricket in Hong Kong.

### **Disability Allowance and Old Age Allowance**

3. **MS STARRY LEE** (in Chinese): *President, at present, elderly recipients of Disability Allowance (DA) are barred from applying for Old Age Allowance (OAA). In this connection, will the Government inform this Council of the number of elderly people who were granted DA in each of the past three years; among them, the respective numbers of those who were barred from applying for Normal OAA and Higher OAA (which are open to application by elderly people*



*aged 65 to 69 and 70 or above respectively) because they had been granted DA; of the amount of annual provision required for granting OAA to those people; and whether it will review that policy; if it will, of the details; if not, the reasons for that?*

**SECRETARY FOR LABOUR AND WELFARE** (in Chinese): President, DA and OAA are both under the Social Security Allowance Scheme (the Scheme), but with different target beneficiaries. The former is for persons who are severely disabled regardless of age; the latter is for persons who are not severely disabled but fall within the definition of elder (65 years old at present) under the Scheme.

Therefore, severely disabled elders who meet the eligibility criteria for both DA and OAA may choose to apply for either of the allowances. This is to avoid receipt of double benefit.

Furthermore, since the Scheme is non-contributory and largely non-means-tested, retention of the rule that one cannot benefit from both allowances simultaneously would help ensure the sustainability of the Scheme. The Administration has no plan to review or change this rule.

As at the end of each of the past three financial years, the number of elders aged 65 or above receiving DA was as follows:

<i>Age at the time</i>	<i>End-March 2009</i>	<i>End-March 2010</i>	<i>End-March 2011</i>
65 to 69	8 029	8 179	8 584
70 or above	49 250	49 182	49 775

As DA is non-means-tested, the Social Welfare Department does not have information on the financial situation of the recipients aged 65 to 69 mentioned above, and therefore cannot estimate how many of them would have been eligible for Normal OAA and calculate the amount of payment possibly involved should they receive OAA. As regards recipients of DA who satisfied the age requirement for Higher OAA, the amount of payment involved would have been about \$590 million a year in 2008-2009 and 2009-2010, and about \$620 million in 2010-2011, assuming that Higher OAA were paid to them.

**Restrictive Covenants in Deeds of Assignment**

4. **MR CHIM PUI-CHUNG** (in Chinese): *President, the Government terminated the Block Crown Lease granted to Wong Wai Tsak Tong by legislation prior to the return of Hong Kong's sovereignty to China so as to resolve the dispute between Wong Wai Tsak Tong and its sub-lessees. On the other hand, the piece of land in Causeway Bay covering Lan Fong Road, Pak Sha Road, Kai Chiu Road and Yun Ping Road (the Lee Garden Land) originally owned by a family-run company was sold in lots during the 1950s with restrictive covenants incorporated in the deeds of assignment, rendering it necessary for the assignees to seek consent from the company before proceeding with redevelopment. In this connection, will the Government inform this Council:*

- (a) *whether it has any plan to remove the restrictive covenants stipulated in the deeds of assignment for the Lee Garden Land by legislation; if it does not have such plans, of the reasons and the legal basis for that;*
- (b) *why the Government does not resolve the land title dispute over the Lee Garden Land in the same manner in which it resolved the land title dispute of Wong Wai Tsak Tong by legislation; whether any government department should be held responsible for that; and*
- (c) *of the total gross floor area of the Lee Garden Land, and the annual loss in rates revenue due to the failure of the redevelopment of the buildings concerned?*

**SECRETARY FOR DEVELOPMENT** (in Chinese): *President, between the 1980s and the early 1990s, the Wong Wai Tsak Tong of Cheung Chau (WWTT) and the sub-lessees had disputes over the land title, the renewal of sub-leases, payment of Government rent and redevelopment of the sub-leased land. These disputes had been going on for years, and attempts to resolve the disputes in the courts failed. In 1994, a majority of these sub-leases were not renewed upon expiry as a result of the disputes, creating uncertainty to title. Property transactions in Cheung Chau were thus effectively frozen. As the abovementioned disputes had built up to an extent that undermined the Government's proper land administration in Cheung Chau, the Government*

introduced the "Wong Wai Tsak Tong (Renewal and Extension of Sub-leases) Bill" in 1995, with hopes to regulate matters concerning the renewal of sub-leases, payment of Government rent and redevelopment of the sub-leased land and resolve the disputes. However, the bill introduced by the Government was negatived at Second Reading. In the meantime, the former Legislative Council passed another Private Member's Bill which terminated the Block Crown Lease granted to WWTT and to deem all sub-lessees and sub-leases under the Block Crown Lease as Crown lessees and Crown leases respectively. The passed bill became the Block Crown Lease (Cheung Chau) Ordinance (Cap. 488).

As regards the Lee Garden Land, it was originally owned by a private company. According to our understanding, the company carved out the land into smaller portions for sale in the 1950s, and in doing so, it imposed certain restrictive covenants in the relevant contracts which required prior agreement of the company in respect of the design and use of the proposed buildings to be erected on these portions of land. These covenants would also apply to subsequent successors-in-title who acquire the relevant land, therefore these successors-in-title would also need to obtain the company's consent in respect of the design and use of buildings.

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

(a) and (b)

The WWTT case and the "Lee Garden Land" case are entirely different in nature. As mentioned above, the WWTT case had led to expired sub-leases not being able to be renewed, creating uncertainty in title and undermining the Government's proper land administration. As such, the Government proposed to resolve the issue by way of legislation, the final development of which was that the bill introduced by the Government was negatived, while the Private Member's Bill terminating the relevant Block Crown Lease was passed and became the law.

The "Lee Garden Land" case is a private conveyancing matter, while there have been court judgments on relevant issues. The Government's stance has always been respecting and protecting private property rights, while keeping its interference with private

contracts to the minimum. Owing to this principle, the Government has no reason to deal with the private conveyancing matters of the "Lee Garden Land" by way of legislation.

- (c) The Government charges rates based on rateable values assessed on existing properties without regard to any redevelopment potential attached to the properties. We do not have information on the total gross floor area involved in the "Lee Garden Land".

### **Application of Intelligent Technologies to Public Transport**

5. **MR JAMES TO** (in Chinese): *President, the Kowloon Motor Bus Company (1933) Limited (KMB) has recently launched a mobile phone application programme which operates with the Global Positioning System (GPS) to provide information to passengers such as "alight reminder". Besides, a number of Mainland cities are also developing intelligent technologies for public transport, for example, the use of GPS to enhance the operational efficiency of public transport. The Government has also been developing an intelligent transport system in recent years. In this connection, will the Government inform this Council:*

- (a) *given that the aforesaid application programme launched by the KMB has shown that the use of GPS to provide information to passengers is feasible, whether the Government knows if various franchised bus companies are currently exploring the use of GPS to provide passengers with more real-time information, including bus waiting time, estimated travel time in traffic congestion, and so on; whether the Government will encourage various bus companies to explore and launch similar services;*
- (b) *given that the Secretary for Transport and Housing indicated in her reply to my question on 19 November 2008 that minibus operators were using an on-board monitoring system operating with GPS on a trial basis with a view to enhancing road safety of minibuses, of the result of the trial scheme; if the trial scheme has yet to be completed, of the current progress; whether the Government has any plan to enhance road safety of minibuses by using other intelligent systems;*

- (c) *given that some universities have announced the successful development of a number of intelligent transport systems suitable for local buses and minibuses in recent years, whether the Government has discussed with the universities concerned collaboration to take forward the relevant researches so as to enhance the efficiency of public transport in Hong Kong;*
- (d) *as it has been reported earlier that the pilot version of the online Driving Route Search Service (DRSS) of the Transport Department (TD) has made mistakes in its route suggestions, and I have learnt that the average visitor count of the website is about 700 per day only, whether the Government will conduct a review on how to enhance DRSS (such as supporting the GPS service) and make it more appealing to users; on the other hand, given that similar free online services (such as the Google Maps) are currently available, whether the Government will conduct a review on the need for retaining DRSS; and*
- (e) *of the Government's plans currently in place for improving the efficiency of various public transport services (including ferry services) by using intelligent technologies; whether the TD will develop mobile phone application programmes to disseminate to the public information on sudden traffic incidents (such as interruptions of MTR train services); and how the Government plans to encourage various public transport operators to conduct research and development on related products with a view to upgrading the quality of service?*

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

- (a) The Government always encourages and welcomes the use of new technologies by franchised bus companies to provide passenger information. The KMB has recently launched the provision of passenger information through mobile phone applications (apps) for downloading through a designated technical platform of a type of mobile phone locally. According to the KMB, apart from providing general bus route information (such as fares, routes, maps

and schedules); the apps enable a mobile phone to detect bus-stops within a radius of about 200 m through the GPS, for passengers' convenience. The KMB is now studying the feasibility of extending the service to other types of mobile phones. The KMB indicated that it has no plan at present to provide other information such as passenger waiting time or estimated duration of traffic congestion.

Besides, Citybus Limited (Citybus) is testing the use of GPS automatic annunciators on its buses. Should the test results prove to be satisfactory, Citybus will consider launching the service. In fact, Citybus has been running the SMS Bus Arrival Time Enquiry Service Trial on Cityflyer route A10 (Ap Lei Chau — airport) through a mobile network since August 2007. A passenger sending an SMS message to a specified phone number at any of the A10 bus stops will receive an SMS reply on the estimated arrival time of the next A10 bus. A service fee of \$1 is payable to the mobile network provider for each enquiry. However, Citybus has no plan to extend this service to other routes because of the low utilization of the service during the trial.

- (b) In 2006, a supplier of vehicle monitoring system carried out a trial on 31 green minibuses (GMBs) serving 11 routes by installing on them an information record device operated with GPS to test whether the system could help GMB operators manage their minibuses for enhancing road safety. Since the results of the trial showed that the system failed to record and transmit information on operational data of a GMB (such as its location, speed and journey time) accurately, the trial was terminated in late 2008.
- (c) In 2007, the TD and the Department of Land Surveying and Geo-Informatics of the Hong Kong Polytechnic University jointly developed the Public Transport Enquiry Service (PTES), a one-stop portal for route search service with map information of multi-modal public transport means (for example, railways, franchised buses and trams). Upon trial of the pilot version, the TD launched the full version of PTES for free public use through the Internet <<http://ptes.td.gov.hk>> in July 2010. Through this free e-service,

the public can search for the most suitable public transport route based on the trip duration, fare, number of interchanges or preferred transport mode.

In addition, the City University of Hong Kong (City U) is developing an advanced safety system for public transport. By tracking the movement of a public transport vehicle, the system can provide real-time traffic information such as the location of the vehicle and its distance to the next stop, for the convenience of passengers of public transport service. City U gave a briefing on the system to the TD last year and received feedbacks on its functions and design. The TD also helped City U liaise with GMB operators for voluntary participation in City U's trial scheme. The TD noted that the trial scheme on passenger information involving about 20 GMBs will commence in mid-2011. The TD will monitor the progress of the trial scheme closely.

- (d) The TD launched a pilot version of the DRSS system in April 2010. The system searches for the most suitable route for motorists based on their requirements, such as the shortest distance, the shortest travelling time, or the lowest toll. If the route involves a cross-harbour journey, DRSS will provide information on routes via various cross-harbour tunnels for comparison. Furthermore, the service also covers various road traffic information, such as the latest special traffic news, special traffic and transport arrangements, "no-stopping" restrictions, vehicle restrictions and information of major car parks, to provide motorists with more information for route selection. Compared with similar services in the market, DRSS can provide real-time traffic data and more comprehensive road information for motorists' reference when planning their trips.

Since the introduction of the pilot version of DRSS, the TD has been collecting users' feedback and updating route information to enhance the system. The TD will officially launch DRSS in mid-2011 and provide additional information in the system, such as prohibition of turning movement for special types of vehicle, information on prohibited zones and illustrations of major strategic route numbers. A mobile phone version of the system will also be introduced for the

public's easy access. At present, the daily visitor count is about 700. We expect that the number will go up after the introduction of the new version.

- (e) For the above PTES on the Internet, the TD is planning to launch mobile version and mobile phone apps, which are expected to be available for public use in mid-2011.

The TD always encourages the public transport sector to enhance their services and efficiency by using intelligent technologies. Apart from the technologies employed by the franchised bus and GMB operators mentioned above, ferry operators have also developed intelligent technology systems having regard to their operating conditions. For example, the Discovery Bay Transportation Services Limited provides free wireless Internet access for passengers on board, and the New World First Ferry Services Limited has installed GPS to monitor the movement of vessels for more efficient response to emergencies and fleet deployment. The "Star" Ferry Company, Limited is also considering providing free mobile phone apps for the public to enquire and download information on its ferry schedules. At present, some taxi operators have installed GPS on their taxis to enhance operational efficiency by providing taxi drivers with the most direct route to a destination.

On the other hand, the TD has been disseminating information on emergency traffic incidents through various channels. Apart from electronic media, such information is also uploaded onto the TD's webpage for viewing by the public. The TD also provides special traffic news to mobile telecommunications companies for dissemination to their users.

The Government will maintain contact with relevant organizations to keep abreast of the latest information on application of technology, and continue to encourage the public transport organizations to participate actively in the test and use of information technology systems which can enhance their services.



**Expansion Project of United Christian Hospital**

6. **MR FRED LI** (in Chinese): *President, in 2011-2012, the estimated number of general beds in the public hospitals under the Kowloon East Hospital Cluster (KE Cluster) of the Hospital Authority (HA) is 2 135, and the ratio of general beds to population within the cluster is 2.2 beds per 1 000 people, which is far below the HA's overall ratio of 2.9 beds per 1 000 people. Some members of the public have pointed out that the United Christian Hospital (UCH) in the KE Cluster has faced the problem of insufficient space for a long time and it is difficult for it to meet the demand of residents in the KE Cluster for medical services. The authorities advised in 2008 that the HA was drawing up the preliminary expansion plan of the UCH and would submit it to the Government for consideration. However, the 2011-2012 Budget has not mentioned the expansion project. In this connection, will the Government inform this Council:*

- (a) *whether the HA has submitted the UCH's expansion plan to the authorities; if not, whether it knows when the HA will submit the expansion plan; if the plan has been submitted, when the works will commence as suggested by the HA; whether the authorities will accept the expansion plan; if they will not, of the reasons for that; whether the authorities will undertake that they will allocate resources for the implementation of the expansion project in or before 2012-2013; and*
- (b) *of the respective estimated costs for the entire expansion project and for the first phase of the project; regarding the entire project, of its expected completion date, the number of hospital beds which can be provided, as well as the corresponding increase in the number of healthcare personnel and the amount of recurrent expenditure?*

**SECRETARY FOR FOOD AND HEALTH** (in Chinese): *President, established in 1973, the UCH is an acute general hospital that provides a wide range of services including in-patient, day-patient, out-patient and community care services to the Kwun Tong community. In view of the increasing demand for ambulatory and in-patient services brought about by the rapid population growth in Kwun Tong in recent years, the HA has proposed to carry out an expansion project for the hospital so as to meet the rising demand for healthcare services.*

The HA started preliminary planning on the expansion project of the UCH in 2008. We accepted this project in principle based on the information submitted by the HA, including the need and specific details of the proposed project. The HA has subsequently engaged a consultant to carry out various preliminary technical assessments for the project.

The proposed expansion project involves demolition of four existing hospital blocks and one annex for the construction of two new blocks, namely an ambulatory-cum-pathology block and a staff block. Upon relocation of some of the services and facilities from the existing hospital blocks to the two new blocks, the vacated space will be used for improvement, expansion and rationalization of the existing departments and services. In addition, extended care and oncology wards will be provided in the existing hospital blocks.

At present, the HA is conducting preliminary planning work for the expansion project, including the development of "Clinical Service Plan" and "Master Development Plan", and so on. As the expansion project of the UCH is still at the planning stage, relevant details such as the construction costs, completion date, number of additional staff and recurrent expenditure, and so on, are under internal consideration. Upon completion of the preliminary planning work, we will seek funding approval in accordance with the established procedures, with a view to commencing the works as soon as possible.

### **Enhanced Bought Place Scheme**

7. **MR WONG SING-CHI** (in Chinese): *President, regarding the number and prices of places purchased from private residential care homes for the elderly (RCHEs) by the Social Welfare Department (SWD) under the Enhanced Bought Place Scheme (EBPS), will the Executive Authorities inform this Council:*

- (a) *of the total number of EA1 and EA2 places in RCHEs under EBPS at present, together with a breakdown by district;*
- (b) *of the respective purchase price for each EA1 place and EA2 place under EBPS over the past 10 years, and the criteria used for adjusting such prices; and*

- (c) *as some of the operators of the aforesaid RCHEs have pointed out that their operating environment is difficult because they are facing the problems of rising food prices, rent and wages, and although the Government will raise the purchase prices by 2% in 2011-2012 (excluding an additional increase which will be effected for the provision of physiotherapy treatment and rehabilitation training for the elderly), the prices for each EA1 place and EA2 place will only be increased by \$106 to \$138 per month respectively, which are far from being adequate to improve the operating environment of those RCHEs, whether the Government will further increase the purchase prices within this year; if it will, of the increase in the purchase price for each place; if not, how the SWD will arrange placement for those elderly persons who are affected by the withdrawal of RCHEs from participating in EBPS?*

**SECRETARY FOR LABOUR AND WELFARE** (in Chinese): President, my reply to the question raised by Mr WONG Sing-chi is as follows:

- (a) As of February 2011, there were 140 private RCHEs in Hong Kong participating in the EBPS, providing a total of 7 181 subsidized care-and-attention places for the elderly. The number of places provided in individual districts is as follows:

<i>District</i>	<i>Number of places</i>	
	<i>EA1</i>	<i>EA2</i>
Central and Western	194	299
Eastern	130	182
Wan Chai	0	54
Southern	56	341
Islands	0	42
Kwun Tong	230	319
Wong Tai Sin	60	171
Sai Kung	0	0
Kowloon City	440	668
Sham Shui Po	125	157
Yau Tsim Mong	247	287
Sha Tin	0	0
Tai Po	0	98

<i>District</i>	<i>Number of places</i>	
	<i>EA1</i>	<i>EA2</i>
North	144	182
Yuen Long	151	610
Tsuen Wan	463	308
Kwai Tsing	593	228
Tuen Mun	0	402
Total	2 833	4 348

- (b) Under EBPS, the Government sets the prices for the various types of places. The price is made up of two components: government subsidy and the fee payable by the resident. At present, the monthly fees payable to the RCHEs by residents of EA1 and EA2 places are \$1,707 and \$1,603 respectively. The amount of government subsidies (per place per month) for EBPS places over the past 10 years is as follows:

<i>Year</i>	<i>Government subsidies</i>	<i>EA1 (Urban)</i>	<i>EA1 (New Territories)</i>	<i>EA2 (Urban)</i>	<i>EA2 (New Territories)</i>
	2001-2002		\$6,880	\$6,235	\$5,817
2002-2003		\$6,738	\$6,107	\$5,697	\$5,165
2003-2004		\$6,617	\$5,997	\$5,594	\$5,072
2004-2005		\$6,448	\$5,844	\$5,452	\$4,943
2005-2006		\$6,381	\$5,783	\$5,395	\$4,891
2006-2007		\$6,381	\$5,783	\$5,395	\$4,891
2007-2008		\$6,400	\$5,802	\$5,414	\$4,910
2008-2009		\$6,614	\$5,998	\$5,598	\$5,079
2009-2010		\$6,773	\$6,142	\$5,732	\$5,201
2010-2011		\$6,878	\$6,237	\$5,821	\$5,282
(coming year) 2011-2012		\$7,016	\$6,362	\$5,937	\$5,388

In determining the purchase prices, the SWD has fully taken into account the operating expenditure of the RCHEs (including items such as emoluments and rentals), and will review and adjust the amount of government subsidies annually according to the established mechanism. Price change is one of the considerations.

- (c) As far as the purchase prices of 2011-2012 are concerned, apart from adjusting the amount of subsidies according to the established mechanism (as detailed in the table above), the Government will increase recurrent funding by \$40 million to raise the amount of government subsidies for EA1 prices by \$911 per place per month, which amounts to an increase of about 13% to 14%. The Government hopes that the additional funding would enable the private RCHEs concerned to arrange physiotherapy treatment and rehabilitation training for frail elders as subvented RCHEs do; and encourage more higher quality private RCHEs to join EBPS. This will help enhance the overall quality of private RCHEs in the long run.

The SWD will continue to adjust the purchase prices according to the established mechanism. It has signed purchase agreements for the 2011-2012 financial year with all the RCHEs participating in EBPS.

### **Implementation of Statutory Minimum Wage System**

8. **MS EMILY LAU** (in Chinese): *President, the Minimum Wage Ordinance (Cap. 608) will come into operation on 1 May this year. There have been comments that since the statutory minimum wage (SMW) system will be implemented in Hong Kong for the first time, the authorities should make reference to relevant overseas experience, and examine and assess the impact on the labour market. In this connection, will the Executive Authorities inform this Council:*

- (a) *given that certain countries and regions have conducted empirical studies to assess the impact of implementing the minimum wage system on the disadvantaged or specific groups, whether the authorities will make reference to the relevant practice and conduct tracking studies on the impact on various social groups, such as people with disabilities, the elderly, women and young people; if they will, of the details; if not, the reasons for that; and*
- (b) *if the authorities have planned to conduct the aforesaid studies, of the amount of resources to be injected, and whether they will consult*

*the public and community groups on details of the studies, and publish the findings of the studies in phases; if they will, of the details; if not, the reasons for that?*

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

- (a) The aim of implementing the SMW regime is to provide a wage floor to forestall excessively low wages but without unduly jeopardizing our labour market flexibility, economic competitiveness and employment opportunities for vulnerable workers. The Government will conduct studies and analyses to closely monitor and evaluate the actual impact of the implementation of the SMW, in particular, on vulnerable employees, establishments in low-paying sectors as well as small and medium enterprises.
- (b) Statistical data for the above studies are compiled mainly from the results of existing statistical surveys conducted by the Census and Statistics Department on a continual basis, including the Annual Earnings and Hours Survey, Labour Earnings Survey and General Household Survey. Staff who conduct the studies also undertake other duties. Therefore, the resources involved in the studies cannot be separately identified. These statistical data will be available to the public. On the basis of an evidence-based approach, the Minimum Wage Commission will conduct comprehensive analyses on statistical and empirical data gathered, and will listen carefully to the views of different sectors and various stakeholders in the deliberation process. The Commission will issue timely press statements on its work and, where necessary, upload relevant data onto its webpage for public reference.

### **Management of Public Toilets**

9. **MR KAM NAI-WAI** (in Chinese): *President, it has been learnt that the Food and Environmental Hygiene Department (FEHD) manages over 560 public toilets and more than 280 aqua privies at present. In this connection, will the Government inform this Council:*

- (a) *of the existing number of public toilets at which attendants are stationed to provide cleansing services, together with a breakdown by region (Hong Kong Island, Kowloon and the New Territories); why attendants are not stationed at some public toilets;*
- (b) *of the number of complaints about poor hygiene conditions in public toilets received by the authorities in each of the past three years; whether they have any plan to increase the frequency of cleansing work for public toilets each day; if so, of the details; if not, the reasons for that;*
- (c) *of the performance pledge made by the FEHD in respect of its cleansing work for public toilets; of the respective numbers of service contractors to which the FEHD had issued warnings and on which the FEHD had imposed fines in each of the past three years because the standard of their services had fallen short of the pledge, as well as the total number of warnings and total amount of fines involved; and*
- (d) *whether the FEHD has conducted any survey on the views of users on the hygiene conditions of public toilets since the dissolution of the two municipal councils in 2000; if it has, of the outcome of the latest survey; if not, whether it will conduct such surveys on a regular basis?*

**SECRETARY FOR FOOD AND HEALTH** (in Chinese): President, one of the major responsibilities of the FEHD is to provide quality environmental hygiene services and facilities. In response to the rising expectations of the community over public toilets, the FEHD is committed to enhancing the hygiene, convenience, safety and comfort of these facilities. Generally speaking, public toilets are provided with hand dryers, soap dispensers, electronic sensor-activated taps and baby changing counters, and so on. The FEHD manages over 840 public toilets and aqua privies. To continue to improve the quality of public toilet services, the FEHD, apart from implementing a phased programme to convert aqua privies into flushing toilets, also launches an annual refurbishment programme for public toilets. The conversion of all aqua privies is expected to be completed in late 2013 at a capital cost of about \$990 million. The

refurbishment costs for public toilets over the past three years were around \$110 million. My reply to the questions is set out below.

- (a) At present, public toilets with high usage or those located at major tourist spots are provided with toilet attendants. There is a total of 268 public toilets with toilet attendants in the territory. Details are as follows:

	<i>Number of public toilets with toilet attendants</i>
Hong Kong and outlying islands	97
Kowloon	60
New Territories	111
Total	268

Toilet attendants are mainly responsible for keeping the toilets clean and dry and in a hygienic condition at all times, and ensuring adequate provision of supplies including toilet paper and liquid soap, and so on.

- (b) In the last three years, the number of complaints about uncleanliness of public toilets received by the FEHD is as follows:

	2008	2009	2010
Number of complaints	796	964	922

The cleansing frequency of public toilets is determined by public demand and usage of the toilets, varying from two to three times per day. Where necessary, toilet attendants are provided to ensure the cleanliness and hygiene condition of the toilets. To facilitate the public to give their views, notices providing hotline numbers are posted inside the toilets. Co-operation of the public is also of vital importance. Hence, notices appealing for the public's assistance to keep the public toilets clean and hygienic are also posted inside the toilets.

- (c) The FEHD's performance pledges on public toilet services include the following:



- (i) to effect minor repairs within 24 hours of reporting;
- (ii) to thoroughly cleanse public toilets at least twice daily; and
- (iii) to upkeep the cleanliness of public toilets by providing toilet attendants for public toilets with high usage.

The FEHD staff inspect public toilets regularly to ensure that the contractors provide services in accordance with the requirements of the contracts. In the last three years, the number of warnings issued to contractors by the FEHD for unsatisfactory services and the amount of payment deducted are provided as follows:

<i>Number of cleansing contractors (eight)</i>	<i>2008</i>		<i>2009</i>		<i>2010</i>	
	<i>Warnings issued</i>	<i>Payment deducted (\$)</i>	<i>Warnings issued</i>	<i>Payment deducted (\$)</i>	<i>Warnings issued</i>	<i>Payment deducted (\$)</i>
Total	433	108,068	510	95,206	579	117,572

- (d) The FEHD conducted three surveys between 2004 and 2008 to collect public views on public toilets and data on the utilization of public toilets. According to the survey in 2008, 71% of the respondents were satisfied with the public toilet services provided by the FEHD while only 3% were not satisfied. The FEHD will carry out extension and refurbishment works for public toilets with higher usage rates, and keep the public toilet services under review.

### **Abolition of District Council Appointment System**

10. **MR FREDERICK FUNG** (in Chinese): *President, the Chief Executive undertook in mid-2010 to introduce the legislative proposal abolish the District Council (DC) appointment system to the Legislative Council in the autumn of the same year. However, the Secretary for Constitutional and Mainland Affairs subsequently indicated that issues relating to the abolition of the DC appointment system would only be dealt with after having completed enacting the local legislation for the Chief Executive Election and the Legislative Council Election in 2012. In this connection, will the Government inform this Council:*

- (a) *why the above undertaking regarding the abolition of the DC appointment system has still not yet been honoured; and the latest progress in drafting the legislative proposal, as well as the content of the preliminary proposal; and*
- (b) *of the anticipated time for submitting the legislative proposal to the Legislative Council; and the procedures involved and the timetable for implementing the proposal?*

**SECRETARY FOR CONSTITUTIONAL AND MAINLAND AFFAIRS** (in Chinese): President, it is stated in the Policy Agenda of the 2010-2011 Policy Address that the Administration will put forth proposals concerning the abolition of the DC appointment system for consultation with the Legislative Council and the public.

After the Standing Committee of the National People's Congress approved and recorded respectively the amendments to Annexes I and II of the Basic Law in August 2010, the Administration had focused on the local legislation on the methods for selecting the Chief Executive and for forming the Legislative Council in 2012. On 3 and 5 March 2011, the Legislative Council passed the Chief Executive Election (Amendment) Bill 2010 and the Legislative Council (Amendment) Bill 2010 respectively.

The Administration will continue to address the issue of the abolition of the DC appointment system and will endeavour to put forth relevant proposals to the Legislative Council by mid-2011.

### **Operation of Residents' Coach Routes for Public Rental Housing Estates**

11. **MR LEUNG KWOK-HUNG** (in Chinese): *President, I have received complaints from members of the public one after another alleging that the Transport Department (TD) did not follow the normal approval procedures and allowed a company to operate two residents' coach routes between Ma On Shan Town Centre/Tai Shui Hang Station of Ma On Shan Rail (MOS Rail) to Yan On Estate in Ma On Shan before the residents move in, and that the Chairman of the aforesaid company is a member of Sha Tin District Council. Owing to this*

*matter, members from the transport industry staged a slow drive protest in Ma On Shan in March this year, with some 20 taxis and minibuses participating. They have told the press that someone took advantage of the position of Chairman of the Traffic and Transport Committee (TTC) of Sha Tin District Council, and was able to file an advance application for operating the residents' coach routes to make profits, which may amount to \$3 million a year; they hope that the Independent Commission Against Corruption (ICAC) will investigate the case. In this connection, will the Government inform this Council:*

- (a) according to normal approval procedures, whether an operator is allowed to apply for operating residents' coach routes only if residents of the estate concerned have started to move in and have indicated that there is a need for the coach service; if so, why the TD accepted the application for operating the aforesaid residents' coach routes before the residents of Yan On Estate move in;*
- (b) whether the TD had accepted any applications in the past five years for operating residents' coach routes running to and from new estates before the residents started to move in; if it had, of the number of applications accepted, the districts serviced by these routes, the origins and destinations of these routes, the dates on which the operation rights were granted, and the relevant route numbers;*
- (c) given that as indicated in the letter of the Housing Department issued in March this year to the prospective residents of Yan On Estate, there are franchised bus routes running via Yan On Estate or connecting the Estate to Heng On Station of MOS Rail, whether it was necessary for the TD to accept the application for the two residents' coach routes before Yan On Estate's residents move in;*
- (d) whether the TD had launched any open tender exercise for the operation rights of the aforesaid residents' coach routes; if it had, of the dates of publication of the tender notices and in which newspapers the notices were published; if not, the reasons for that, and whether the authorities know if the operator had been "predetermined" internally;*

- (e) *whether the TD had invited various minibus and taxi service operators to bid the operation rights of the aforesaid residents' coach routes; if not, whether it had merely informed individual operators privately; if so, of the number and names of the operators contacted; and whether such operators represent the voice of the transport industry as a whole;*
- (f) *whether companies run by Sha Tin District Council members or members of the TTC of Sha Tin District Council have priority in operating the aforesaid two residents' coach routes; if so, of the reasons for that; and*
- (g) *when the TD officers concerned vetted and approved the applications for the aforesaid coach routes, whether any Sha Tin District Council members had pressurized, requested or contacted the TD officers so that they would accord priority to the applications from the companies of the Sha Tin District Council members concerned; if so, of the specific names of such Sha Tin District Council members and the political parties to which they belong; whether it has assessed if cases of "transfer of benefits", "taking unfair advantage of one's position" or "misconduct in public office" have been involved in this incident; whether the authorities had taken the initiative to refer this case to the ICAC for investigation so as to address public concern; if they had, of the time of referral; if not, the reasons for that?*

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

- (a) For applications to operate residents' services (RS), applicants have to obtain the support from residents' representatives (including owners' corporations, estate management companies, and so on) before submitting the applications to the TD. Residents' representatives of the estate concerned are responsible for the selection of RS operators.

In general, applicants will submit applications for operating RS after they have obtained the consent from the relevant residents' representatives following the intake of residents in the housing estate. Regarding the case concerning an individual applicant having submitted an application for operating RS to the TD before resident intake of Yan On Estate in Ma On Shan, the TD, after consideration, has replied to the applicant that the application would not be accepted at the moment.

- (b) In the past five years, the TD has not approved any application to operate RS before resident intake of the public housing estates.
- (c) The TD has not approved any application to operate RS for Yan On Estate so far.

(d) and (e)

Under the existing mechanism, individual applicants submit applications for operating RS to the TD based on the needs of estate residents. The application process does not involve any open tender exercise by the Government.

When vetting RS applications, the TD will consider in detail all relevant factors, including public transport services for the estate concerned and nearby residents, to determine if there is a need for the RS.

(f) and (g)

Upon receipt of the RS application concerning Yan On Estate, the TD vetted the application according to the established procedures without making any special arrangement. It has been the TD's practice to handle all applications for operating RS in a fair and open manner. The TD does not have any information indicating any misconduct of public officers in handling the RS application concerning Yan On Estate.

**Aviation Passenger Fuel Surcharges**

12. **MR PAUL TSE** (in Chinese): *President, traders selling general commodities will not and cannot levy surcharges for rising prices of raw materials, yet the Civil Aviation Department (CAD) has all along allowed airlines, in selling air tickets, to collect from passengers through registered travel agents (travel agencies) aviation passenger fuel surcharges (fuel surcharges) which are not specified in advance in advertisements or airfares. In this connection, will the Government inform this Council:*

- (a) *of the number of applications from airlines for increasing fuel surcharges approved by the CAD in the past two years, and the respective average increases in fuel surcharges for short-haul and long-haul flights during the period;*
- (b) *whether the CAD had rejected or queried in writing applications from airlines for increasing fuel surcharges in the past three years; if it had, of the details of each case being rejected and queried in writing; if not, the reasons for not rejecting or querying any application;*
- (c) *whether it will revise the present practice by requiring airlines to include fuel cost in airfares, so that passengers know clearly the actual airfares in advance, so as to safeguard the rights and interests of consumers; and*
- (d) *given that some members of the trade have pointed out that fuel surcharges are actually part of the airfares, and according to a recent court case of the Federal Court of Australia (Leonie's Travel v Qantas Airways Limited), such charges should be included in calculating the commissions payable to travel agencies, whether the CAD will consider requiring airlines to adopt such principle for calculating commissions as one of the conditions for allowing them to levy fuel surcharges; if it will, when it will implement such an arrangement; if not, of the reasons for that?*

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

- (a) According to the bilateral air services agreements (ASAs) that Hong Kong has entered into with its aviation partners, the tariffs to be charged by the airlines for scheduled air services shall be those approved by the aeronautical authorities of both Contracting Parties and shall be established at reasonable levels, due regard being had to all relevant factors. Fuel surcharges are part of aviation tariffs which allow airlines to partially recover the increase in operating costs due to fluctuations in aviation fuel prices. The CAD considers and approves fuel surcharge applications from the airlines in accordance with the ASAs.

In the past, the CAD approved the airlines' fuel surcharge applications on a bi-monthly basis. Since October 2009, the applications have been approved on a monthly basis. The fuel surcharges approved every time will come into effect the next month. From April 2009 to March 2011, the CAD approved in 21 rounds a total of 1 157 fuel surcharge applications, of which 752 cases involved increases, 212 cases involved reductions and the remaining 193 cases involved no change.

The average fuel surcharge levels that the airlines are allowed to levy in April 2011 (per coupon) are \$189 and \$820 for short-haul and long-haul flights respectively. Compared with the corresponding levels in May 2009 (short-haul and long-haul levels being \$51 and \$239 respectively), they are \$138 and \$581 higher respectively.

- (b) From April 2008 to March 2011, the CAD made 16 written enquiries to the airlines, requesting more information in relation to their fuel surcharge applications. During the same period, the approved fuel surcharge levels for 80 applications were lower than those originally applied for. Since the relevant applications generally contain the airlines' commercially sensitive information, it is not appropriate for the Government to disclose the details.

- (c) Levying fuel surcharges on top of airfares is a general international practice. The CAD has no intention of requiring the airlines to include fuel surcharges in the airfares. At present, the CAD approves fuel surcharge applications and announces the results on a monthly basis. It also publishes the approved fuel surcharge levels of individual airlines on its webpage which are available to passengers. Moreover, passengers may enquire about the airfares and the fuel surcharges with relevant airlines or travel agents before they buy the air tickets.
  
- (d) The Australian court judgment referred to in the question concerns a contractual dispute between an airline and a travel agent on the calculation of commission, and is not related to tariff applications under an ASA. As the mechanism and remuneration arrangements concerning the sale of tickets are a commercial matter between the airlines and the travel agents, it should be determined by the airlines and the travel agents. Hence, the CAD will not require the airlines to pay a commission to the travel agents on the fuel surcharges, as a condition for approving fuel surcharges.

### **Impact of Construction of Airport on Building of Small Houses**

13. **MR ALBERT CHAN** (in Chinese): *President, recently, I have received complaints from some indigenous residents of villages near Tung Chung, pointing out that as the authorities prohibited the building of premises within the Noise Exposure Forecast (NEF) 25 contour, thus after the commissioning of the new airport in 1998, their applications for building small houses at Kau Liu near the airport had not been processed, and they have not been granted any compensation so far. In view of the increase in the number of flights in recent years, the area exposed to aircraft noise may be extended; and upon the commissioning of the third runway, it is estimated that such area will be further extended. In this connection, will the Government:*

- (a) *indicate on a map, the region within the NEF 25 contour delineated in 1998, and the area within the region where the building of small houses is prohibited;*



- (b) *indicate on a map, the region within the NEF 25 contour delineated as of 31 March 2011, and the area within the region where the building of small houses is prohibited;*
- (c) *indicate on a map, the projected region within the NEF 25 contour to be delineated upon the commissioning of the third runway, and the area within the region where the building of small houses is to be prohibited; and*
- (d) *inform this Council of the reasons for not granting compensation to the indigenous villagers who were not granted approval to build small houses at that time; whether it will grant compensation to those villagers; if so, of the details; if not, the reasons for that?*

**SECRETARY FOR DEVELOPMENT** (in Chinese): President, NEF contours, which are an aircraft noise-related standard in landuse planning, are used to define areas where certain noise sensitive land uses should not be located. During the initial planning of the Hong Kong International Airport, the Government had made reference to the assessments made by the Airport Authority (AA) with regard to the NEF contours, that is, the coverage of the NEF 25 contour when aircrafts movements reach the maximum capacity of the airport, so as to avoid the location of noise sensitive land uses.

The NEF 25 contour published in 1998 is based on the maximum design capacity of the airport in forecasting the impact of aircraft noise on the areas in the vicinity of the airport.

The AA is formulating the Hong Kong International Airport Master Plan 2030 on airport developments in the next 20 years, exploring different development strategies and options, including the feasibility of building a third runway, and conducting preliminary feasibility studies on these options. These studies include preliminary environmental impact assessment, which includes reviewing and updating the NEF 25 contour on the basis of the latest airport design capacity. The AA expects the public consultation on the Hong Kong International Airport Master Plan 2030 to begin in the second quarter of 2011. The consultation paper and study report to be released by the AA will include the

updated information, which needs to be further confirmed by the AA in the statutory environmental impact assessment to be conducted in the future.

(a) to (c)

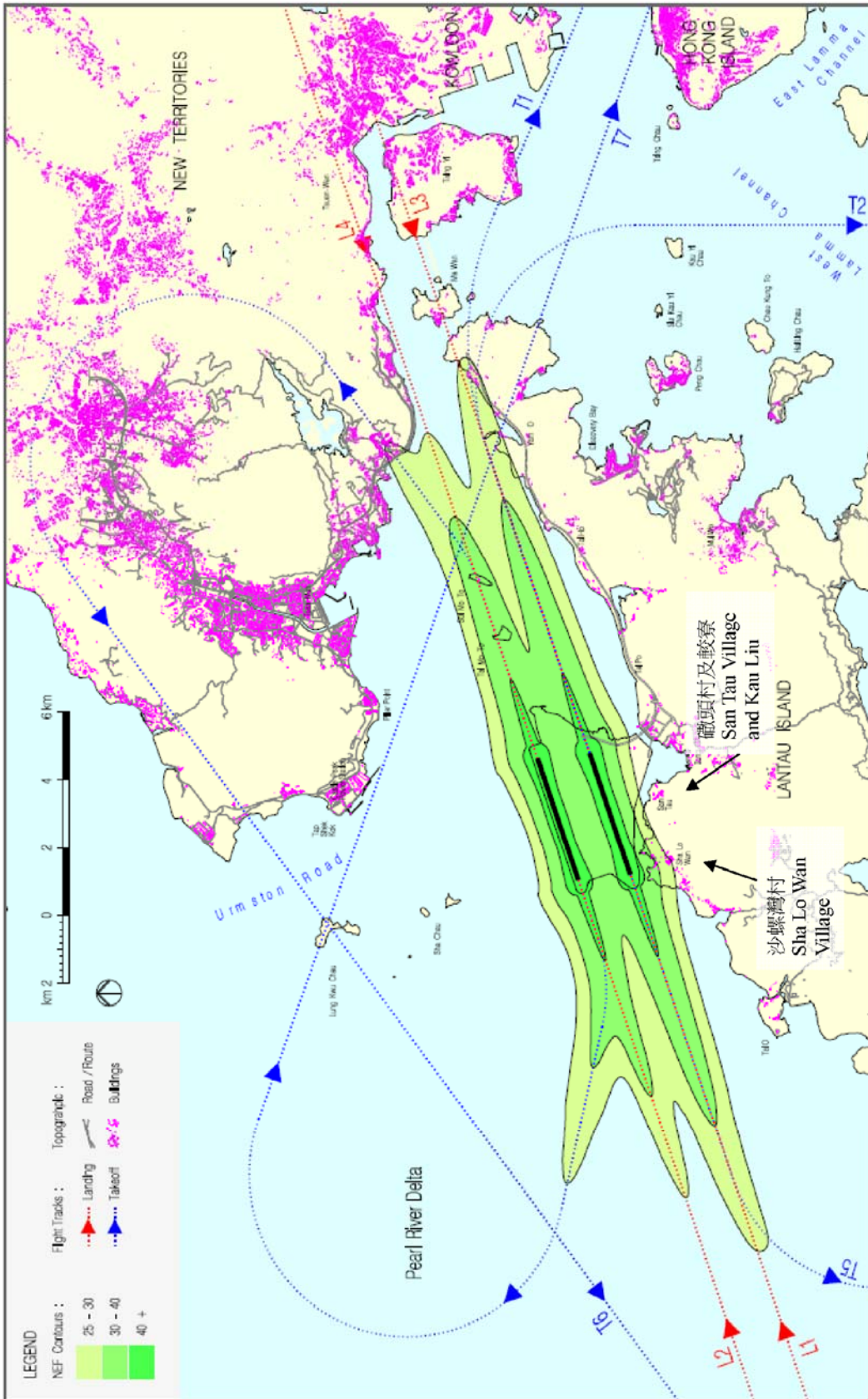
The coverage of the NEF 25 contour published in 1998 is shown at Annex.

(d) At present, only a portion of residents residing in the Sha Lo Wan Village (the Village) in North Lantau are under the coverage of the NEF 25 contour published in 1998, and are deemed to be affected by aircraft noise exceeding the level set out in the planned land use. Prior to the commencement of the airport, the AA granted a one-off cash allowance to the affected residents of the Village for noise mitigation measures (for example, installation of insulation facilities). Meanwhile, in response to small house demand from the relevant villagers, the Government has planned and reserved land within the "Village Type Development" Zone of the Village and which is not covered by the NEF 25 contour to cope with small house applications from the indigenous villagers of the Village.

Kau Liu mentioned in the question is not a recognized village under the New Territories Small House Policy, but is within the boundary of San Tau Village, a nearby recognized village. The relevant small house applications were made by indigenous villagers of San Tau Village.

Both Kau Liu and San Tau Village are not covered by the NEF 25 contour published in 1998. However, as the Hong Kong International Airport Master Plan 2030, which is being formulated, will review and update information regarding the NEF 25 contour, when processing small house applications from areas that may be affected, the Administration will continue to liaise with concerned departments and make reference to relevant information according to established practice.

Annex



Coverage of Noise Exposure Forecast (NEF) contours published in 1998  
 (Note: Coverage of the NEF 25 contour is marked in light green)

**Taxation Problems Faced by Enterprises Engaged in Processing Operations**

14. **DR LAM TAI-FAI** (in Chinese): *President, regarding the taxation problems in Hong Kong faced by enterprises engaged in processing trade operations in Hong Kong in the course of upgrading and restructuring, will the Government inform this Council:*

- (a) *given the substantial difference between the interest rate on Tax Reserve Certificates (TRCs) (0.0433% per annum at present) and the "Judgment Interest Rate" (8% per annum at present), whether the authorities have assessed if the following scenario complies with the taxation principle of fairness: a taxpayer had concurrently and separately lodged objections against tax assessments in two cases; in one of the cases, an unconditional stand-over was ordered but he eventually failed the case, whereas in the other case, the taxpayer was required to purchase TRCs but he eventually succeeded the case; with respect to the unsuccessful case, the taxpayer had to pay a huge amount of interest which was calculated at the "Judgment Interest Rate", yet with respect to the successful case, he might only receive a small amount of interest from TRCs; if the outcome of the authorities' assessment is in the affirmative, whether the authorities can offer a detailed explanation; if the outcome of the assessment is in the negative, what remedial plan is in place;*
- (b) *given that the authorities have admitted that for most of the objection or appeal cases with "conditional stand-over orders" issued, the purchase of TRCs will be required, whether the authorities have assessed if, because of the low interest rate on TRCs, the Commissioner of Inland Revenue (the Commissioner) adopts the attitude of exercising "excessive control even to the extent of victimizing the innocent" when issuing orders for taxpayers to purchase TRCs; whether the authorities will consider fixing the interest rate of TRCs for objection cases at the same level as the "Judgment Interest Rate" in order to comply with the principle of fairness, and to make the Commissioner adopt a more prudent attitude in ordering taxpayers to purchase TRCs;*
- (c) *given the authorities' view that the granting of tax deductible allowances for machinery and plant outside Hong Kong goes against*

*the "tax symmetry" principle, whether the authorities can explain if it complies with the "tax symmetry" principle when the profits derived from machinery and plant outside Hong Kong are liable to profits tax in Hong Kong but tax deductible allowances are not granted for these machinery and plant;*

- (d) given the authorities' view that the granting of tax deductible allowances for machinery and plant outside Hong Kong goes against the "territorial source principle", yet many Hong Kong enterprises which have set up offices outside Hong Kong pay profits tax in Hong Kong in respect of all their profits, whether the authorities will, on the ground of the "territorial source principle", disallow these enterprises from deducting the daily operating costs of their offices outside Hong Kong during tax assessments; if not, of the reasons for that;*
- (e) given the authorities' view that depreciation allowances may not be granted for Hong Kong enterprises' machinery or plant used outside Hong Kong, whether Hong Kong enterprises can claim depreciation allowances for the portable computers and mobile phones provided for their staff for use on trips to places outside Hong Kong and for private vehicles and coaches travelling between Hong Kong and the Mainland for that purpose, as well as of the reasons for that;*
- (f) given that companies engaged in transportation business between Hong Kong and the Mainland have to deploy their goods vehicles to travel between various provinces/municipalities on the Mainland over a prolonged period of time to deliver goods, whether these companies, when being charged profits tax payable to the Inland Revenue Department (IRD) of Hong Kong on all their profits, are eligible to claim depreciation allowances for these goods vehicles, as well as of the reasons for that;*
- (g) given that the officials of the Commerce and Economic Development Bureau had, at various meetings of the committees of this Council, repeatedly undertaken that they would follow up with the Financial Services and the Treasury Bureau the issue relating to section 39E of the Inland Revenue Ordinance (Cap. 112) (section 39E), whether the*

*former had ever followed up the issue with the latter in the past three years; if they had, of the details of the follow-up actions, when such actions were taken, and the response of the latter; if not, the reasons for that;*

- (h) whether the Financial Services and the Treasury Bureau had taken the initiative to approach the Commerce and Economic Development Bureau in the past three years to learn about the impact of section 39E on the upgrading and restructuring of enterprises; if it had, of the details of such actions, when such actions were taken, and the response of the Commerce and Economic Development Bureau; if not, the reasons for that;*
- (i) whether the Financial Services and the Treasury Bureau or the IRD had consulted the Commerce and Economic Development Bureau or the Department of Justice (DoJ) on the issue of section 39E in the past three years; if it had, of the details of such consultations, when such consultations were conducted, as well as the relevant response; if not, the reasons for that;*
- (j) whether the DoJ had provided legal advice to other government departments on issues relating to section 39E in the past three years; if it had, of the details of the legal advice, when such advice was given, and the government departments which received such advice; if not, the reasons for that;*
- (k) given that the authorities pointed out that in the process of reviewing section 39E, the views of the industrial and commercial sector, the accounting sector and tax experts on this issue had been taken into consideration, whether the authorities can disclose to the public these views; whether the government's conclusion is consistent with these views; if not, of the reasons for that;*
- (l) given that when the Government introduced the bill to amend section 39E, Hong Kong had not yet entered into comprehensive avoidance of double taxation agreements (CDTAs) with other countries, whether the authorities can explain in detail the reasons why providing depreciation allowances for machinery and plant*

*outside Hong Kong would give rise to the problem of transfer pricing and jeopardize the "arm's length principle";*

- (m) regarding cases in which Hong Kong businessmen's enterprises operated under partnership or sole proprietorship on the Mainland were approved by the relevant Mainland authorities to sign "contract processing" contracts, but such enterprises continue to operate in accordance with the previous mode of "contract processing", whether the IRD will continue to assess the tax payable by these Hong Kong enterprises on a 50:50 basis of apportionment; if not, of the reasons for that; and*
- (n) given that according to the existing requirement of the IRD, after Hong Kong enterprises have upgraded and restructured themselves from "contract processing" to "import processing", they are no longer eligible for the depreciation allowances for machinery and plant, and the 50:50 basis of tax apportionment is also no longer applicable to them, whether an enterprise which gives up its efforts of upgrading and restructuring itself and then engages itself again in "contract processing" will become eligible for this allowance again, and whether the 50:50 basis of tax apportionment will then become applicable to it again; if not, of the reasons for that?*

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

(a) and (b)

In our respective replies to Dr LAM Tai-fai's written questions on 9 March and 6 April 2011, we have already explained in detail the legal basis and relevant criteria for the Commissioner to issue, in relation to objections to tax assessments or appeal cases, "unconditional stand-over orders" or "conditional stand-over orders". In relation to objection or appeal cases where the taxpayers have been granted with "unconditional stand-over orders" issued by the Commissioner or have furnished banker's undertakings according to the Commissioner's "conditional stand-over orders", our above

replies also set out the relevant legal basis for requiring the taxpayers to pay interest based on the judgment debt rate on so much of the tax which is found payable upon the withdrawal of the objections or appeals by the taxpayers or the determination of the objections or appeals against the taxpayers.

All along, the IRD handles tax matters in a fair, impartial and professional manner. The Commissioner will also continue exercising prudently and impartially the relevant legal power vested in him. In a number of judicial review cases, the Court of First Instance and the Court of Appeal unanimously ruled that it was reasonable for the Commissioner to issue "conditional stand-over orders" requiring the taxpayers to purchase TRCs in relation to objection or appeal cases. If taxpayers disagree with the Commissioner's decision to require them to purchase TRCs or to furnish banker's undertakings in pursuance of "conditional stand-over orders", they may seek judicial review in the High Court.

(c), (m) and (n)

In response to Dr LAM Tai-fai's oral and written questions, we have on a number of occasions explained to Members of the Legislative Council that under the "import processing" arrangements, the machinery or plant is used wholly by the Mainland enterprises (being separate legal entities) for production of chargeable profits in the Mainland. Granting depreciation allowances to Hong Kong enterprises for such machinery or plant would violate the principles of "territorial source" and "tax symmetry" of Hong Kong.

We wish to reiterate that there are fundamental differences between "contract processing" and "import processing" in terms of status of legal person, ratio of domestic and export sales, mode of operation, ownership of goods and production equipment. In assessing the chargeable profits of the relevant Hong Kong enterprises, the IRD would adopt appropriate assessment criteria based on the above facts. In other words, the IRD would adhere to the "territorial source" principle in assessing the chargeable profits of the Hong Kong enterprises according to their actual processing trade



operations in the Mainland rather than the nomenclature of such processing trade. The mode of operations adopted by individual enterprises is a commercial decision. The IRD assesses taxes based on the relevant facts of individual cases in accordance with the law.

(d) to (f)

Whether taxpayers can be granted with depreciation allowances depends on the facts of each case. In general, according to the principles of "territorial source" and "tax symmetry", taxpayers can claim deductions or depreciation allowances under section 16, section 18F and other relevant provisions of the Inland Revenue Ordinance for revenue expenses incurred in or outside Hong Kong for production of chargeable profits in Hong Kong, and for the machinery or plant purchased for the production of chargeable profits in Hong Kong (regardless of whether they are used in or outside Hong Kong, but in the event that they are used outside Hong Kong, they must be used by the taxpayers themselves).

(g) to (k)

In response to Dr LAM Tai-fai's oral and written questions, we have on a number of occasions indicated to Members of the Legislative Council that, during the course of deliberation on whether to relax section 39E, the Financial Services and the Treasury Bureau has already taken into consideration the views of the industrial and commercial sector, the accounting sector and tax experts on the matter. The Commerce and Economic Development Bureau has also reflected to us the views of the industry. Nevertheless, given Hong Kong's established taxation principles of "territorial source" and "tax symmetry", as well as the problem of transfer pricing, our review has come to a conclusion that there are no justifiable grounds to relax the existing restriction in section 39E.

(l) When replying to the oral question raised by Dr LAM Tai-fai on 24 November 2010, we already explained in detail the concern of the international community about the transfer pricing issue involved in cross-border trading activities between associated enterprises, and

the stances taken by the tax authorities around the world on this issue. Given that Hong Kong enterprises and Mainland enterprises are associated enterprises in many cases, we have to examine the proposal relating to the relaxation of section 39E from the perspective of transfer pricing.

To address the transfer pricing issue, in the course of negotiating CDTAs, Hong Kong will discuss with negotiation partners the inclusion of provisions stipulating the taxing rights of the two contracting parties for transactions between associated enterprises of the two places according to the "arm's length" principle advocated by the Organisation for Economic Co-operation and Development. As a responsible tax jurisdiction, Hong Kong has to comply with all the provisions in the CDTAs. As such, we should not ignore the possibility of transfer pricing arrangements in the transactions involving provision of machinery and plant between Hong Kong enterprises and their associated enterprises in the Mainland.

### **Outstanding Balance of Expenditure on Vietnamese Migrants Recoverable from United Nations High Commissioner for Refugees**

15. **MR ABRAHAM SHEK** (in Chinese): *President, at present, the United Nations High Commissioner for Refugees (UNHCR) still owes the Hong Kong Government a total sum of \$1,162 million, being the advanced costs incurred for matters related to Vietnamese migrants. Regarding the recovery of such arrears, will the Government inform this Council:*

- (a) *of the number of attempts by the authorities to recover the arrears, as well as the channels and means, including correspondences and meetings, by which such attempts have been made since Hong Kong's reunification; of the details of the recovery actions taken in each instance and the amounts recovered;*
- (b) *whether it has calculated the accrued interest on the arrears to date, and requested the UNHCR to pay the interest in full; if it has, of the details; if not, the reasons for that;*

- (c) *as the authorities indicated that they would continue to pursue the repayment of the outstanding advances from the UNHCR and urge it to make renewed efforts to look for donations with a view to settling the amount, whether the authorities know the countries from which such donations have been sought; whether they have requested the UNHCR to report the relevant progress regularly; and*
- (d) *whether there are any new strategies formulated for recovering the arrears; if there are, of the details; if not, the reasons for that?*

**SECRETARY FOR SECURITY** (in Chinese): President, my reply to the four parts of the question is as follows:

- (a) Since the reunification, the Government of the Hong Kong Special Administrative Region (HKSAR) has written on 21 occasions (with the latest in March 2011) to the UNHCR urging for repayment of the advances incurred in matters related to Vietnamese migrants. Besides, the HKSAR Government has also urged the UNHCR to make repayment on over 20 various occasions. In early 1998, the UNHCR had made a repayment of \$3.865 million to the HKSAR Government.
- (b) In the Statement of Understanding signed between the Hong Kong Government and the UNHCR in 1988, there is no provision requiring the UNHCR to pay any interest on outstanding repayments. Therefore, no interest will be calculated in respect of the outstanding advances.
- (c) and (d)

The HKSAR Government does not have information in relation to the UNHCR's appeals to international communities for donations. According to the UNHCR, they are facing substantial difficulties in appealing for donations from international communities earmarked for repaying the outstanding debts to Hong Kong. Notwithstanding, the HKSAR Government will continue to urge the UNHCR to make renewed efforts with a view to repaying the outstanding advances early.

**Services Provided to Autistic Persons**

16. **MR CHEUNG KWOK-CHE** (in Chinese): *President, the Chief Executive indicated in the 2010-2011 Policy Address that the Government would enhance the provision of healthcare, education and pre-school services to autistic children, and would also provide their parents and carers with information on autism. The Financial Secretary also mentioned in the 2011-2012 Budget that dedicated professional teams would be expanded to provide services for an additional 3 000 children with autism or hyperactivity disorder each year. To this end, the Hospital Authority (HA) will recruit 48 additional medical personnel. In this connection, will the Government inform this Council:*

- (a) *given that a survey report published by the United States Centers for Disease Control and Prevention has pointed out that one in every 110 children aged eight or above suffered from autism in 2006, and according to this ratio, it is projected that there are at present about 70 000 autistic persons in Hong Kong, whether the authorities have assessed if this projection method is applicable to Hong Kong;*
- (b) *of the details of the enhanced healthcare and education services to be provided by the authorities to autistic children, as well as the welfare services and employment support services provided by the authorities to autistic persons;*
- (c) *of the details of the establishment of the aforesaid medical personnel; and*
- (d) *whether the authorities have any plan to conduct comprehensive assessments and studies on the needs of and services received by autistic persons?*

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

- (a) *According to a local study in the field of paediatrics on autistic children, about 16 in every 10 000 children aged below 15 in Hong Kong suffered from autism between 1986 and 2005. Given the different designs (for example, definition of autism) of studies in different places, there are variances in the incidence rates of autism*

among children reported in worldwide literatures. Data in overseas studies may not be applicable to the projection of the number of autistic children in Hong Kong.

(b) and (c)

Children with autistic tendency or symptoms, upon preliminary assessments by the Child Assessment Centre of the Department of Health, are normally referred to the specialist out-patient clinics of the HA for further assessment and treatment. To enhance the support for autistic children, the HA plans to expand the professional team comprising healthcare practitioners in various disciplines (including doctors, clinical psychologists, occupational therapists, speech therapists and nurses) in 2011-2012 to provide early identification, assessment and treatment services for these children. The scope of assessment covers different areas including social skills, communication and behaviour, and so on. The professional team will provide appropriate treatment and training to autistic children having regard to their individual circumstances. Training will be conducted on an individual or group basis to improve their speech and communication, interpersonal relationships and sociability, problem solving skills, behaviour adjustment and emotional management, so as to help them better communicate and get along with others in daily life.

Besides, the professional team will provide appropriate support and training to the parents and caregivers in order to enhance their understanding of the condition and treatment needs of these children. The professional team will also maintain close liaison with relevant organizations, such as schools or early training centres, to provide appropriate referral and support services according to the development needs of these children. Apart from assisting autistic children, the professional team will also enhance the support for children suffering from hyperactivity disorder in 2011-2012. The initiative is expected to benefit around an additional 3 000 children each year, including about 2 000 children with autism and about 1 000 children with hyperactivity disorder. It is estimated that additional manpower of around 48 doctors, nurses and allied health practitioners working in multidisciplinary teams will be required to

provide the enhanced service for the two types of children. The additional recurrent expenditure involved is estimated at \$45 million.

With regard to education support services, on top of the support measures currently provided to students with special educational needs, including students with autism, the Education Bureau will earmark \$38 million for implementing a three-year pilot project on enhancement of support services for students with autism in ordinary primary and secondary schools starting from 2011-2012 school year. The project includes (a) structured on-top group training for primary and secondary students with autism; and (b) development and piloting of a school support model at junior primary level for early intervention of students with autism. It is anticipated that around 30 public sector secondary schools and 50 public sector primary schools will participate in part (a) and about 30 primary schools in part (b) of the project. The Education Bureau will evaluate the effectiveness of the pilot project to facilitate consideration of the way forward of the project, taking into account the feedback from the stakeholders and the capacity of the professionals and service providers.

On the welfare front, the Government strives to provide children with disabilities from birth to six years old, including those who suffer from autism, with early intervention through pre-school rehabilitation services. Our aim is to enhance their physical, psychological and social developments, thus improving their opportunities for participating in ordinary schools and daily life activities, and helping their families meet their special needs. The Financial Secretary has proposed in the 2011-2012 Budget an allocation of \$36.58 million for providing 610 new places for pre-school services. Coupled with the allocation for recurrent expenditure already earmarked, the Government will provide a total of 926 additional places for pre-school services in 2010-2011 and 2011-2012. We will continue to increase such places to provide suitable training and support for the needy children and their families. In addition, the Financial Secretary has also proposed in the 2011-2012 Budget an allocation of \$2.15 million for providing five additional medical social workers who will work with the HA's

professional team to enhance the services for autistic children and their parents.

On employment support services, the three Skills Centres of Vocational Training Council offer a variety of market-driven training courses/programmes for persons with disabilities (including autistic persons) aged 15 or above, who have been assessed as having the ability to work in the open market with a view to enhancing their employment prospects and equipping them for open employment. These training courses/programmes include 660 full-time course training places, 60 one-year evening course training places and 300 tailor-made short course training places for persons with disabilities.

The Social Welfare Department also provides persons with disabilities, including autistic persons, with a range of day training and vocational rehabilitation services. Upon reaching the age of 15, students with disabilities can apply for these services through school social workers, medical social workers, family caseworkers and staff of rehabilitation service units. These services include those provided by Integrated Vocational Training Centres, Sheltered Workshops, Supported Employment, Integrated Vocational Rehabilitation Services Centres, On the Job Training Programme for Persons with Disabilities and Sunnyway-On the Job Training Programme for Young Persons with Disabilities, and Day Activity Centres.

The Selective Placement Division of the Labour Department (LD) provides vocational guidance, job matching and referrals, assistance in preparing for job interviews and post-placement follow-up services to persons with disabilities who are fit for open employment, including autistic persons. The LD has also put in place the Work Orientation and Placement Scheme to encourage employers to offer employment to persons with disabilities through provision of financial incentive. A participating employer will receive a wage subsidy of up to \$4,000 per month for the employment of one person with disabilities with a maximum subsidy period of six months.

- (d) The Working Group on Mental Health Services (the Working Group), which is chaired by the Secretary for Food and Health, assists the Government in reviewing our mental health services on an ongoing basis. We will keep in view, through the Working Group and in conjunction with other departments, the needs of child and adolescent mental health services, and make suggestions for the formulation of various initiatives for continuous service enhancement. The HA will also make assessments on the effectiveness of the initiatives and the service needs.

### **Sizes and Designs of Public Rental Housing Units**

17. **MS EMILY LAU** (in Chinese): *President, it has been reported that during his visit to Hong Kong in late February this year, the Mayor of Taipei visited a public rental housing (PRH) estate. He subsequently indicated that a study was being conducted on the construction of PRH in Taipei, and the unit sizes would be about twice those in Hong Kong, with about 39 sq m for single-person units and about 79 sq m for small-family units. Regarding the sizes and designs of PRH units in Hong Kong, will the Executive Authorities inform this Council:*

- (a) *when and based on what criteria the Hong Kong Housing Authority (HA) formulated the existing standard for PRH space allocation per person;*
- (b) *whether they know in which Asian cities PRH is provided to the residents, the relevant standards for space allocation per person and the average space allocated to each person;*
- (c) *whether they know how the PRH units provided by the HA compare with those of other Asian cities in terms of flat size and layout of rooms, broken down by the designed number of occupants per unit, for example, the sizes and number of rooms for one/two persons, two/three persons, four persons and five persons or more;*
- (d) *whether they have studied how to improve the designs of PRH units so that they will be on a par with or similar to the PRH units of other Asian cities in terms of size and layout; and*



- (e) *whether they have considered designing larger PRH units for the elderly in response to the ageing population?*

**SECRETARY FOR TRANSPORT AND HOUSING** (in Chinese): President, the public housing programme in Hong Kong is widely recognized as being among the most comprehensive and effective in Asia, if not the world. Hong Kong's public housing has kept in pace with the times in various aspects such as design, planning, construction and estate management and provides public housing tenants with many benefits. We are very willing to share and exchange our successful experience in the development and management of public housing with other places and cities.

The Government's current subsidized housing policy is to provide PRH for low-income families who cannot afford private rental accommodation. The target of the Government and the HA is to maintain the average waiting time for PRH at around three years for low-income families in need. The HA will develop PRH under the principle of optimal utilization of land resources to maintain development in a most cost-effective and sustainable manner. PRH resources are limited and we need to allocate PRH in a prudent and rational manner.

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

- (a) With a view to better utilizing the PRH resources, the Housing Department will flexibly handle the allocation of PRH. There are allocation ranges for different types of PRH units with different sizes. For example, a one-bedroom unit of New Harmony blocks with an internal floor area of about 30 sq m can be allocated to three to four person households; while a two-bedroom unit with an internal floor area of about 40 sq m can be allocated to four to five person households. The allocation of other types of units is also premised on similar allocation ranges as stated above. The design of different types of PRH units and the above allocation standard have struck a reasonable balance between the practical needs of general PRH applicants and the optimal use of PRH resources. The actual size of units allocated to the applicants will depend on the supply and demand of PRH units available to the households concerned in the districts at the time. The mix of unit sizes that are

to be included in each development is reviewed on an annual basis taking into account the composition of the waiting list and the past demand for units of different sizes. Also, the rents of PRH units are calculated with reference to the internal floor area and set at a very reasonable and affordable level.

(b) to (d)

Different economies and cities have different characteristics (such as population density, social background and social system) and their policy objectives are also different. Each place or city would formulate its own housing policies, including PRH policies having regard to its own socio-economic conditions.

Some cities may provide PRH to their eligible residents and set different allocation standards for different types of applications. However, such allocation standards would vary among cities, and so would the design of the units. Therefore, it is difficult to directly compare the practices in other cities with that of the HA in Hong Kong.

In Hong Kong, the HA takes into account the lifestyle of local residents and PRH tenants in designing PRH estates, and provide PRH units with pragmatic layout and which are simple yet appropriate for our circumstances. The HA, under the principle of optimal utilization of valuable land resources, provides a green environment and ancillary facilities as far as possible so as to create a better living environment for PRH tenants.

As mentioned above, the public housing programme in Hong Kong is widely recognized as being among the most comprehensive and effective in Asia, if not the world. Recent PRH projects have won numerous design, building efficiency and other awards. These clearly demonstrate that modern PRH units comply with the most up-to-date standards of energy efficiency, the use of green technology and smart building techniques for the benefit of the tenants.

- (e) The HA is committed to providing elderly PRH tenants with a safe and convenient living environment so as to facilitate "Ageing in Place".

Over the years, the HA has been improving the design of PRH estates. Since 2002, the HA has been implementing "Universal Design" in all new PRH projects and has introduced various facilities to enhance the living environment of the elderly. Examples include provision of pedestrian routes with sufficient width for people in wheelchairs or who need to use walking aids; installation of non-slip floor tiles at corridors, kitchens and bathrooms within all units. Beyond these arrangements are in place to provide lever type door handles, lever type mixer taps and vertical rod type sliding shower heads within unit, we also arrange installation of large electrical switches and doorbells at optimum locations and will consider other features as appropriate. The HA constantly reviews the specifications for PRH units to ensure that the standard provisions suit the needs of tenants.

### Three-coloured Waste Separation Bins

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

- (a) *of the numbers of three-coloured WSBs placed in the following government buildings at present;*

<i>Government buildings</i>	<i>Number of three-coloured WSBs</i>
<i>Legislative Council Building</i>	
<i>Revenue Tower</i>	
<i>Kwai Chung Customhouse</i>	
<i>ICAC Building</i>	
<i>Immigration Tower</i>	
<i>Fire Services Headquarters Building</i>	
<i>Civil Engineering and Development Building</i>	

<i>Government buildings</i>	<i>Number of three-coloured WSBs</i>
<i>Electrical and Mechanical Services Department Headquarters</i>	
<i>Hong Kong Housing Authority Headquarters</i>	
<i>Leisure and Cultural Services Headquarters</i>	
.....	
..... } ( <i>Headquarters of other government departments</i> )	
.....	

(b) *of the numbers of three-coloured WSBs placed in the government buildings or venues in the following districts at present; and*

<i>Government buildings and other venues</i>	<i>Central and Western District</i>	<i>Wong Tai Sin District</i>	.....	..... } ( <i>Other District Council districts</i> )	.....
<i>1. Government buildings</i>					
<i>Government Offices</i>					
<i>Police stations</i>					
<i>Courts at different levels/districts</i>					
.....					
..... } ( <i>Other government buildings in the district</i> )					
.....					
<i>2. Public areas</i>					
<i>City Halls</i>					
<i>Public libraries</i>					
<i>Sports complexes</i>					
<i>Parks</i>					
.....					
..... } ( <i>Other public areas in the district</i> )					
.....					
<i>3. Schools</i>					
<i>4. Refuse depots</i>					

- (c) *given that in reply to a question raised by a Member of this Council on 26 May 2010, the Secretary for the Environment indicated that the Government would pair up WSBs with litter bins if appropriate and circumstances permit, for example, causing no obstruction or posing no danger to road users,*
- (i) *of the number and locations of WSBs which had been paired up with litter bins in each of the past three years, as well as the types of buildings in which such recovery facilities had been placed, together with a breakdown of the figures and information by the 18 District Council districts and type of buildings;*
- (ii) *of the criteria based on which the Government determines whether the situation concerned is permitted by circumstances and appropriate, and causes no obstruction or poses no danger to road users; and*
- (iii) *whether it has any plan to implement the arrangement to pair up WSBs with litter bins throughout Hong Kong; if so, of the details and the specific timetable; if not, the reasons for that?*

**SECRETARY FOR THE ENVIRONMENT** (in Chinese): President, currently, government departments provide WSBs and other facilities at appropriate locations in buildings and premises under their management based on actual usage to facilitate source separation of waste by staff and users. Although we do not have relevant statistics on each and every government building and premises, information available to us shows that:

The Government Property Agency (GPA) has placed 115 sets of three-coloured WSBs at 48 joint-user government offices buildings under its management. In addition, the GPA has provided 114 sets of three-coloured WSBs at 60 government staff quarters under its management. Source separation of waste is also in place in other forms apart from the three-coloured WSBs. For example, in the offices of the Environment Bureau and the Environmental Protection Department at the Revenue Tower, a waste paper collection box is placed near each staff member. There are also facilities for treatment of food waste and collection of recyclables such as papers, plastics, metals, toner

cartridges and rechargeable batteries. Meanwhile, the Leisure and Cultural Services Department (LCSD) and the Food and Environmental Hygiene Department (FEHD) provide three-coloured WSBs in public areas and their numbers by district are given in the table below:

<i>District</i>	<i>Number of separation bins (sets)</i>	
	<i>LCSD</i> <sup>#</sup>	<i>FEHD</i> <sup>@</sup>
Eastern	76	66
Southern	54	61
Wan Chai	59	92
Central and Western	45	135
Kowloon City	45	60
Yau Tsim Mong	66	124
Sham Shui Po	84	57
Wong Tai Sin	23	38
Kwun Tong	39	45
Tai Po	30	124
Tuen Mun	79	102
Yuen Long	35	235
North	18	180
Sai Kung	40	211
Sha Tin	30	102
Tsuen Wan	26	91
Kwai Tsing	26	57
Islands	28	114
Total	803	1 894
	2 697	

Notes:

# including locations at city halls, civic centres, indoor recreation centres, public swimming pools, public bathing beaches, large parks, holiday camps, museums, public libraries and playgrounds, and so on.

@ including locations at refuse collection points, roadsides, public markets, public toilets, public transport interchanges, bus terminals and ferry piers, and so on.

The Agriculture, Fisheries and Conservation Department has also placed 1 754 sets of WSBs in country park visitor centres, barbecue areas, camping areas and major picnic sites throughout the territory.

Overall speaking, the Government has placed 4 451 sets of WSBs in public areas.

Through the Environmental Campaign Committee, the Government has also provided 1 763 sets of WSBs to schools and institutes in various districts.

The FEHD provides litter bins next to or in the vicinity of three-coloured WSBs in public areas to facilitate waste recovery and disposal of litter by the public as appropriate. Suitable public places for installing the three-coloured WSBs are identified with regard to factors such as pedestrian circulation, geographic layout, public and operational needs.

Since the end of 2009, the FEHD has placed a set of four-in-one collection bins (that is, combined waste separation and litter bins) at each of 10 pilot locations. In early 2011, the scheme was extended to cover 57 other locations. While there are over 20 000 litter bins throughout the territory, in the first stage, the FEHD will replace about 1 000 sets of three-coloured WSBs and litter bins on roadsides plus another 800 sets or so at rural refuse collection points with the four-in-one or three-in-one collection bins.

### **Support to Members of Tourism Industry Provided by Travel Industry Council of Hong Kong**

19. **MR PAUL TSE** (in Chinese): *President, it has been reported that the 9 magnitude earthquake and radiation leak incident that happened in Japan on 11 March this year struck the tourism industry severely and also gave rise to many complaints. Some outbound tour escorts and guides said that they did not know how to handle travellers' panic, and the crisis handling guidelines under the prevailing Code of Conduct for Outbound Tour Escorts and the relevant training provided under the accreditation system are confined to the arrangement of itineraries and tour group members' safety only, with no specific guidelines for handling sudden incidents such as earthquake or being held hostage during the tour. Some members of the tourism industry have recently suggested to the Travel Industry Council of Hong Kong (TIC) that it organizes relevant talks but no reply is received so far, and they consider that "the support to the industry provided by the TIC is virtually nil". In this connection, will the Government inform this Council:*

- (a) *whether the Tourism Commission (TC) and the Commerce and Economic Development Bureau, which are responsible for monitoring the operations of the TIC, have studied any policy and measure to help the tourism industry handle problems caused by natural disasters; if they have, of the details; if not, whether they will do so as soon as possible;*
- (b) *whether it knows the number of complaints regarding Japan-bound tours received by the TIC from members of the tourism industry and travellers since the 9 magnitude earthquake in Japan; among such complaints, of the number of cases that have already been settled with the assistance from the TIC; and the number of unsettled cases or appeals; and*
- (c) *whether it knows the numbers of complaints alleging the mishandling of complaints by the TIC received by the TIC and the Consumer Council respectively since the 9 magnitude earthquake in Japan; in view of such complaints, whether the Government has proposed any improvement plan to the TIC; if it has, of the plan?*

**SECRETARY FOR COMMERCE AND ECONOMIC DEVELOPMENT** (in Chinese): President, under the current system, the TIC is responsible for co-ordinating travel agents in handling emergencies concerning outbound travel. In case of emergencies outside Hong Kong (such as natural disasters affecting tour itineraries), the TIC will attend the Government's inter-departmental meetings upon invitation to assist in the handling of tourism-related matters. The TIC will also invite all travel agents that operate outbound tours to the affected areas to discuss handling of the situation. The TC will assist the TIC in liaising with the relevant government departments.

According to the TIC's requirements, all outbound tour escorts must complete the Certificate Course for Outbound Tour Escorts, which includes topics such as "basic principles and skills of crisis management" and "handling of emergencies". Through case study and group discussion, the course covers the handling of accidents, natural disasters, riots and terrorist activities. After the Manila hostage incident in August 2010, the TIC liaised with the police immediately to host two seminars for the management of travel agents and instructors of tour escort courses on proper response when tour groups encounter



riots and terrorist activities. Recently, the TIC received a request from the trade to organize seminars for tour escorts and travel agents' management on how to manage outbound tours in the light of natural disasters. The TIC replied that seminars and talks on the theme of "contingency arrangements for tour groups affected by different natural disasters" would be organized this year. The TIC also regularly reviews the Certificate Course for Outbound Tour Escorts to ensure that the contents are up-to-date and could meet the developments and needs of the tourism industry.

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

- (a) When the safety of Hong Kong residents overseas is affected by large-scale natural disasters or incidents, the Government will activate contingency arrangements, and if necessary, convene inter-departmental meetings to co-ordinate the response. The TC under the Commerce and Economic Development Bureau participates actively in the relevant meetings. The TC both relays the views of the tourism trade and provides information on the latest developments to the trade. When travel agents need to cancel tours or curtail itineraries due to emergencies at the destination, the TC will remind the trade to handle the refund and other follow-up arrangements properly.

The TC, together with the Hong Kong Tourism Board (HKTB), monitors closely the development of individual emergency incident such as natural disaster, and assesses the impact of the incident on the tourism industry. Taking the severe earthquake in Japan on 11 March 2011 as an example, having regard that the incident has affected Japanese tourists' desire to travel, the HKTB has suspended its promotion work in Japan, and will strengthen promotion to attract Japanese tourists to Hong Kong when the market environment improves. On the other hand, the HKTB will further attract visitors from Mainland China, other Asian markets and long-haul markets to mitigate the impact of Japan's severe earthquake on the Hong Kong tourism industry. To minimize the impact of Japanese tour cancellations on travel agents and trade practitioners, we also encourage travel agents to promote and arrange the affected visitors to join tours to other destinations, such that travellers would not have

to cancel their travel plans due to the earthquake in Japan, and tour escorts affected by tour cancellations could have job opportunities to reduce their losses. We will continue our work in these areas.

(b) and (c)

From 11 March to 8 April, the TIC has received a total of 17 complaint cases from tourists in relation to Japan-bound tours. Two cases have been resolved with the TIC's assistance and the TIC is processing the remaining 15 cases. The TIC has not received complaint case from the trade concerning Japanese tours. As at 8 April, the TIC and the Consumer Council have not received complaint case alleging the TIC's mishandling of complaints concerning Japanese tours.

### **Provision of Obstetric Services to Mainland Pregnant Women**

20. **MR ABRAHAM SHEK:** *President, according to government statistics, a total of 82 095 babies were born in Hong Kong in 2009, 35 979 of them were born to Mainland women. Among the latter, the number of babies born to Mainland women whose spouses were not Hong Kong permanent residents was 29 766, which more than tripled the figure of 9 273 in 2005. With regard to the increasing demand for obstetric services in public hospitals, will the Government inform the Council:*

- (a) *whether it knows, in each year between 2005 and 2009, the respective numbers of Mainland pregnant women who returned to the Mainland and those who stayed behind after giving birth in Hong Kong, as well as the annual changes in such figures in terms of number and percentage;*
- (b) *given the drastic increase in the number of Mainland pregnant women giving birth in Hong Kong and their demand for local obstetric services in recent years, whether the Government will further review the existing policy on the provision of obstetric services to Mainland pregnant women with a view to ensuring that the services provided to local pregnant women will not be affected; if*

*it will, of the details with respect to the factors to be considered for setting the level of the fees for the obstetric service package payable by Non-eligible Persons (NEPs); if not, the reasons for that;*

- (c) whether it knows, following the implementation of the revised arrangements for obstetric services for NEPs by the Hospital Authority (HA) since 1 February 2007, the respective percentage changes in the number of NEPs and eligible persons using the HA's obstetric services in the past three years; and*
- (d) given that the authorities indicated in January 2010 that the delivery capacity in the HA had been fully utilized in 2008 and 2009, whether the Government has examined the feasibility of increasing the delivery capacity in public hospitals; if it has, of the details, including whether the manpower resources available at present will be able to cope with the additional workload or there is a need to recruit additional healthcare staff; if there is such a need, of the details?*

**SECRETARY FOR FOOD AND HEALTH:** President, it is the Government's policy to ensure that Hong Kong residents are given proper and adequate obstetric services. The Government is very concerned about the surge of demand for Hong Kong's obstetric services by non-local women (including Mainland women) in recent years, which has caused tremendous pressure on the overall obstetric services and manpower in Hong Kong.

To ensure local women can receive proper and priority obstetric service, the HA has implemented since 1 February 2007 revised arrangements for obstetric service for non-local women (including Mainland women). Under the revised arrangements, all non-local women who wish to seek obstetric service in public hospitals have to make prior booking and pay for a package charge of \$39,000 (the fee for cases without booking is \$48,000). The HA would reserve sufficient places in public hospitals for delivery by local pregnant women and would only accept booking from non-local pregnant women when spare service capacity is available, so as to ensure that local pregnant women have priority in using obstetric services. A booking system has also been in place in the private

hospitals. The Immigration Department has also stepped up arrival clearance checks. Pregnant Mainland women who are suspected of entering Hong Kong to give birth will be asked to produce the booking confirmation certificates issued by Hong Kong hospitals upon entry, to prove that a local hospital has confirmed the arrangements for their admission. Those who fail to do so may be denied entry.

With the above measures, our healthcare system has been able to fully meet the demand of local women for obstetric service. As the demand of local obstetric services by non-local women (mainly from the Mainland) has continued to increase in recent years, the Food and Health Bureau is now discussing with the HA, front-line healthcare staff of public hospitals and private hospitals to work out suitable measures to tackle the issue. The Government will collect from each hospital information on its facilities, service capacity, number of booked cases, as well as the number of cases referred from the private hospitals to the public hospitals, for detailed analysis and consideration on the capacity of obstetric services of the public and private sectors. My reply to different parts of the question is as follows:

- (a) Babies born in Hong Kong to Mainland women are classified according to the resident status of his/her father as Type I babies (father being a Hong Kong Permanent Resident) and Type II babies (father not being a Hong Kong Permanent Resident). The Census and Statistics Department conducted three rounds of "Survey on babies born in Hong Kong to Mainland women" in January to March 2007, January to February 2009 and October to December 2009 at the Births Registries. The purpose of the surveys is to study parents' intention about their babies' future living arrangements. The results of the surveys are set out in Annex A.

The results of the abovementioned three rounds of surveys showed that about 65%, 53% and 47% of the parents of Type I babies respectively indicated that their children would stay in Hong Kong immediately. For Type II babies, the corresponding proportion in the first round was 9% and those in the second and third rounds were both 3%.

In addition, according to the results of the three rounds of surveys, about 35%, 47% and 53% of the parents of Type I babies respectively indicated that their children would not stay in Hong Kong before age one. For Type II babies, over 90% of parents in all three rounds of surveys indicated that their children would not stay in Hong Kong before age one.

The information as to whether Mainland women would go back to the Mainland or stay in Hong Kong after they had given birth in Hong Kong was not collected in the abovementioned surveys.

(b) and (d)

As mentioned above, it is the Government's policy to ensure that Hong Kong residents are given proper and adequate obstetric services. The healthcare of local pregnant women should not be compromised under any circumstances. The existing booking system in place in public hospitals can ensure the local pregnant women have priority in using obstetric services.

We are now discussing with the public and private hospitals the measures to limit the use of obstetric services by non-local women. The HA will take into account Hong Kong's birth rate and trend, the number of non-local pregnant women giving birth in Hong Kong, the demand and supply of healthcare professionals and the supporting hardware; and suitably adjust the capacity of obstetric service of public hospitals when necessary. Meanwhile, the private hospitals have agreed not to expand their maternity services in the short term. The HA and the private hospitals will also review their respective training programmes for nurses at obstetric and neonatal services to ensure they can cope with the demand of our community in the medium and long term.

(c) The number of deliveries in public hospitals of the HA in 2008 to 2010, and the comparison of year-on-year changes are set out at Annex B.

## Annex A

Parents' Intention About Their Babies' Future Living Arrangement by  
Type of Babies in the Three Rounds of the Survey

	<i>Type I babies</i>			<i>Type II babies</i>		
	<i>First round</i>	<i>Second round</i>	<i>Third round</i>	<i>First round</i>	<i>Second round</i>	<i>Third round</i>
<i>Intention about their babies' future living arrangement</i>				%^		
Staying in Hong Kong <sup>(1)</sup>	65	53	47	9	3	3
Not living in Hong Kong before age one	35	47	53	91	97	97
With intention of being brought back to Hong Kong <sup>(2)</sup>	(90)	(87)	(87)	(58)	(28)	(61)
Others <sup>(3)</sup>	(10)	(13)	(13)	(42)	(72)	(39)
Total	100	100	100	100	100	100
Overall proportion of living in Hong Kong eventually <sup>(4)</sup>	97	94	93	62	30	62

Notes:

^ Figures in brackets represent the percentages in respect of those not living in Hong Kong before age one in the respective type of babies.

- (1) Figures include a few cases where their parents had not yet decided whether their children would stay in Hong Kong.
- (2) Parents were asked to choose "with intention", "without intention" or "not yet decided" in the first round of the Survey. In the second and third rounds, parents were asked to choose "definitely will bring their children back to Hong Kong", "possibly will bring their children back to Hong Kong", "not yet decided", "possibly will not bring their children back to Hong Kong" or "definitely will not bring their children back to Hong Kong" and the former two choices were taken as "with intention" in the analysis.
- (3) Figures include those cases as "not yet decided", "possibly will not bring back" and "definitely will not bring back".
- (4) The overall proportion refers to the sum of the proportions of (i) staying in Hong Kong and (ii) not living in Hong Kong before age one but with intention of being brought back to Hong Kong.

Source: Census and Statistics Department

## Annex B

Number of deliveries in public hospitals of the HA in 2008 to 2010

<i>Year</i>	<i>Eligible persons (Change in percentage as compared to last year)</i>	<i>Non-eligible persons (Change in percentage as compared to last year)</i>	<i>Total (Change in percentage as compared to last year)</i>
2008	30 586 (+0.1%)	10 445 (+21.1)	41 031 (+4.7%)
2009	30 525 (-0.2%)	10 051 (-3.8%)	40 576 (-1.1)
2010	31 911 (+4.5%)	10 695 (+6.4%)	42 606 (+5.0%)

Source: Hospital Authority

**BILLS****First Reading of Bills**

**PRESIDENT** (in Cantonese): Bills: First Reading.

**DUTIABLE COMMODITIES (AMENDMENT) BILL 2011****MOTOR VEHICLES (FIRST REGISTRATION TAX) (AMENDMENT) BILL 2011**

**CLERK** (in Cantonese): Dutiable Commodities (Amendment) Bill 2011  
Motor Vehicles (First Registration Tax) (Amendment)  
Bill 2011.

*Bills read the First time and ordered to be set down for Second Reading pursuant to Rule 53(3) of the Rules of Procedure.*

**Second Reading of Bills**

**PRESIDENT** (in Cantonese): Bills: Second Reading.

**DUTIABLE COMMODITIES (AMENDMENT) BILL 2011**

**SECRETARY FOR FOOD AND HEALTH** (in Cantonese): President, I move the Second Reading of the Dutiable Commodities (Amendment) Bill 2011 (the Bill) to give effect to the proposal announced in this year's Budget, which is to increase the duty on cigarettes by \$0.5 per stick or 41.5%. Duties on other tobacco products will also be increased by the same percentage. The authorities have proposed to increase tobacco duty in order to protect public health and strengthen the overall tobacco control under the tobacco control policy.

The Bill will amend the Schedule to the Dutiable Commodities Ordinance (Cap. 109) to increase the duty rates on various types of tobacco products by 41.5%. The relevant measure came into immediate effect on the Budget Day

(that means 23 February) under the Public Revenue Protection (Dutiable Commodities) Order 2011 (the Protection Order). The Protection Order gives legal effect to the increase in tobacco duty for four months, pending the scrutiny by the Legislative Council of the Bill submitted by the authorities.

The hazards of tobacco products are universally recognized. As shown by studies of local academics, the economic loss caused by first-hand and second-hand smoking amounts to \$5.3 billion each year. The harm to health and the loss of lives are also incalculable. Step-by-step implementation of tobacco control to protect public health is a consensus in the world and in Hong Kong society. Hong Kong has been progressing consistently in tobacco control for years. The Government's established tobacco control policy is to progressively encourage members of the public to quit smoking, contain the proliferation of tobacco use and minimize the impact of passive smoking on the public. All along the Government has been promoting tobacco control through a multi-pronged approach comprising publicity, education, legislation, enforcement, promotion of smoking cessation and taxation in response to public expectations. The Government's strategy of continuous maintenance of tobacco control has clearly attained considerable effects. According to the household survey conducted by the Census and Statistics Department, in the past 30 years, that is, since 1982, the percentage of daily smokers has continuously decreased from 23.3% to 12%. The result of tobacco control is encouraging. It has also gained international recognition and commendation of the World Health Organization (WHO) and many other places.

Among the various tobacco control measures, increasing tobacco duty is the most direct and effective way to reduce the demand for tobacco products. It is also an indispensable part in our multi-pronged tobacco control. Researches of the WHO as well as overseas and local studies and experience have all pointed out that increasing tobacco duty can reduce the number of smokers and passive smoking and encourage smokers (especially youngsters) to quit smoking as early as possible, thus having positive effect on both public health and tobacco control. Some individuals, denying international and even local experience in the past decades, try to question the effectiveness of increasing tobacco duty merely on the grounds that the overall smoking population in Hong Kong in the past two years has not notably reduced. In fact, as we can see, in the past two years both government statistics and university research have shown that the percentage of young smokers has notably reduced by more than 10%. To make young people smoke less and prevent them from coming into contact with cigarettes and being



addicted to smoking is the most important work in tobacco control. It also gives the most obvious long-term effects.

I understand that a lot of Members are concerned about the ancillary facilities for smoking cessation services, our work in combating illicit cigarette activities and measures to assist newspaper hawkers (since they sell cigarettes). I absolutely agree that while the authorities increase the tobacco duty, it is also necessary to step up the efforts in these areas. During the discussion on the Protection Order in the Legislative Council, we had already explained in detail the measures and plans adopted by the authorities in these areas. I can also assure Members that we will never be miserly to spend resources on measures which are effective in tobacco control. However, here, I must also make the following few points:

- (a) Regarding smoking cessation services, in the past two years the Government has significantly increased the amount of resources to provide smoking cessation services via the Department of Health (DH), the Hospital Authority (HA) and voluntary organizations (that is, Tung Wah Group of Hospitals and Pok Oi Hospital) so as to encourage and help people who have grown addicted to smoking to quit this luxurious and harmful habit. Smokers may make enquiries or receive cessation counselling services through the DH's smoking cessation hotline (1833 183), and they may be referred to the smoking cessation clinics of the DH, the HA and voluntary organizations for follow-up services. In this financial year the Government will continue to double the funding for smoking cessation services from \$21 million to \$42 million, placing the focus on promoting smoking cessation as well as the provision and promotion of smoking cessation services. That includes increasing free smoking cessation services offered by voluntary organizations and setting up a smoking cessation hotline which targets young smokers. We will also continue to conduct education and publicity work in schools to educate students about the hazards of smoking in order to prevent them from starting to smoke. The DH will organize training for healthcare professionals on provision of smoking cessation services in the community so as to enhance their skills and knowledge in this regard. In 2011-2012 the HA has earmarked \$19.6 million to further implement smoking cessation

services under primary care. The plan will focus on smokers who are chronic disease patients using the chronic care model in primary care setting. These patients will be provided with smoking cessation services by different smoking cessation methods, including face-to-face behavioural support, telephone counselling and pharmacotherapy. From this, it can be seen that we will try every approach to provide smoking cessation services so long as it is feasible, but at the same time we must pay regard to manpower and effectiveness.

- (b) The problem of illicit cigarettes has existed all along, and our colleagues in the Customs and Excise Department (C&ED) have been combating it relentlessly. Both selling and buying illicit cigarettes are illegal behaviour, but most members of the public are law-abiding. Experience in other places has told us that we should spare no effort to combat such illegal behaviour concerning illicit cigarettes and not be hesitant about increasing the tobacco duty. We should also not rationalize the situation of illicit cigarettes, taking the act of buying illicit cigarettes as the substitute for duty-paid cigarettes as a matter of course, thereby indirectly encouraging members of the public to defy the law. Such behaviour is indeed putting the cart before the horse. With the information provided by the C&ED about the combat against illicit cigarettes, we believe that the C&ED is fully capable of controlling the situation of illicit cigarettes.
  
- (c) Regarding licensed newspaper hawkers who sell cigarettes, continuous drop in cigarette sales following the major direction of stepping up tobacco control is an irreversible trend. I understand Members' concern about the livelihood of newspaper hawkers. In the past the authorities have always adopted a lenient and empathetic attitude in exploring and dealing with options to improve the business environment of newspaper hawkers, which include expanding in 2009 the list of commodities permitted to be sold by licensed newspaper hawkers. We will maintain an open mind and are more than happy to jointly explore with the trade practicable approaches which can help them to adapt to the change.

Lastly, as for the comment that increasing the tobacco duty will deal a blow at the low-income and elderly smokers, being the person-in-charge of public health policies and a doctor, I wish to point out that health matters irrespective of wealth and age, and the hazards of smoking will not differ because of different social backgrounds. Increasing the tobacco duty falls under the policy of protecting public health. It is consistent with the Government's policy objective of striving to protect public health.

To protect public health and create a healthy development environment for our next generation, I implore Members to give your support and scrutinize and pass the Bill as soon as possible.

President, I so submit.

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the Dutiable Commodities (Amendment) Bill 2011 be read the Second time.

In accordance with the Rules of Procedure, the debate is now adjourned and the Bill is referred to the House Committee.

## **MOTOR VEHICLES (FIRST REGISTRATION TAX) (AMENDMENT) BILL 2011**

**SECRETARY FOR TRANSPORT AND HOUSING** (in Cantonese): President, I move the Second Reading of the Motor Vehicles (First Registration Tax) (Amendment) Bill 2011 (the Bill).

The Bill is intended to give effect to the proposal in this year's Budget to raise the first registration tax (FRT) for private cars. According to the proposal, the marginal tax rate for the four tax bands will be increased from the current level of 35%, 65%, 85% and 100% to 40%, 75%, 100% and 115% respectively. The objective is to curb the growth of private cars and relieve traffic congestion.

In December 2010, the year-on-year growth rate of the number of licensed private cars was 5.4%, a record high for more than a decade. In February 2011, the year-on-year growth rate has overtaken that at year-end 2010 and risen to 5.6%. If this growth rate of 5.6% is maintained, there will be a net increase of

100 000 private cars in just four years' time, which is equivalent to the accumulated net increase of private cars in Hong Kong in the past 12 years.

Private cars account for nearly 70% of the total vehicle fleet in Hong Kong. A key determinant of road usage is the extent of ownership and usage of private cars. According to survey, people with access to private cars tend to make more trips and are less likely to use public transport. Both of these car ownership effects increase road usage, and result in less efficient use of our road space. As a matter of fact, presently on the roads of Hong Kong, apart from about 30% of passenger trips that are made by railways, about 10% of passenger trips use private car, which account for 40% of road usage; whereas 60% of passenger trips are carried by road-based public transport, which has a road usage of only 30%. From the perspective of efficiency of road space usage, private cars are a less efficient mode of transport. The rapid growth of private cars will bring *negative impacts* on other road users, that is, the 7.2 million public land transport (except railways) passenger journeys each day. This impact should not be overlooked.

Separately, private vehicle ownership and usage increases produce an increased level of road congestion, and a greater need for new road infrastructure. As we all know, new infrastructure is becoming increasingly expensive due to various reasons such as inflation. Also, new infrastructure is becoming increasingly difficult to construct in Hong Kong's unique geographic situation. Therefore, we need to control the growth of private cars to ensure that they will not create additional burden on our major travel corridors which in turn will reduce the mobility of our road public transport services.

In fact, the impact of the growth of private cars is already reflected by car journey speed. As a result of the rapid growth of private cars, car journey speeds of Hong Kong Island, Kowloon and the New Territories have declined in 2010 for the first time in five years. In addition to an average reduction of over 5% in car journey speeds of Kowloon and Hong Kong Island (including a number of access roads to the Cross Harbour Tunnel), the average car journey speed of the New Territories also recorded a drop of 7%. Traffic conditions would only continue to worsen if no action is taken to contain the growth of private cars. We must take decisive measures to curb the growth of private cars before traffic congestion deteriorates to the point which could hardly be relieved even if more stringent measures are put in place in future.

Fiscal measures including an increase of FRT rates have proven to be effective in controlling the number of private vehicles. The Government has increased FRT rates on a number of occasions previously, leading to a reduction of about two to three percentage points in the year-on-year growth rate of private cars, or even a decrease in the total number of private cars. We believe that similar effect can be achieved by the Bill. Apart from the proposal to increase FRT to contain private car growth, the Government has all along adopted a multi-pronged approach to improve traffic conditions taking into account actual circumstances. The relevant measures include integrating transport and land use planning to reduce the public's reliance on road-based transport; actively pursuing the policy of having the public transport system as the main transport mode and encouraging the public to make use of the mass transit system and other public transport services; implementing appropriate traffic management schemes; developing intelligent transport systems; harnessing area traffic control systems; and expanding our road network, and so on. We must stress that if the rapid rise in the number of private cars is unchecked, it will be futile even if more traffic improvement measures are introduced.

For revenue protection, the proposal of the Bill has already come into effect as from 11 am on 23 February by virtue of the Public Revenue Protection (Motor Vehicles First Registration Tax) Order 2011 (the Order) signed by the Chief Executive. Under the Order, the proposal of the Bill will have legal effect for a maximum of four months. Should the Bill not be passed by the Legislative Council by 23 June this year, the proposal will cease to have effect on that day.

FRT for other types of vehicles other than private cars, the existing waiver of FRT on electric vehicles and the capped concessionary rate of FRT on environmentally-friendly petrol private cars will not be affected by the Bill.

If the Order is repealed during the scrutiny of the Bill, it will create a complicated and confusing situation where different levies are paid by vehicle buyers at different times. It will pose operational problems for the trade and cause confusion to both vehicle buyers and the trade.

Subsequent to the Government's proposal to increase FRT rates of private cars, other suggestions have been made by a lot of people. I must point out that any such suggestion must accord with the premise of controlling the fleet size in

order to go in line with the Government's measures and policy objectives. Otherwise, the intended effect of the Government's proposal could be undermined. Moreover, any such suggestion should not create any loophole legally or confusion administratively. President, we will continue to maintain dialogue with Honourable Members in this regard.

I hope Honourable Members will support the proposal of the Bill so as to control the growth of private cars, relieve traffic congestion and reduce the overall impact of the increasing number of private cars on Hong Kong, particularly in terms of the mobility of our road public transport services.

Thank you, President.

**PRESIDENT** (in Cantonese): I now propose the question to you and that is: That the Motor Vehicles (First Registration Tax) (Amendment) Bill 2011 be read the Second time.

In accordance with the Rules of Procedure, the debate is now adjourned and the Bill is referred to the House Committee.

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

**PRESIDENT** (in Cantonese): We now resume the Second Reading debate on the Appropriation Bill 2011.

### **APPROPRIATION BILL 2011**

#### **Resumption of debate on Second Reading which was moved on 23 February 2011**

**CHIEF SECRETARY FOR ADMINISTRATION** (in Cantonese): President, there have been a lot of discussions in the community since the delivery of the 2011-2012 Budget, and the Legislative Council has also raised queries and expressed views on various issues relating to the Budget. The Government has

seriously solicited views from different sectors, including the Legislative Council, the Financial Secretary and the Directors of Bureaux concerned will make concrete responses later on.

We have conducted thorough consultations on this Budget, and different political parties and groupings of the Legislative Council have put forth practicable proposals. Regarding issues of wide public concern, such as promoting economic development, responding to inflation and soaring property prices, assisting the disadvantaged, investing on the younger generation, and so on, proactive response and commitment have been made to bring direct benefits to the grassroots and the public at large.

While the Government must strictly follow the principle of keeping expenditure within the limits of revenue enshrined in the Basic Law, it has strived to achieve "people-oriented" governance through fiscal measures, by enabling people from all walks of life, the grassroots in particular, to share the fruits of economic development. Regarding the three areas which relate most closely to people's livelihood, namely education, healthcare services and social welfare, there has been significant growth in the estimated recurrent costs for 2011-2012 when compared with last year's revised estimate. The fact that the increase rate is higher than the estimated economic growth epitomizes the Government's commitment in improving people's livelihood.

After the delivery of the Budget, there have been numerous feedbacks on the proposed tax rebate and the injection of capital into personal MPF accounts. The Government has promptly responded to public views by putting forth a revised proposal on the provision of tax rebate and cash handout to eligible people. The revised proposal is generally welcomed, and there are certainly divergent views. Nonetheless, views and arguments put forward by both sides are actually important references for future consideration and decision making.

It is pretty regrettable that this issue has attracted too much attention, such that members of the public have failed to express much concern or conduct thorough discussions on measures conducive to social development and the improvement of people's livelihood as proposed in the Budget.

Worse still, the Legislative Council has rejected the relevant vote on account resolution, which is a transitional arrangement, merely because of the political considerations of certain political parties and Members. This has fallen far short of the general expectation of the people. We sincerely hope that these people will focus on the interests of the public and cast aside their differences by voting for this year's Appropriation Bill.

(Mr LEUNG Kwok-hung stood up)

**PRESIDENT** (in Cantonese): Mr LEUNG, what question do you have?

**MR LEUNG KWOK-HUNG** (in Cantonese): President, I seek a clarification because he .....

**PRESIDENT** (in Cantonese): Mr LEUNG, please be seated.

**MR LEUNG KWOK-HUNG** (in Cantonese): He said that Members of this Council .....

**PRESIDENT** (in Cantonese): Mr LEUNG, if you wish to interrupt when a public officer is speaking, you should have to get the consent from the officer who is speaking.

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

**PRESIDENT** (in Cantonese): Chief Secretary for Administration, would you allow Mr LEUNG Kwok-hung to speak?

**CHIEF SECRETARY FOR ADMINISTRATION** (in Cantonese): No, I would not.



**PRESIDENT** (in Cantonese): Please go on with your speech.

**CHIEF SECRETARY FOR ADMINISTRATION** (in Cantonese): We noticed that the community has recently .....

(Mr LEUNG Kwok-hung stood up again)

**MR LEUNG KWOK-HUNG** (in Cantonese): President, I want to .....

**PRESIDENT** (in Cantonese): Mr LEUNG, please be seated.

**MR LEUNG KWOK-HUNG** (in Cantonese): No, I want to ..... You have not finished with your speech.

**PRESIDENT** (in Cantonese): Chief Secretary, please hold on. Mr LEUNG, please be seated. In accordance with the Rules of Procedure, if the Member or public officer who is speaking does not allow you to ask for a clarification, he may continue with his speech.

**MR LEUNG KWOK-HUNG** (in Cantonese): He did not allow for the first time, but I am requesting him for the second time. He .....

**PRESIDENT** (in Cantonese): Please be seated.

**MR LEUNG KWOK-HUNG** (in Cantonese): Did he allow?

**PRESIDENT** (in Cantonese): Mr LEUNG, please follow the Rules of Procedure. Chief Secretary, please go on with your speech.

**MR LEUNG KWOK-HUNG** (in Cantonese): Is our request not considered on a case-by-case basis?

**PRESIDENT** (in Cantonese): Chief Secretary, please continue with your speech.

**MR LEUNG KWOK-HUNG** (in Cantonese): You should have grounds in lecturing me.

**CHIEF SECRETARY FOR ADMINISTRATION** (in Cantonese): We notice that recently, there is obviously a demand in society requesting the Government to guide the public in discussing about how to solve problems concerning Hong Kong's long-term development and social conflicts, which include land supply and planning, as well as healthcare, retirement protection and education resulting from an ageing population.

The Government is obliged and is ready to conduct thorough and scientific analysis and discussions with the Legislative Council and different sectors of the community, with a view to paving way for the Government's long-term governance and Hong Kong's sustainable development. In fact, these are precisely the major issues highlighted by the Chief Executive in last year's policy address. We welcome and eagerly hope that members of the public will engage in active discussions on these major issues in an open manner and in an evidence-based approach, with a view to forging a consensus.

In fact, the current-term Government is committed to Hong Kong's long-term development. Let me illustrate with a few obvious examples:

- we have participated actively in the 12th Five-Year Plan by taking forward co-operation between Hong Kong and the Mainland on all fronts, thereby ensuring that Hong Kong can make contribution to and seek development in the nation's rapid development;
- while we will continue to strengthen our traditional industries, we will also actively explore and nurture new emerging industries;

- we are now working at full steam to implement the 10 major infrastructure projects, with a view to consolidating and enhancing Hong Kong's future competitiveness;
- we are promoting extensive and thorough discussion of the healthcare system reform in the community, with a view to laying a sound foundation for a quality and sustainable healthcare system;
- we will introduce statutory minimum wage and competition law to protect the grassroots and promote fair competition; and
- we have successfully completed the legislation exercise for the two elections in 2012, thereby enabling Hong Kong's democratic system to take one great step forward.

Although there are only one-odd year left in this current-term Government, we will not be complacent about being a caretaker government. It is believed that people do not wish to have a caretaker government either. Rather, we are expected to work for people's interests in our remaining term, do our best within the limited time, and conduct studies and discussions on long-term issues so as to lay a sound foundation for future governance.

While it is important for the Government to have the determination, it is our wish that the Legislative Council and the community would give us the necessary room by working together to forge a consensus.

With these remarks, President, I urge Members to support the Budget and the Financial Secretary's amendments, and oppose other amendments.

**SECRETARY FOR EDUCATION** (in Cantonese): President, in this 21st century driven by knowledge, education is not only a major tool to equip the younger generation to meet future challenges, but also an important cornerstone of sustainable socio-economic development. The Government has always invested heavily in education to nurture human capital, thereby facilitating social mobility. Therefore, education remains the largest spending area of Government's total expenditure, representing about one fifth of its total expenditure. This has far exceeded many developed economies such as the United Kingdom, the United States and Finland.

No matter how our economy fares, after the reunification, the Government has been increasing its resource input in education. Expenditure on education has recorded significant growth over the past decade. Between 2001-2002 and 2010-2011, the recurrent expenditure on education has increased by 16% from \$47.9 billion to \$55.4 billion. On the other hand, the student/teacher ratio of primary and secondary schools has been decreasing year on year. In the 2001-2002 academic year, the student/teacher ratio of primary schools had decreased from 20.8:1 to 15.2:1, whereas a decrease from 18.2:1 to 15.4:1 was also recorded in secondary schools. The unit cost of primary and secondary schools, on the contrary, has been increasing over the past decade — from about \$22,000 to about \$35,000 for primary schools, and from about \$34,000 to about \$44,000 for secondary schools, representing a growth of 60% and 30% respectively. These actual figures have fully demonstrated the importance we attach, and our commitment, to education.

"It takes a decade to grow trees but a century to cultivate people", I believe whoever has engaged in education would agree. Important education policies and initiatives require a careful and extended review process, and progressive implementation. However, most major education policies do not have immediate effects, they must go through the process of exploration, adaptation and implementation. Over the past decade, major education initiatives have been implemented to enhance the overall quality of education. These initiatives incurred substantial and year-on-year increase in recurrent expenditure, and among them, the more major initiatives include:

- (a) introducing "teaching by subject specialists" in primary schools in the 2005-2006 academic year for the subjects of Chinese Language, English Language and Mathematics;
- (b) providing additional teachers in the 2006-2007 academic year to strengthen the support for schools with a large intake of Territory Band 3 and bottom 10% students;
- (c) introducing the Pre-primary Education Voucher Scheme in the 2007-2008 academic year; to date, more than 80% of kindergartens have joined the Scheme, benefiting about 83% of students;
- (d) providing free senior secondary education since the 2008-2009 academic year, thereby providing 12-year free education and

improving the ratio of graduate teacher posts in public sector primary and secondary schools;

- (e) implementing small class teaching in public sector primary schools and the New Senior Secondary academic structure since the 2009-2010 academic year; and
- (f) enhancing the School-based After-school Learning and Support Programmes in the 2010-2011 academic year, and increasing school places in special schools to cater for students who have to extend their years of study with valid reasons.

The abovementioned policies and initiatives are ongoing and have profound implications. Instead of being hastily formulated, they have been thoroughly studied, carefully planned, repeatedly discussed, seriously implemented and closely monitored.

The New Senior Secondary academic structure, officially introduced in the 2009-2010 academic year, is one of the major long-term education reform plans that has been carefully planned and extensively consulted in the past decade. As early as 1999, we were fully aware that the new mode of economic growth created by globalization, knowledge and technology would bring unprecedented changes to the world. To further enhance the competitiveness of Hong Kong and its people, as well as maintain its edges and status in the international arena, Hong Kong must keep abreast of the times, and proactively enhance the quality of education and promote the development of human resources.

We have therefore accepted the "Learning for Life Learning through Life — Reform Proposal for the Education System in Hong Kong" released by the Education Commission in September 2000, and embarked on a 10-year education reform. With the promulgation of the curriculum reform for basic education in the 2001-2002 academic year, students have not only benefited from a broad, balanced curriculum and diversified learning activities, but also acquired better generic skills, and developed positive values and attitudes. They also become more independent in learning.

To upgrade the overall educational attainment of Hong Kong people, 12-year free education have been provided for all students (including students

with special education needs) since the 2008-2009 academic year, and full subvention have also been provided to the Vocational Training Council for the provision of full-time courses for Secondary Three school leavers. This will provide senior secondary students with the avenue to pursue, free of charge, an alternative pathway outside mainstream education.

The new academic structure for senior secondary education and higher education has gone through stages of extensive consultation and were officially implemented at Secondary Four in September 2009 with widespread community support. This indicates the beginning of a new chapter of the education system in Hong Kong.

Changes have also been made to student assessment. A brand new Hong Kong Diploma of Secondary Education (HKDSE) examination will replace the two existing public examinations, namely, the Hong Kong Certificate of Education Examination and the Hong Kong Advanced Level Examination. It aims to relieve the pressure of examination on students, and enable students to spare more time in effective learning activities and experiences, thereby broadening their vision. Meanwhile, a standards-referenced reporting system will be used in reporting student results in HKDSE examination. This can better demonstrate students' personal competence, aspiration and pursuit of ideals.

In fact, the education reform has a wide and extensive coverage. Changes do not only confine to curriculum, teaching and assessment, there are also structural changes in the academic structure. The new academic system has a greater flexibility in aligning the paths to further studies and employment of Hong Kong and the rest of the world, and articulating with the international mainstream academic structure.

Regarding post-secondary education, we will adopt a two-pronged strategy by actively promoting the parallel development of self-financing and publicly-funded institutions, and ensuring that equal emphasis will be given to both quality and quantity, with a view to providing young people with diversified and flexible education pathways.

For the publicly-funded sector, apart from increasing the provisions to the University Grants Committee (UGC) for the implementation of the new academic system, we will also increase the publicly-funded first-year first-degree places to

15 000 per annum starting from the 2012-2013 academic year, and at the same time double the number of UGC-funded senior year undergraduate places to 8 000 per annum by phases. This will provide meritorious sub-degree graduates with more opportunities for articulation to the last two years of an undergraduate programme under the New Academic Structure.

For the self-financing sector, we will continue to implement a basket of support measures to promote the development of self-financing institutions through the Land Grant Scheme and loan scheme, and so on. There are now four self-financing degree-awarding institutions in Hong Kong, and they together 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. Last year, we had already granted two sites for the development of self-financing degree programmes. We have also granted another site at the Queen's Hill Camp and invited expressions of interest from relevant parties. I will consider, on a need basis, increasing the loan commitment under the Start-up Loan Scheme to facilitate the construction of campus premises. On the other hand, we also proposed the setting up of a Self-financing Post-secondary Education Fund with a financial commitment of \$2.5 billion. This ensures that there will be stable income, as well as stable and sustainable resources to enhance the quality of teaching and learning in self-financing education, and offer scholarships to outstanding students. We intend to set up the relevant fund in the later half of this year.

Upon implementation of the new initiatives, we expect 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. The parallel development of self-financing and publicly-funded institutions will provide young people with quality, diversified and flexible education pathways with multiple entry and exit points.

The Government has also allocated a huge amount of resources to provide financial assistance to students every year, so as to ensure that students will not be deprived of the chance to receive education for lack of means. The Student Financial Assistance Agency has made available a number of financial assistance and loan schemes for students at all levels (including post-secondary students and

persons pursuing continuing education). In order to provide further support to students from low-income families, we propose to relax the income ceiling for the full assistance under the existing means test mechanism of the Student Financial Assistance Agency from the 2011-2012 academic year. It is estimated that for the 2011-2012 academic year, this measure will enable about 75 000 additional students at all levels of study to receive full assistance, thereby substantially increasing the percentage share of students receiving full grant from about 30% currently to 50%. We also propose to adjust the tiered structure of the financial assistance schemes for post-secondary students for other levels of assistance, so that all post-secondary students who are not on full assistance will also receive a higher amount of assistance. It is estimated that around 22 000 post-secondary students will benefit from the proposal. We are working out the specific technical details of the proposals, and will consult the Legislative Council Panel on Education in May. We also propose that, starting from the coming academic year, an additional amount of academic expenses grant of up to \$1,000 will be offered to all post-secondary students eligible for academic expenses grant, subject to the outcome of their means test, so that students may acquire, replace or upgrade necessary study aids, including computer and related equipment. The additional recurrent expenditure of the abovementioned proposal is estimated to be about \$488 million a year.

During the Budget debate, there were Members who advocated the provision of 15-year free education. I wish to point out that, the Government has been committed to offering pragmatic support to kindergarten education and will continue to improve early childhood education on a sound basis. There has been steady increase in the recurrent expenditure of pre-primary education over the past few years, from \$1,710 million in the 2007-2008 financial year to \$2,490 million in the 2010-2011 financial year, representing an increase of 45.6%.

Kindergartens in Hong Kong are privately operated, and most of them provide half-day or full-day services. In consideration of the principle of equity, free education will inevitably standardize and unify all kindergartens. The community should therefore carefully consider the changes brought about by the standardization and unification of kindergartens to its ecology and system, as well as the needs of stakeholders and the quality of kindergarten education.



I wish to emphasize that the provision of completely free kindergarten education does not only involve financial resources or technical arrangements, but also a series of changes including how the diversified development and flexibility of kindergarten education can be maintained, parent's choice, and how the teaching quality of kindergartens can be regulated. Thus, we will expeditiously consider these profound implications and propose solutions.

A Member suggested that, given a drastic decline in the Secondary One student population, the Government should implement small class teaching in all secondary schools to address the problem of under-enrolment in individual schools. To stabilize the secondary education ecosystem and ensure the quality of education, we had planned to allocate a huge amount of resources for the introduction of relieve measures a few years ago. In fact, small class teaching is a kind of teaching strategy. Yet, it cannot be implemented overnight. After numerous discussions with members of the trade and stakeholders, the Voluntary Optimization of Class Structure Scheme (the Scheme) was introduced in November last year. We are glad to see that 200 schools have joined the Scheme. The Scheme does not only help relieve the effects brought about by a declining student population, thereby stabilizing the overall education ecosystem, but also enable schools to release teaching space, thereby making available sufficient manpower for the implementation of the new academic structure for senior secondary education. Small class teaching involves long-lasting structural change, and has a profound impact on the adjustment of teaching mode and the allocation of secondary education funding. In fact, no single measure can resolve this problem. We should therefore grasp the opportunity presented by the implementation of the academic structure for senior secondary education and the declining Secondary One student population, and consult the stakeholders and consider appropriate measures to further enhance the effectiveness of teaching and learning in secondary education.

In a number of internationally authoritative tests — Programme for International Student Assessment, Progress in International Reading Literacy Study and International Mathematics and Science Study — conducted in recent years, Hong Kong students were ranked among the top, which shows evidently that our education policies are effective. Frankly speaking, I agree that we must continue to make further refinements, and work hard to strive for improvement.

Under a trend for a knowledge economy, Hong Kong should meet all changes, opportunities and challenges with foresight, and step up manpower training and exert continuous efforts to develop education with a view to enhancing the quality of Hong Kong's human resources and its competitiveness. In this connection, the Government will continuously and vigorously deploy resources for education, and seriously consider and formulate major policy initiatives for the interests of students and the public at large, as well as maintain close liaison with the education sector and people from all walks of life, with a view to formulating appropriate and viable plans;

President, I so submit.

**SECRETARY FOR LABOUR AND WELFARE** (in Cantonese): President, in the Budget debate last week, a number of Members had put forth valuable views and practical proposals on the three areas, namely, labour affairs, manpower development and welfare services, and I would like to respond to the salient points here.

The SAR Government has always been compassionate and caring to the elderly, children and the disadvantaged in our community, and has provided them with proper assistance. We have been unswerving in upholding this policy directive. In the Budget for the financial year 2011-2012, the recurrent expenditure on social welfare account for 17.4% of the Government's total recurrent expenditure, amounting to \$42.2 billion. Increase in social welfare recurrent expenditure reaches \$4.2 billion, which is the highest among various policy areas. Moreover, in the financial year 2011-2012, an increase as high as 22% in the recurrent expenditures on labour and manpower development is proposed to provide resources to cope with the various major labour policies and measures to be implemented in the near future. The Government has undoubtedly attached great importance and undertaken commitment in labour affairs, manpower development and social welfare services.

A number of Members have criticized the Budget for lacking long-term planning, and the SAR Government has entered the caretaking stage, and being slack in making achievements. I completely disagree with this view. I would like to quote several examples in my policy area to illustrate that those criticisms are unfair.

First, statutory minimum wage is an important labour policy implemented by this Government, which is a significant milestone in protecting grass-roots employees. Statutory minimum wage is developed from scratch, which is the precious success achieved by the joint efforts of the Government, employers and employees, as well as mutual understanding and compromises. It is no easy achievement. Since statutory minimum wage is a completely new system in Hong Kong, it takes time for employers and employees to cope with and adapt to the arrangement at the initial stage of implementation. The Labour Department (LD) has drawn up the "Statutory Minimum Wage: Reference Guidelines for Employers and Employees", which is supplemented by examples to help employers and employees understand the legislative intent of implementing minimum wage, the relevant provisions in the ordinance and the application of the ordinance. I would like to reiterate that employees are the precious assets of an enterprise. Employers, if practicable, should not reduce employees' existing remuneration due to the implementation of the statutory minimum wage. It is important that the monthly income of employees should not be lower than the income they received before the implementation of the ordinance. In the course of implementing minimum wage, employers and employees should have extensive and sincere communication, and they should be embracing and helpful to each other. The LD will act proactively to help employers and employees solve the problems to arrive at consensus. Any employee suspecting his or her labour rights and benefits being jeopardized may seek assistance from the LD. We will follow up the case vigorously.

The Employment Ordinance has no provision stipulating whether rest days and meal breaks are paid or not. This is regarded as part of the employment terms and has all along been agreed upon negotiation between employers and employees. The Minimum Wage Ordinance will not alter this arrangement. If the terms of existing employment contracts are unclear, employers should carry out thorough staff consultation with a view to reaching consensus on lawful, sensible and reasonable grounds through labour-management communication and negotiation.

Regarding the new wage arrangement for non-skilled workers engaged on government service contracts, I had made a comprehensive announcement on Monday. At present, there are some 40 000 non-skilled workers employed by government outsourcing service contractors to provide various public services.

Under the new wage arrangement, for government service contracts that are put up for tender after 1 May, the Government requires the relevant service contractors tending for government service contracts to provide to their employees statutory minimum wage plus one paid rest day for every period of seven days. To ensure the continual employment of these workers and the continual provision of public services, the Government has decided to adopt special measure in this exceptional case to offer exceptional one-off top-up payments to service contractors, so that they can cover the wage cost increase arising directly from the implementation of statutory minimum wage. Relevant government departments will, in accordance with their contract management system, ensure that the top-up payments will go to the workers who are our target beneficiaries.

President, employment is the foundation of people's livelihood and harmony. The Government has always spared no effort in promoting employment in Hong Kong. With the continuous improvement in the economic environment in Hong Kong, the number of vacancies is on the rise. In 2010, the LD received over 752 000 vacancies provided by private organizations, a 28% increase in comparison with the 589 000 vacancies in 2009, which is a record high over the years. In the first quarter this year, the job market remains vibrant. The LD has received more than 200 200 vacancies, which is 30% higher than the same period in 2010. The unemployment rate for the latest quarter has dropped to 3.6% from the highest 5.4% recorded two years ago.

Despite the continuous improvement in employment situation, the Government still accords significant concern to the employment of the disadvantaged in community. It will make vigorous effort to provide diversified and tailor-made employment services to help job-seekers find employment. To cope with the employment needs of different groups of job seekers, the LD has introduced various tailor-made employment support programmes over the years. To further enhance the employment support for the unemployed, the LD will set up a pioneer one-stop employment and training centre in Tin Shui Wai by the end of this year. The centre will assess the service needs of individual job seekers and provide more in-depth and personalized case management and employment services to persons in need. To support the implementation of statutory minimum wage, the LD will enhance its employment services to assist job seekers in need of employment support in a holistic manner, which includes the

setting up of a dedicated employment telephone hotline to provide referral services for job seekers ruled to be in need of employment support.

We are pressing ahead in preparing for the implementation of the Work Incentive Transport Subsidy Scheme. The LD has recruited additional specialized manpower to start drafting the application procedures and operational details. The first round of publicity campaign will soon be launched and the target is to accept official application in October this year. A comprehensive review will be carried out in three years upon the implementation of the Scheme. I have undertaken to carry out an interim review one year after the Scheme is implemented.

The Employees Retraining Board (ERB) and the Vocational Training Council (VTC) will continue to endeavour in providing comprehensive and quality training services to help the local work force to enhance their employability and compatibility. In response to the economic situation and market needs, including possible changes in the labour market following the implementation of the statutory minimum wage, the ERB plans to increase the number of training places to 130 000 in 2011-2012 and has reserved resources for providing an additional 30 000 training places. The ERB will closely monitor the industry conditions and adjust the allocation of training places flexibly to meet the needs. In addition, the training places to be offered by the VTC in the 2011-2012 academic year will include 159 000 places for those seeking to pursue vocational training. In 2011-2012, the related recurrent subvention of the Labour and Welfare Bureau to the VTC will reach \$160 million.

Despite the recent improvement in the employment market, young people with relatively low academic qualifications and skills are facing considerable pressure in employment. We will continue to adopt a multi-pronged approach to promote the employment of young people. We will keep close watch on the actual impact imposed by the implementation of the legislation on statutory minimum wage on the labour market. If it deems necessary, we will surely further step up the employment services and programmes offered to young people, enhance their compatibility by means of multi-pronged strategies, and promote employment.

The Government will from time to time review the protection coverage of labour laws to enhance employees' rights and benefits in response to the social and economic situation and to keep abreast of time. Actually, I can boldly say

that last year was a fruitful year in enhancing employees' rights and benefits. During the year, the legislation on minimum wage had been finalized, improvement had been made for occupational deafness compensation, and the compensation payments for five items under the Employees' Compensation Ordinance had been raised. Another milestone is, if Members still remember, the Employment (Amendment) Ordinance 2010. From 29 October last year onwards, it has recently become a new criminal offence if an employer wilfully fails to pay a sum awarded by the Labour Tribunal or the Minor Employment Claims Adjudication Board. This breakthrough measure has taken into account the interests and concerns of both employers and employees. While strengthening the deterrent effect on defaults on awards made by the Labour Tribunal and Minor Employment Claims Adjudication Board on the one hand, the measure also assures that employers who have genuine financial difficulties or other valid reasons will not be targeted. This is said to be the outcome of mutual understanding and acceptance of employers and employees, which has offered a solution to a grave and perennial problem troubling the labour sector for more than four decades.

The major work in enhancing employees' rights and benefits includes the amendment of the Protection of Wages on Insolvency Ordinance to extend the coverage of the Protection of Wages on Insolvency Fund (PWIF) to include pay for untaken annual leave and statutory holidays under the Employment Ordinance. Moreover, by providing *ex gratia* payments through the PWIF to help employees affected by the closure of companies, protection for employees will be further enhanced. At the same time, we are preparing to conduct detailed, objective and comprehensive policy studies on the complicated subject of standard working hours, and we are now working hard to collect sufficient information and data for in-depth analyses.

President, in respect of social welfare, the Government has been increasing the funding for social and welfare services for the past 10 years to cope with the demand and provide new services. The recurrent expenditure on the welfare area has increased substantially from \$28.6 billion in 2001-2002 to \$42.2 billion in 2011-2012, an increase up to 48%, whereas the percentage it accounts for in the Government's recurrent expenditure has surged up from 14.6% back then to 17.4% at present. It is evident that the authorities have been increasing its commitment in social welfare without any cut.

Some Members consider that social welfare in Hong Kong lacks long-term policies and planning. I beg to disagree completely with this view. To support the preparatory work of the policy address and the budget, the Government has now adopted an annual welfare planning mechanism to collect the views of the sector from various aspects and perspectives and understand their needs and situation. At present, through the cross-service welfare co-ordination mechanism set up by the 11 District Social Welfare Office (SWO) of the Social Welfare Department (SWD), we will assess the welfare needs of the districts, formulate and co-ordinate the priorities of service needs. The SWOs will organize district welfare services planning forums regularly to collect extensive views from various sectors to formulate the work plan for the coming year. The Labour and Welfare Bureau and the SWD will from time to time liaise and have meetings with the Hong Kong Council of Social Service, stakeholders and persons concerned to exchange views on welfare topics. Moreover, the various advisory committees, such as the Elderly Commission and the Rehabilitation Advisory Committee, will conduct reviews on individual welfare services under their purview as and when necessary. Each committee will play their part and consult the views of stakeholders.

In comparison with the five-year planning mechanism frequently mentioned by Members, the current mechanism is more flexible in coping with the prevailing situation of society. In respect of the latest situation and welfare demand in society, stakeholders may regularly put forth prompt, pragmatic and practicable proposals, responding to the aspirations of society within a short time in a swift and mechanical manner.

The authorities have commissioned the Social Welfare Advisory Committee (SWAC) to conduct a study on long-term social welfare planning. The study is close to completion and the SWAC is now drafting the report. Upon the receipt of the report, we will conduct detailed analysis and examination and will report to the Panel on Welfare Services of the Legislative Council as soon as possible.

As part of the planning work, in recent years, the authorities have from time to time introduced some new welfare services and measures in the form of pilot scheme in response to the actual situation and needs. During the trial period, it will monitor the progress of the scheme closely and collect the views of

stakeholders to make timely assessment and improvement, so that welfare needs of society can be addressed flexibly and effectively. When the effectiveness of the pilot scheme is established, the authorities will expand the coverage of the scheme and make the scheme a regular service. Some examples are mentioned in the policy address as well as the Budget this year. The first example is the Integrated Community Centre for Mental Wellness, and the second example is the Integrated Discharge Support Trial Programme for Elderly Patients, a one-stop discharge support programme that is now in full implementation. In addition, there is the Neighbour Support Childcare Project, that is, the Home-based Child Carers scheme, which will be implemented in full swing. These programmes start as a pilot point, which are then expanded gradually and made regular services, and this is a crucial link in planning.

A key focus in the Budget this year is to reinforce the support for the disadvantaged.

To alleviate the pressure of inflation and consumer price hikes faced by the public, we propose to provide an extra allowance to Comprehensive Social Security Assistance (CSSA) recipients, equal to one month of the standard rate CSSA payments; and an extra allowance to Old Age Allowance and Disability Allowance recipients, equal to one month of the allowances. The measure is expected to benefit about 1.1 million, involving an additional expenditure of about \$1.9 billion.

Moreover, the Government is now subsidizing five short-term food assistance services, which are the food banks. These services can provide immediate and tailor-made services to persons in need, alleviating the impact of the recent surge in food prices on them. Though the funding already allocated should be sufficient for financing the operation of the services until 2013, we will closely monitor the demand for the services, and may use the \$100 million additional funding reserved in the Budget to continue the services as and when needed.

One-off funding will provide immediate relief, but we will not overlook the need for long-term planning for this reason. In the Budget this year, we propose allocating \$1.5 billion recurrent funding for the implementation of a host of new initiatives. I have to stress that these are new initiatives. These include raising the cash assistance for elders, persons with disabilities and in ill-health under the



CSSA Scheme, and strengthening elderly care and rehabilitation services in a comprehensive manner, which ranges from the increase of resident care places, enhancement of day care and home care services, upgrade of the quality of services, and improvement in hardware facilities, so as to cater for the welfare needs of the elderly and persons with disabilities in various aspects. Among which, over \$900 million will be spent on enhancing and expanding the coverage of the two upfront subsidies under the CSSA Scheme. Firstly, to raise the standard rates for adult CSSA recipients under the age of 60 with disabilities and in ill-health by a percentage as high as 23%. Secondly, to double the Community Living Supplement for severely disabled recipients from \$120 monthly to \$250 monthly, and to expand the coverage to include about 130 000 additional recipients, including recipients with disabilities at non-severe level and in ill-health and elders. The second measure will enable them to receive an additional supplement of \$3,000 every year, which mean over 100 000 elderly CSSA recipients living at home will benefit. The two measures will benefit about 245 000 people in total.

Concerning the services provided, I particularly like to explain the proposal on the increase of subsidized residential care places for the elderly and persons with disabilities, for Members and society are very much concerned about this.

At present, there are 26 000 subsidized residential places for the elderly, incurring a total expenditure of \$2.43 billion. In response to the ageing population, the Government has been increasing the resources in elderly care services in recent years. In the past two financial years, 556 and 705 new residential care places had been introduced respectively. In the next four years, 2 300 residential care places will be provided in succession, of which 1 250 places are sharply demanded subsidized nursing home places. Occupants of these places required more nursing care and other care services, and the increase in places accounts for 50% of the total number of similar places at present.

Regarding residential care services for persons with disabilities, there are about 11 600 subsidized places at present, which is 80% more than the places provided in 1997, and the total annual expenditure at present is \$1.24 billion. Next year, the Government will continue to provide funding for increasing residential places, and together with the recurrent funding reserved, 1 046 additional places will be provided in the two years, 2010-2011 and 2011-2012.

Increase in residential places cannot be achieved overnight. This is particularly so in the case of constructing residential homes, for identification of sites and works required long-term planning and several years of preparation. The newly completed residential homes at present are in fact the results of the long-term, medium-term and short-term planning that we have persisted all along. Long-term planning refers to the stage of land planning by the Government, where sites will be reserved as far as possible for the construction of residential homes. The Cheung Sha Wan Police Quarter and the redevelopment projects of the old district Shek Kip Mei are some of the examples. At present, the SWD has reserved sites in 19 development projects for the construction of residential homes for the elderly and persons with disabilities. In respect of medium-term planning, we will keep close watch on government premises and school campuses, and so on, make vacant because of services reorganization, and strive for the conversion those sites into residential homes. For instance, the former South Kwai Chung Jockey Club Polyclinic, the Ma Tau Wai Girls' Home and the O Pui Shan Boys' Home will be converted into integrated residential homes for persons with disabilities. As for short-term planning, we will proactively identify suitable vacant public rental housing units for conversion into residential homes.

Actually, the construction of new residential homes is only part of the overall plan of the Government in developing residential care services, for we adopt a multi-pronged approach. In respect of persons with disabilities, we will continue adopting the following three measures according to the Rehabilitation Programme Plan:

- (a) regulating the residential care homes for persons with disabilities and introducing supporting measures, so as to ensure the service quality on the one hand and help the market develop residential care homes of different types and operational modes on the other;
- (b) supporting non-governmental organizations to develop self-financing homes; and
- (c) continuing to steadily increase the number of subsidized residential home places.

To support the implementation of the proposed licensing scheme for residential care homes for persons with disabilities, the Government has launched the four-year pilot Bought Place Scheme for private residential care homes for persons with disabilities. The Scheme aims to encourage private operators of residential homes to upgrade their service standard and increase subsidized places supply, thereby shortening the waiting time for the services and facilitating the market to develop different types of residential homes. The pilot scheme will buy 150 places to 233 places in the first year, and from the second year onwards, the number of places brought will be increased to 300.

Similarly, in respect of residential homes for the elderly, we will also buy places from private residential homes in addition to the construction of new residential homes. We will make full use of the remaining space in existing subvented residential homes in order to increase the supply of residential places expeditiously. Take the brought places as an example. In 2005, there were only 6 225 places, but it will be increased to 8 000 places in the coming year, which is an increase of up to 30%. It is evident that clear direction and specific planning have been put in place for the continual development of residential care services.

However, if there is a choice, I believe most of the elderly people and persons with disabilities will like to stay with their families and friends and live in the community. Hence, in the planning blueprint, the Government will enhance community care services and provide barrier-free environment, which are both crucial factors. Actually, "age in place" is the core of the Government's elderly care policy, and institutional care is the back-up. Therefore, in the Budget this year, the Government proposes an increase of \$224 million in the recurrent funding, a substantial increase of 1 700 additional places for community care services and the full implementation of the Integrated Discharge Support Programme for Elderly Patients. All these proposals aim at facilitating the elderly to continue to age at a familiar place, that is, their home.

President, it has always been the policy objective of the Government to assist persons with disabilities to live independently and integrate into society completely. Hence, we will provide barrier-free environment, so that persons with disabilities are provided with access in entering premises and using facilities therein on an equal basis with others. To speed up the upgrading works on barrier-free facilities to conform to the latest design requirement at existing venues of the Government and Hong Kong Housing Authority (HA), the

Government will spend \$1.3 billion in the next few years to carry out retrofitting works to about 3 700 government premises and facilities and 300 premises of the HA. Among which, 85% of works on premises and facilities will be completed before the end of the term of this Government, and the remaining works will be completed by the end of June in 2014. To cope with the lift replacement project of the Housing Department, a minority of retrofitting works will be completed in 2016.

President, I would like to talk about retirement protection, for Members are quite concerned about this issue. Retirement protection system has all along been a highly controversial subject, not only because it involves a colossal amount of social investment, but also because its impact is extensive and far-reaching. In Hong Kong, the debate on the establishment of pension or superannuation for the elderly has lasted for several decades, and the latest round of debate was in the early 1990s. Members may recall that the Government had conducted extensive public consultation on the old age pension scheme in Hong Kong at that time. Back then, it was proposed that a monthly pension of \$2,300 be granted to all eligible elder people under the scheme, whereas the scheme would be funded by contributions from employers and employees, as well as the capital injection from the Government. During the consultation, many views had been expressed, and the Government eventually received over 6 000 submissions by the end of the consultation period. The analysis of the views collected lead to the conclusion that there were divergent and opposing views. Some views considered that the scheme would transfer the responsibility of individuals or families in protecting the lives at twilight years to society, which would lead to the collapse of the traditional value of Chinese. Some views considered the old age pension scheme unjust and unfair, for the pension payment was not directly linked to the amount of contribution made. Some views considered the standardization of pension payment undesirable, for the amount was inadequate for people with actual needs, whereas unnecessary for the rich. Some people worried about the risk of the scheme going bankrupt as in the case of Western countries, and they worried that Hong Kong would also encounter problems experienced by Western welfare countries. Since the scheme failed to secure the support of the Legislative Council at the time, the Government concluded that the door to the establishment of an old age pension scheme could not be opened. In view of this, we must identify other alternatives to provide financial protection to the elderly. Finally, the legislature passed the relevant legislation in 1995, and the Mandatory Provident Fund (MPF) system was set up, which was later implemented in 2000. Against the background back then, this

breakthrough was no easy achievement. Though up to date, the public still hold divergent views and aspirations to retirement protection, Hong Kong has successfully taken an important step by establishing a retirement protection system supported by three pillars, namely the social protection provided by the Government, which is the existing safety net, the MPF system and individual voluntary savings.

Over the years, the Administration has all along given due regard to social economic changes and monitored closely the operation of the three-pillar system, where adjustments have been made when necessary and studies have been conducted to identify sustainable approaches. The Central Policy Unit (CPU) is now consolidating the relevant studies taken into account the latest situation, and it will heed the views of various sectors in the course.

We notice that various sectors in society have had heated discussions on the subject of universal retirement protection recently, which cover some basic proposals and objective and rational analyses. What society need is not the chanting of empty slogans. If the views are constructive, we will definitely listen carefully. However, I hope Members would understand that the three-pillar system now adopted is the foundation of the retirement protection of Hong Kong. Any profound changes must have been considered thoroughly and be complemented by long-term planning. The Administration will consider carefully the findings of the studies conducted by the CPU and other relevant facts, and seriously examine the way forward.

President, I so submit.

**SECRETARY FOR FOOD AND HEALTH** (in Cantonese): President, the Government has injected a large amount of resources into various services relating to livelihood to ensure that we live in a safe, healthy and stable environment. In this year's Budget the recurrent expenditure on food safety and medical and health services is \$45 billion, which is some \$3.3 billion more than that of last year. There are criticisms from political parties that the Government lacks a long-term vision and strategy. I do not agree with this. In my speech I will highlight the long-term feasible policies mapped out by the Government in respect of food safety and medical and health services.

On food safety, for years the Government has been committed to enhancing the food safety level. Our work is basically divided into three areas. The first one is formulating and updating the legislation so that the food safety standards in Hong Kong will be in line with those in the world. The second one is to improve the food safety regulatory framework, and the third, to strengthen the ability to handle emergencies in response to unforeseen food incidents.

On legislation, since 2004 the Government has introduced or amended 12 pieces of legislation relating to food safety. To further improve the food safety regulatory mechanism, the Government has just implemented the Food Safety Ordinance, which was endorsed by the Legislative Council last month, to introduce a food traceability mechanism to ensure that in the event of a food incident, the authorities can trace the source of the problem food more promptly and effectively and take appropriate action. In future we will continue to handle and improve the other relevant legislation. For example, we will regulate the level of pesticide residues and veterinary drug residues in food, and formulate an import regulation for food with higher risks, including poultry eggs and aquatic products.

As for the regulatory framework, in 2006 the Government set up the Centre for Food Safety (CFS), which is dedicated to handling food safety work and liaising with Mainland and overseas authorities in charge of food safety. In recent years, food safety in Hong Kong has been maintained at a high level. The satisfaction rate of the food tests has been over 99%, which proves that the food safety regulatory framework in Hong Kong compares favourably with those in other places and advanced countries. The Government Laboratory also shoulders the important responsibility of testing food samples, being the gatekeeper for food safety. In recent years, the Government Laboratory has continuously enhanced its calibration and measurement capabilities. Since 2005 it has been the Designated Institute for Hong Kong under the Mutual Recognition Agreements of the International Committee for Weights and Measures for metrology in chemistry. Furthermore, in respectively 2006 and December 2010 it obtained the accreditation to act as proficiency testing provider and reference material producer. The standard of our testing work is on a par with that of other national metrology institutes.

Apart from the usual risk analysis and surveillance on food, with the allocation of resources, enhancement of the ability to handle emergencies in response to unforeseen food incidents is also a continuous task in the protection

of food safety. Under the CFS and the Government Laboratory there is a professional team comprising of experts in food science, testing work and public health. Whenever there is an unforeseen food incident, they are able to carry out efficient and swift restructuring and division of labour, efficiently assess the risk, exercise appropriate risk management and take suitable action in order to cope with and handle the extra work brought forth by the unforeseen food incident.

Take, for example, the recent Japanese food safety problem over which members of the public have shown concern. The colleagues in the CFS and the Government Laboratory, displaying their professionalism, have been working day and night with the advanced equipment to conduct radiation tests on food imported from Japan, acting as the gatekeeper for food safety. Last Friday, when Chairman of the Legislative Council Panel on Food Safety and Environmental Hygiene and various Members visited the airport, they also witnessed the CFS's effectiveness in monitoring food imported from Japan.

After the Japanese authorities raised the radiation risk level of the Fukushima nuclear incident to level 7 yesterday, our representative will have a meeting with the State General Administration of Quality Supervision, Inspection and Quarantine today to share our concern about whether this issue will lead to any long-term consequences.

All along the Government has adopted a comprehensive perspective to keep ensuring food safety on various fronts. With regard to medical and health services, we also have long-term objectives and commitment.

In 2005 the Government already proposed to conduct a detailed analysis on problems of the healthcare system. In 2008 we put forward the whole healthcare reform proposal, and in 2010 we made some more specific suggestions. Our approach is different from the healthcare reform suggested before. Our focus is not simply the issue of healthcare financing. Rather, it concerns the deeper structural problems of the healthcare system, especially those concerning the dual-track healthcare system with both the public and private sectors running side by side, which is unique in Hong Kong. After two large-scale public consultation exercises, we have reached a certain consensus over the past few years and have prescribed the right remedy to address treat the problems. We have done plenty of work in the direction of several long-term reforms.

First of all, at the end of last year we published the long-term development strategy for primary care services, setting up a framework of joint co-operation with groups such as healthcare professionals, voluntary organizations, patient groups and the Consumer Council. The objective is to change the past inclination towards treatment in hospitals and implement the various primary care service reform plans step by step, focusing on advocating preventive care, raising the quality of primary care services and enhancing the overall public health, thereby alleviating the burden on the healthcare system in the long run.

Secondly, we have clearly positioned public healthcare as the safety net for the whole population and significantly increased the amount of resources for the public system so as to improve public healthcare services, construct more public hospitals and expand the existing ones, and update the medical facilities. Resources are particularly focused on four key areas. That is, emphasis is put on looking after the low-income and disadvantaged groups, urgent cases and emergency service, catastrophic diseases which entail high costs and advanced technology, as well as training for healthcare staff, so that resources for public healthcare are properly used. Here, in particular, I would like to respond to Mr Albert HO's query about the Government's sincerity in increasing the resources for public healthcare. The figures quoted by Mr HO seem to be over-generalizing. The proportion of health expenditure in public expenditure may rise or drop each year, since the Government's non-recurrent expenditure on infrastructure may increase or decrease following the commencement and completion of projects. In fact, the recurrent expenditure on health has continuously increased from \$29.8 billion in 2006-2007 to \$39.9 billion in 2011-2012, having increased by one third within five years, representing an annual increase of 6% on the average. Its proportion in the Government's recurrent expenditure has continuously increased to 16.5% this year. We have pledged to further increase the proportion to 17% in the next financial year.

Thirdly, we have built various infrastructure facilities and systems for the overall healthcare system to promote public-private partnership in healthcare, with a view to optimizing the use of resources for public and private healthcare systems in the long run, so that members of the public will be given the best protection no matter whether they adopt public or private services. Such measures include establishing the electronic patient record system through which the public and private sectors can share their patients' records, implementing hospital accreditation in public and private hospitals to ensure the quality of healthcare services, and reserving land to develop private hospitals which can



benefit more people. At the end of last year, in response to the trend that more and more people have taken out private medical insurance to use private healthcare services, we put forward the Health Protection Scheme to regulate private medical insurance and the medical service market. The aim is to enable one third of the population, who have already bought medical insurance, to enjoy genuine and long-term medical protection.

On the issue of healthcare financing, we have frankly consulted members of the public and the political parties on the reality that given the demographic changes and rising medical costs, there will inevitably be substantial increases in healthcare demand and expenditure in the coming decades, as well as all the feasible financing options, together with our proposals on the reform of healthcare services. As I have stressed repeatedly, healthcare reform is not simply a financing issue as to where the money comes from. More importantly, it concerns questions like where the money will be injected and whether the money spent has achieved value for money, because no matter whether it is spent on public or private medical services, such money comes from the public coffers or pockets of members of the public. We plan to make a preliminary conclusion on the healthcare reform, particularly the proposals of the Health Protection Scheme, and decide on the next step forward within this year.

Recently, there have also been discussions in society on healthcare manpower and healthcare staff's working environment. I would like to bring out the issue of the service capacity of the healthcare system in particular. Ever since I set out to reform the healthcare system, I have got that the healthcare service capacity, whether it be public or private, will be the core issue in the sustainable development of the healthcare system. In the two public consultations on healthcare reform, public and private healthcare service capacities and manpower of healthcare professionals were subjects about which many people were concerned. In the past few years the medical schools of the universities have re-adjusted the training places for doctors upward to 320 a year. The Hospital Authority has also re-opened nursing schools, thereby greatly increasing the number of nurses who can go into service this year and in the next few years. We will start to conduct a long-term plan on healthcare manpower resources and professional development to support the development of Hong Kong's healthcare system and medical industry in the long run. Apart from whether there is sufficient manpower, one of the emphases will be continuous guarantee of the professional quality of healthcare services.

What I have just mentioned is medical reform and planning work which is vigorously promoted by the current-term Government and which will go across this term and even the next few terms of Government. Such extensive and complicated subjects have been discussed in the Legislative Council by Panels and by the Council time and again. If Members look at our series of reform measures together, it is not hard to get the Government's long-term direction. Although at present, we still have not reached a unanimous agreement on healthcare financing, at least we have correctly made our first step forward, prescribing the right remedy after identifying the problem. Moreover, we have attained a consensus in society in support of reforming the present public and private healthcare service framework. At the same time we will enhance the public and private healthcare service capacities, the service quality and transparency. What the Government has been doing is to make use of the relatively well-off financial condition in these several years to reform and resolve some long-standing problems. As long as we do not go backwards and undo all the results and outcomes of the reform which we have fought so hard to achieve, I have confidence that the healthcare system in Hong Kong will develop in a very positive direction in the future and our existing edge will be maintained.

On increasing the tobacco duty, I have responded in detail when I read out the Dutiable Commodities (Amendment) Bill 2011 earlier. Let me reiterate, all the national and local studies and experience have shown that increasing tobacco duty is an effective means of tobacco control. In particular, it can make young people smoke less and prevent them from being addicted to smoking. We certainly need to seriously and properly deal with problems of smoking cessation and illicit cigarettes, but these should not be the reasons for not increasing the tobacco duty. If the tobacco duty is not increased, only tobacco companies will be benefited while smokers and public health will suffer.

With these remarks, President, I implore Members to pass the Appropriation Bill.

**SECRETARY FOR TRANSPORT AND HOUSING** (in Cantonese): President, I would like to thank Honourable Members for their views on the areas of transport and housing. Regarding the proposal to increase the first registration tax of private cars, adequate discussion has already been held by the subcommittee formed under the Legislative Council. At the Second Reading of

the Bill just now, I have expounded our rationale for making this proposal. Later on, the Financial Secretary will respond to the views expressed by Honourable Members as regards the housing portfolio. I would now like to explain particularly to Members the Government's long-term planning and direction for the development of transport infrastructure.

The development of major transport infrastructure has far-reaching consequences on the society, people's livelihood, the economy, the environment, and so on. People in the community have also stated different views and suggestions on the infrastructural projects. Before undertaking any major infrastructure development, the Government needs to conduct thorough planning, detailed design and adequate social engagement before the projects can proceed formally. Moreover, major infrastructural projects invariably take a long time to complete. From the conceptual stage to planning, actual implementation and completion, it might take a relatively long period of time. One of the major reasons for Hong Kong becoming a world-class international metropolis is our excellent transport infrastructure. The connection provided by transport infrastructure is a pre-requisite for facilitating the flow of people, goods, capital and even information. Transport infrastructure is an invaluable asset for any world-class metropolis, serving the important function of expediting economic, cultural and social development and integration in the region. The SAR Government fully understands the importance of transport infrastructure and we have a wealth of experience in developing major transport infrastructure. In the planning of infrastructural development, our priority has always been serving the long-term need of the HKSAR and maintaining sustainable development.

In fact, the Government has strived to promote infrastructural development in the last few years. Various transport infrastructural projects that have been or will soon be commenced in these one or two years are testimony of our efforts in this regard. In 2007-2008, 10 large-scale infrastructural projects have been proposed in the policy address. Projects under the transport portfolio included the MTR Corporation Limited's South Island Line, Shatin to Central Link, Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL), Hong Kong-Zhuhai-Macao Bridge (HZMB), Tuen Mun-Chek Lap Kok Link and Tuen Mun Western Bypass, and Hong Kong-Shenzhen Western Express Line. In addition to the transport infrastructure under the 10 large-scale infrastructural projects, we have pressed ahead with projects such as the Kwun Tong Line Extension, West Island Line, Central-Wan Chai Bypass and Island Eastern

Corridor Link, as well as the widening works of the existing Tuen Mun Road, Tolo Highway and Fanling Highway so as to cope with the transport need of Hong Kong for the next 15 to 20 years.

Cross-boundary transportation is an important aspect of transport infrastructural development. At present, an average of nearly 500 000 land-based cross-boundary passenger trips between Hong Kong and the Mainland are made every day. In the past 20 years, the number has more or less doubled every decade. With the gradual shift of the centre of the world economy towards Asia, as well as further economic integration between Hong Kong and the Mainland, cross-boundary transport network will become increasingly important to our economic development, and the demand will also continue to grow.

In this connection, the SAR Government is pressing ahead with the implementation of two major cross-boundary transport infrastructural projects, namely the Hong Kong section of the XRL and HZMB. Since construction commenced in early 2011, the Hong Kong section of the XRL has been proceeding smoothly. We expect it to be completed in 2015. Regarding the HZMB, works in respect of the Main Bridge has commenced in mid-December 2009. The works of the project have been progressing well. It is expected that the HZMB will be commissioned in 2016. These two projects have very important strategic significance in facilitating further economic integration and development between Hong Kong and the Mainland. We expect that upon their commissioning, the transport link between Hong Kong and the Mainland will enter a new era, bringing along fresh impetus to the long-term economic development of Hong Kong.

Upon commissioning of the Hong Kong section of XRL in 2015, it will only take 48 minutes to travel from the West Kowloon Terminus in Hong Kong to Guangzhou. By that time, Guangzhou, Dongguan, Shenzhen and Hong Kong will form a "One-hour Living Circle". This will help expedite economic integration between Hong Kong and the Pearl River Delta (PRD) Region by bringing their complementary strengths into play, delivering enormous synergy and strengthening the overall competitiveness of the PRD Region.

At the same time, exchanges between the PRD Region and Hong Kong will become more efficient and convenient. This will not only facilitate more

Mainland enterprises to "go global" through Hong Kong and open up international markets, but also Hong Kong's professional service industries to "go into" the Mainland and open up potential markets of development in the PRD Region. Moreover, given the XRL's convenience, residents in the PRD Region can easily come to the West Kowloon Cultural District in Hong Kong after work to enjoy cultural performances. They can also come to Hong Kong for the weekend for leisure, shopping, food and sightseeing. This will become part of the daily life of many residents in the PRD Region. Such a change will bring substantial development potential for our tourism, retail, food and catering, as well as arts and culture industries, and create many new employment opportunities. The labour market in Hong Kong will directly benefit as a result.

It is just as important that upon completion, the West Kowloon Terminus of the XRL will become the south portal of the National High Speed Rail Network with a total length of 16 000 km. With 30 daily train pairs, the XRL will carry passengers directly to 16 major cities in the Mainland including Beijing, Shanghai, Wuhan and Xiamen in just a matter of hours. The XRL will promote economic and social exchanges between Hong Kong and these cities. The West Kowloon Terminus of the XRL will function in exactly the same way as a city airport connecting to major cities in the Mainland.

Regarding the HZMB, it will significantly reduce transportation costs and time for travellers and goods on the road between Western and Eastern PRD Region. With the HZMB, the journey time between the Hong Kong International Airport and Zhuhai will be shortened from four hours to 45 minutes. The Western PRD Region will fall within a reachable three-hour commuting radius of Hong Kong. Hong Kong will benefit from this new economic hinterland that has become significantly closer. The HZMB will provide ample opportunities for Hong Kong businessmen to expand their operation in the Mainland. Major industries such as tourism, financial services, trade, commerce and logistics will also benefit.

Moreover, through the Guang-Zhu West Highway, the HZMB will connect with many national highways and even connect directly with the highway network of ASEAN countries. As transportation in Western PRD Region becomes more convenient, substantial economic benefits will be brought to the three places.

Apart from the above two cross-boundary transport infrastructural projects which are now under construction, we are also actively taking forward the planning of the Hong Kong-Shenzhen Western Express Line (WEL). The WEL will be a multi-function railway. On the one hand, it will connect the two airports in Hong Kong and Shenzhen. Through the WEL, the Hong Kong airport which is a hub of international flights will be linked with the Shenzhen airport which provides a network of domestic flights. Hence, the two airports can interact and complement with each other, enhancing their competitiveness. On the other hand, the WEL will provide cross-boundary service between the Northwest New Territories and Qianhai in order to give full play to the benefits of the projects. We will continue to study the development of the spur line of the WEL in the New Territories so as to serve more residents.

In addition to pressing ahead with the development of cross-boundary transport infrastructure, the SAR Government is equally concerned about the development of domestic transport infrastructure. Hong Kong has a population of 7 million, but only an area of 1 100 sq km of land with difficult terrain. Moreover, a large part of Hong Kong has been designated as country parks or green zones. Given such conditions, we must adopt a public transport policy with railways as backbone, reduce the people's reliance on road transport, minimize the pollutions and land requirement arising from transport infrastructure, and maintain a sustainable transport system. We have always been developing domestic transport infrastructure according to this policy direction.

Regarding domestic railway development, a number of projects long-awaited by the public have commenced successively. The construction of the West Island Line started in 2009, with a view to commissioning in 2014. In addition, the Chief Executive in Council authorized the South Island Line (East) and the Kwun Tong Line Extension in November 2010. We aim to start the construction works of the two railway projects in mid-2011. At the same time, the Shatin to Central Link was gazetted in November 2010 and it is now undergoing the statutory consultation process. We will continue the consultation and the detailed design, with a view to commencing construction in 2012. Upon completion of the above railway projects, the total rail length of Hong Kong's railway network will be increased from 219 km to over 270 km. By then, most of the densely-populated districts will be served by railways.

Individual railways will be interconnected with existing railway lines to form an accessible railway network.

Looking forward, railway will continue to be the backbone of Hong Kong's transportation system. While railway projects both under construction and soon to be commenced will further improve Hong Kong's railway network, we must make long-term planning in a timely manner in order to satisfy future demand. Hence, it is necessary for us to review and update the blueprint of our railway development strategy in the Railway Development Strategy 2000 to take account of the changing needs of the society and latest planning parameters. In this connection, thanks to the Finance Committee of the Legislative Council for its funding approval earlier on, the relevant study has just commenced.

The Study on the Railway Development Strategy (the Study) will adopt a forward-looking approach in planning for the long-term railway blueprint of Hong Kong so as to meet our railway transport need up to year 2031. Taking into account the overall long-term planning strategy of Hong Kong, the Study will work towards the directions of providing a quality living environment, enhancing economic competitiveness and strengthening links with the Mainland. Specifically, the Study will aim at tying in with the planning of New Development Areas so as to ease the pressure on developed areas, supporting external transport connection to tie in with the planning and overall development strategy of the Hong Kong International Airport, HZMB, various boundary control points, as well as the PRD Region, and enhancing existing rail services including proposals on extension of existing lines or addition of new lines/stations, and so on.

At the same time, in order to cater for the demand for road infrastructure by travellers and freight, we have been pressing ahead with a number of major road improvement and construction projects in the past few years including Stage 1 of the Tolo Highway and Fanling Highway widening works, Central-Wan Chai Bypass and Island Eastern Corridor Link and widening of Tuen Mun Road. These projects are progressing full steam. We are also pushing ahead the planning and design of a number of new projects including Tuen Mun-Chek Lap Kok Link, Tuen Mun Western Bypass, Central Kowloon Route, Tseung Kwan O-Lam Tin Tunnel and Stage 2 of the Tolo Highway and Fanling Highway widening works. We will ensure their timely implementation so as to tie in with

local development and further improve the traffic flow both locally and territory-wide.

President and Honourable Members, various works undertaken by the SAR Government as stated above can fully illustrate our future commitment on the development of transport infrastructure. It has always been the Government's direction to continue developing our transport infrastructure so as to strengthen the tie between Hong Kong and other regions in the Mainland, upgrade the local road and railway networks in response to public demand on transport and promote economic development and employment. I hope that when examining the relevant funding applications made by the SAR Government in future, the Legislative Council will also give priority to the consideration of ensuring Hong Kong's long-term development, enhancing our competitiveness and further improving livelihood, and give support for our proposals. Thank you, President.

**SECRETARY FOR THE ENVIRONMENT** (in Cantonese): President, Members, our colleagues have just introduced the long-term planning and development under different government portfolios. In the following time, I wish take this opportunity to talk about one of the environmental policies which requires long-term planning and comprehensive consideration. It is the policy of energy and the environment.

In the past decades, an important criterion which has fueled the social and economic development in Hong Kong and supported the improvement of our living condition is the stable supply of energy. Since 2007, the incumbent Government has made an important change to its establishment. It transferred energy supply, an important policy purview which has long been put under the Policy Bureau in charge of economic development, to the portfolio of the Environment Bureau. The arrangement was made not only on the consideration that electricity generation is a source of local air pollution and greenhouse gas emissions in Hong Kong, but also on the consideration that the Government intends to change the focus of energy policy from economic development to sustainable development.

There is also a deeper meaning behind the arrangement. It shares the global concern on the gradual depletion of fossil fuels. In recent years, the international communities are greatly concerned whether the supply of fossil fuels



(such as coal, natural gas and petroleum) has peaked and will be gradually declining. We have also noted the trend of rising fuel prices. Hence, the policy of energy supply in this new era must not focus only on sustaining economic development, but also on energy saving or energy efficiency enhancement, as well as identifying new energy sources. These macro factors as well as local environmental factors have a major influence on how we are going to hammer out our long-term policies, ensuring that the energy policy will dovetail with the environmental policy. Thus, we have been reviewing the future fuel mix for Hong Kong in the past few years.

In 2009, coal, natural gas and nuclear power accounted for 54%, 23% and 23% respectively in the fuel mix for power generation in Hong Kong. Among the types of fuels used for power generation, coal assumes the highest carbon emission level. It is also one of the major causes of air pollution. The percentage use of coal in the fuel mix is high, directly making electricity generation the main source of air pollution and carbon emission in Hong Kong. Statistics in 2008 showed that sulphur dioxide, nitrogen oxide and respiratory suspended particles emitted by local power stations accounted for 88%, 44% and 28% of the their respective totals. Let us look at another indicator. Sixty-seven percent of the greenhouse gases in Hong Kong come from electricity generation. As such, how to reduce the proportion of coal used as the main fuel for power generation has thus become an indispensable direction that we must explore in our review of the fuel mix. Thus, in the Scheme of Control Agreement that we entered into with the power companies in 2008, we added a reward and punishment system on environmentally-friendly discharge. Next, we amended the Air Pollution Control Ordinance to put emission caps of power stations under its regulation. As far as these initiatives are concerned, the reduced air pollutants emitted by power stations in the past few years have proven that our efforts are beginning to bear fruit. This is attributable to the Government's environmental policy and the development of energy policy will have an important impact on our future environment.

While efforts are made to further reduce the use of coal for power generation, finding alternative energies, as we all know, is an extremely challenging issue; after all, over half of the electricity now is generated by burning coal. This issue must be explored the sooner the better for the sake of environmental protection, emission reduction and building a low-carbon society. Nevertheless, we are also aware that any important change may have a ripple

effect. The preparatory process of changing the fuel mix for power generation hinges not only on whether a new form of energy with sufficient supply can be found, but also on whether the new alternative energy is natural gas, some other forms of renewable energy, or nuclear power which is now in use and has the possibility of expanding its usage. One point we must consider is whether there is any problem with the supply of these forms of energy in places around the world or in the neighbouring region of Hong Kong. In respect of the alternative energies that we have mentioned so far, their supply in places world-wide is limited in one way or another. Hence, we cannot afford not to consider some practical issues in formulating Hong Kong's future energy policy. Nevertheless, when we finalize out the fuel mix, we also have to factor in our readiness to prepare for the new energy supply, because many decisions may entail a long period of work and preparation.

Apart from the potential of using renewable energies, we should also explore other possible alternative energies which can be used in Hong Kong. We have been importing coal, natural gas and nuclear power from different places in the world. The price of nuclear power is relatively stable among various energy supplies. As for coal and natural gas, their supplies have been subject to the influence of demand and supply and price fluctuation in the international market. In particular, the competition in the natural gas market has become fierce in recent years, as evidenced by the competition among power companies in securing power supply and the price fluctuation. In August 2008, we signed a Memorandum of Understanding on Energy Co-operation (the Memorandum) with the National Energy Administration, giving Hong Kong an important edge over other places in the region in terms of energy supply. The Memorandum underpins the stable supply of natural gas and nuclear power to Hong Kong in the long run, with specific guarantee from the Mainland that natural gas will be supplied to Hong Kong from three different sources, namely, offshore gas, piped gas and liquefied natural gas to be supplied from a terminal to be built in the Mainland and that the level of supply will exceed the present level. The Memorandum has substantially enhanced the versatility of the source of natural gas supply to Hong Kong, thereby enhancing the stability and reliability of the source of supply.

The Memorandum also embodies an important milestone in energy co-operation between the State and the Hong Kong SAR. We have proceeded to the next stage of the planning work. In other words, before the phasing out of

the present coal-fired power generation units, how we are going to reduce our reliance on fossil fuels by increasing the use of clean energy, so as to improve the air quality of Hong Kong and reduce the emission of greenhouse gases generated by power generation.

President, we are concerned about several core questions in developing the future fuel mix. We have to consider four important principles when we formulate the energy policy, that is, the safety, reliability, environmentally friendliness and cost-effectiveness of the power generated. Among the four principles, as said in the past, safety is the top priority. No matter which form of energy is used, we cannot compromise on its safety when it is used for power generation. Hong Kong is an international financial centre and a densely populated city, we cannot allow an unstable supply of electricity to happen here in Hong Kong. Moreover, the future fuel mix must dovetail with the increasing stringent environment standard, including the requirement to reduce air pollution and carbon emission. As for cost-effectiveness, that is, the price of the electricity, we must consider it carefully as we do not want to opt for energies that are over-priced. We do not want to transfer the cost to domestic and commercial users, as this will put immense pressure on their cost of living and cost of operation.

President, in the consultation document last year, we put forth a proposal of 40% natural gas, 50% imported nuclear power and the remaining 10% of coal and renewable energies as the future fuel mix for power generation in Hong Kong, with a view to gradually reduce emission and attain the low-carbon target.

Natural gas is a cleaner energy among other fossil fuels but its price is unstable. We are aware that its rising price has an impact on the electricity charge. However, we do not wish to heavily rely on a single energy for power generation as this cannot genuinely reduce emission. This is what we also need to take into consideration.

In-depth research remains to be done on the feasibility and stability of massively use renewable energy in Hong Kong, particularly on the technical and pragmatic fronts. As early as 2002, the Electrical and Mechanical Services Department entrusted a consultancy study on the feasibility of developing renewable energy in Hong Kong. The consultancy produced a preliminary assessment on the topic, setting aside its technical implications and financial viability. The assessment concluded that even under an extremely flexible

context, the renewable energy that can be explored in Hong Kong until 2022 can only generate 700 million to 1.5 billion units of electricity, approximately equivalent to 1.5% to 3% of the current electricity demand. Apart from the technical factor, some local requirements have to be met if renewable energy is to be developed, such as environmental impact assessment, cost-effectiveness and views of the residents. Hence, the room for developing renewable energy in Hong Kong is not as large as we may have imagined. Nevertheless, we will not preclude or stop exploring the possibility of developing renewable energy in our energy policy.

It has been suggested that renewable energy can be imported from the Mainland. In fact, the amount of renewable energy that can be supplied to Hong Kong from our neighbouring Guangdong Province is limited. As far as our understanding goes, the hydro-electric establishments in Guangdong Province have already reached their full capacity. Although there is still room for enhancing the capacity of wind-powered electricity establishments, the room is hardly large. Considering the fact that wind and water energies are highly susceptible to the objective environment and they also involve many uncertainties, the amount of electricity that can be supplied to Hong Kong from these sources is limited.

Yet, Hong Kong is not entirely without other energy alternatives. Energy-from-waste is one such example. The Government has proposed to build integrated waste management facilities, organic waste treatment facilities and sludge incineration facilities. With the gradual commissioning of these facilities, they should be able to meet approximately 2% of the total electricity demand in 2020. I thus hope that Members can support future environmental policies on energy-from-waste projects because these policies, to a certain extent, can help improve our energy use in future.

As far as cost-effectiveness is concerned, the cost of importing nuclear-generated electricity is about \$0.5 per unit electricity, while the cost of generating coal-fired electricity by power companies is about \$0.4 to \$0.6 per unit electricity and the cost of natural gas-generated electricity is about \$0.7 to \$0.9 per unit electricity. The present cost of electricity generated by renewable energies is several times more than that of electricity generated by mainstream energy sources.

The supply of nuclear energy is generally cheaper and more reliable than that of natural gas. The former will not emit greenhouse gases during electricity generation. Importing more nuclear energy to Hong Kong can help balance our fuel mix for power generation, preventing over reliance on natural gas. If we shelve the proposal of increasing the import of nuclear energy and rely only on increased use of natural gas, according to the consultancy assessment, we may not be able to achieve the original target of attaining actual reduction in greenhouse gas emission by 2020.

Nevertheless, President, we certainly understand that the recent Fukushima nuclear plant incident in Japan will considerably affect the discussion on the fuel mix. The earthquake-triggered tsunami and the subsequent nuclear incident in Honshu, Japan in mid-March has prompted places around the world which are developing and using nuclear energy to stop and review afresh the way nuclear power is used. Hong Kong is no exception and we are duty-bound to do so. The blow of the Fukushima nuclear incident has also affected anti-climate change and emission reduction pledges made by different countries. Spokesman of the Ministry of the Environment of Japan also announced early this month that because of the Fukushima incident, the 25% emission reduction target to be achieved by Japan has to be revised, including the target percentage and the time of achieving the target.

President, we will review our work in the light of the series of natural disasters and the Fukushima incident in Japan. The nuclear incident in Japan has prompted a rethink of nuclear safety around the world. We hold that such development is, in a way, positive. Nuclear power is used in Hong Kong. We will closely monitor development relating to nuclear power and fully review future plans involving the use of nuclear power with objective, scientific and rational analyses. While we will not rush to settle on a fuel mix model, we will also not hastily remove nuclear energy from the fuel mix.

President, in the discussion on energy, we echo Members' views that apart from working on the fuel mix, a lot can be done in terms of energy saving. In the past, the Government, the public and the Legislative Council have worked to this end and the results can be seen. For instance, with the support of the Legislative Council, we have just completed the legislation of the Buildings Energy Efficiency Ordinance. The Ordinance empowers us to lay down

minimum energy performance standards for major installations and facilities in buildings and introduce mandatory implementation of these standards, so as to comprehensively taking forward energy saving and emission reduction in buildings. Moreover, funding approval was secured from the Legislative Council early this year to take forward phases I and II of district cooling systems. These are just part of our efforts in energy saving. A series of proposals have also been provided by the Government in a consultation document on counteracting climate change. These proposals include expanding the coverage of Building Energy Codes under the Ordinance just mentioned and tightening the relevant requirements, promoting the installation of district cooling systems and water-cooled air-conditioning system, reducing electricity usage in newly constructed buildings, improving energy efficiency of commercial buildings through better management practices, and expanding the applicability of energy efficiency labels for household electrical appliances.

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

The Buildings Energy Efficiency Funding Scheme was launched under the Environment and Conservation Fund in April 2009. Since then, almost 8 000 applications have been received from buildings and housing estates, contributing to the overall improvement on energy efficiency. In the coming year, we anticipate that the Council for Sustainable Development will roll out a new series of public programmes to promote energy saving practices to different sectors of society. The above measures seek to promote efforts with different energy concerns to the community through government policy and funding.

Deputy President, the long-term planning of energy supply affects the daily lives of the people as well as different sectors in society. We must proceed carefully. As far as using more clean energy is concerned, we are now collating views from the public consultation on climate change last year, so as to map out the way forward, including the future fuel mix for power generation. We hope that the future fuel mix will be formulated with the sustainable development of Hong Kong in mind and with a balanced focus on safety, stable supply, environment conservation and reasonable price. This is instrumental to the continued prosperity of the Hong Kong economy, to the people who will be able

to continue to enjoy a better living brought by a modernized society, and to Hong Kong, being a member of the international society, is duty-bound to reduce carbon emission and air pollutants and use energy safely.

With this remarks, Deputy President, I urge for Members' support of the Appropriation Bill tabled by the Government. Thank you.

**DEPUTY PRESIDENT** (in Cantonese): I now call upon the Financial Secretary to reply.

**FINANCIAL SECRETARY** (in Cantonese): Deputy President, since the announcement of the Budget, Members of this Council and members of the public have expressed valuable views on different occasions, including the debate held on two consecutive days last week.

Secretaries of Departments and Directors of Bureaux have just responded in detail to the views on individual policy areas. To sum up, I shall now give a brief account of the latest economic situation. I shall also address, from a macro perspective, a number of key issues of concern to the public.

So far this year, Hong Kong's economic activities have continued to see sustained expansion. The consumer market remains buoyant. Exports of goods and total retail sales recorded strong growth in the first two months of 2011. With continuous improvement in the labour market, the latest unemployment rate fell further to 3.6%. We anticipate strong economic growth figures for the first quarter of this year, and Gross Domestic Product (GDP) will grow by 4% to 5% for the whole of 2011.

Income has risen due to the strengthening economy, benefiting the grassroots and the public as a whole. This is evident in the latest figures. Taking full-time employees in the lowest decile of income distribution as an example, their average monthly income increased by 7% year-on-year between November 2010 and January 2011. After adjustment for inflation, there was still improvement in real terms.

However, many challenges lie ahead in the coming year. Signs of inflationary pressure are becoming more evident in Hong Kong. This is to be expected given our low unemployment rate, continuous expansion of the economy, rising salaries and market rentals, and the implementation of the statutory minimum wage. As food, oil and other commodity prices are on the rise, and Europe, the United States and Japan are sticking to a loose monetary policy, the pressure of imported inflation remains high.

Hong Kong's underlying consumer price inflation was 3.6% for January and February 2011 combined. The underlying inflation rate is expected to rise further in the near future. All these issues had largely been taken into account when I forecast an average inflation rate of 4.5% for the whole year in my Budget Speech.

The United States economy is recovering slowly and the unemployment rate remains relatively high, despite a recent drop. Europe's sovereign debt problem has yet to be fully resolved, and some European countries face major financial and social crises. The massive earthquake in Japan and the nuclear crisis triggered by the disaster will stifle the country's economic growth. This will have an adverse impact on trade in the region. Also, the surge of global energy prices arising from the political unrest in the Middle East and North Africa will exacerbate global inflationary pressure.

An unstable global economic environment is expected to linger for some time. Market fluctuations will continue. As such, the economic prospects for Hong Kong remain uncertain. I shall closely monitor developments and their impact on our economy, and make timely responses.

Fighting inflation is one of our priorities this year. Although we cannot use interest rates as a tool to contain inflation, we have introduced a package of fiscal measures to help alleviate the pressure faced by the public. In the short term, the Government will implement a number of one-off measures. We shall continue to forestall property market exuberance and prevent excessive credit growth. The macroeconomic adjustment in the Mainland, which is targeted at easing the inflationary pressure, will also help reduce imported inflation in Hong Kong.



Mounting inflation has added to the burden on our citizens. I have proposed in the Budget a number of relief measures to provide timely assistance to our people. These include granting an electricity charge subsidy, waiving rates, paying rent for public housing tenants, providing an extra allowance to the Comprehensive Social Security Assistance (CSSA) recipients, increasing the allowances for maintaining dependent parents/grandparents and children, and reserving funds for the continuation of the short-term food assistance services. I also proposed tax rebates and disbursement to eligible citizens. These measures are meant to leave wealth with the people and let them have more disposable money, helping to ease their burden.

The public has always been concerned about the development of the property market. To many of them, property is an important asset, while mortgage payment is a major family burden. Home owners do not want to see asset depreciation, but they also have deep anxiety about an overheated property market. For those who wish to own their home but have yet to do so, they would like to see property prices staying at affordable levels. Some malpractices in selling properties have also given rise to grievances and complaints.

I understand our people's concerns about the development of the property market. In line with public aspirations, our target is to ensure the stable and healthy development of the property market for the benefit of the community. We also need to prevent wild fluctuations of the property market from dampening the economy. This issue is so closely related to the immediate interests of our people, our financial stability and overall economic development that we have never taken it lightly.

Last November I announced measures to curb short-term speculative activities, including the proposal to introduce a Special Stamp Duty. To prevent excessive expansion in mortgage lending and ensure that banks undertake mortgage business in a prudent manner, the Hong Kong Monetary Authority (HKMA) also introduced regulatory measures in August and November 2010. Banks are required to lower the maximum loan-to-value ratio, determine a prudent debt servicing ratio and stress-test borrowers' repayment ability. The HKMA is stepping up its efforts to examine the banks' mortgage business to ensure compliance with the regulatory requirements promulgated.

The number of short-term speculative activities has now been reduced. There was a significant drop of confirmor cases in the first three months of the year. The number of confirmor transactions decreased substantially from an average of about 320 cases a month between January and November 2010 to 134 cases in March 2011. Given the effectiveness of the Special Stamp Duty, I hope Members will pass the Bill as soon as possible so that the Government can proceed with the initiative.

Although speculative activities have cooled off somewhat, the market continues to fluctuate. As low interest rates persisted, property prices picked up again early this year, with an accumulated increase of 7.2% in the first two months. The number of transactions rebounded, and there was a turnaround in the number of bank mortgage applications in January. I am deeply concerned that overall property prices in February have surpassed the peak in 1997. I shall pay close attention to developments in the property market. I shall not hesitate to introduce further measures to reduce the risk of a property bubble as and when necessary.

The factors that affect the property market have become more complex recently. Changes in the international landscape have brought further uncertainties. Externally, we have seen increases in interest rates around the world. Local banks have also tightened their mortgage lending terms. These developments have sounded the alarm that an interest rate rebound may arrive earlier than generally expected. I have to remind the public once again that the current environment of abundant liquidity and low interest rates will not last forever. Neither will rising property prices. The public should be cautious about the potential impact an interest rate rebound will have on the property market.

To address public concern about the transparency of property transactions, the Transport and Housing Bureau established a Steering Committee on the Regulation of the Sale of First-hand Residential Properties by Legislation. The Committee will discuss specific issues in this respect, with a view to stepping up regulation and enhancing market transparency. They will come up with practical legislative proposals in October 2011.

In the medium to long term, we shall tackle the problems of the property market at source by increasing land supply. To better meet the keen demand of the community for residential and commercial sites, I affirmed in the Budget that

we would adopt the two-pronged approach comprising the use of the Application List and government-initiated land sale arrangement. We shall proactively make available more residential, commercial/business and hotel sites.

We have announced that the ex-Ko Shan Road Customs and Excise Service Married Quarters will be put up for sale by auction on 27 April. Tender invitation for two Hung Hom sites with flat-size restrictions, one at the junction of Bulkeley Street and Gillies Avenue South, and the other at Lee Kung Street, will take place on 29 April.

We shall put up three residential sites for sale by auction in May, including the former Lingnan College at Stubbs Road, the Begonia Road site in Kowloon Tong and the Ngau Tam Mei site in Yuen Long. This will be followed by the auction of two residential sites in June, one at Borrett Road and the other at Ping Shan, Yuen Long. Of these five residential sites, three sites are taken from the current Application List. We also plan to put up for tender a site with flat-size restrictions in Tung Chung in June.

Apart from residential sites, we have also decided to tender three specified sites for commercial/business and hotel use. We shall invite tenders in May for the sale of two sites, one located at Wai Yip Street, Kwun Tong for business use, and the other at Queen's Road East for hotel use. In June, we shall put on the market a commercial site located at the junction of Kai Cheung Road and Wang Kwong Road in Kowloon Bay.

All in all, we shall put up a total of nine residential sites through government-initiated land sale by auction or tender between April and June. The number is larger than that put up for scheduled land auction in the past. These sites are expected to provide about 2 650 flats. Three commercial/business and hotel sites will also be offered for sale. The Lands Department will announce in due course the details of the land auction and tender in May and June.

The Government is determined to increase land supply. We shall closely monitor the development of the property market and shall continue to make available residential sites in the Application List for direct sale where necessary. We shall also consider announcing the Land Sale Programme in advance on a quarterly basis.

Regarding subsidized housing, some people have proposed resuming the Home Ownership Scheme (HOS) to bring more affordable flats onto the market. I understand their aspirations. The Government recognizes the importance of a stable home, and is fully aware of our people's wish to improve their quality of life through home ownership.

Last year, the Chief Executive announced in his Policy Address the introduction of the My Home Purchase (MHP) Plan, which is premised on the concept of "rent-and-buy". The Plan will cater specifically for households which have the ability to pay mortgages in the long run but cannot immediately afford down-payment. The Plan will allow them to save up over a period of time for home purchase. It will also help increase the supply of "no-frills" small and medium-sized private flats.

We shall continue to have an open mind and adopt a pragmatic approach in tackling the issue of subsidized housing. We shall be responsive to people's aspirations to buy their own home, review the Government's role from time to time, and study policy initiatives that will meet people's different housing needs.

At the beginning of the current term, the Chief Executive introduced the concept of "progressive development" in promoting Hong Kong's sustained development. Based on this concept, a balance should be maintained between economic growth and its impact on social development, environmental protection and heritage conservation. In parallel, the Government should respond pragmatically to public aspirations. As stated in the Hong Kong 2030 Study announced in October 2007, we would plan for Hong Kong's future development according to the concept of "progressive development". Our aim is to provide adequate land to cater for our population growth and sustainable economic development.

In recent years, we have been taking steps to implement the overall strategy recommended by the Hong Kong 2030 Study. We have made full and efficient use of developed areas and new towns through various initiatives. These include speeding up the redevelopment of old areas and carrying out infrastructure works in southern Tseung Kwan O. At the same time, we have pressed ahead with major new developments in areas where planning is completed or required. Examples include the Kai Tak Development Area where works have commenced in phases, the North East New Territories New

Development Areas with planning and engineering studies underway, and the remaining development of Tung Chung and the Hung Shui Kiu New Development Area to be rolled out this year. The Study on Land Use Planning for the Closed Area was also completed in the middle of last year.

In preparation for the future, the Chief Executive put forward the concept of creating a land reserve in his Policy Address last October. To explore the options of reclamation on an appropriate scale outside Victoria Harbour and enhancement of rock cavern use, a public engagement exercise will commence in the second half of this year. We plan to conduct the exercise in two stages. In the first stage, we intend to engage the public and adopt a new mindset in reviewing the demand for land in the long run and exploring new land resources to create the land reserve. We shall also propose feasible options and seek views. In the second stage, discussions will focus on the selection of potential sites for reclamation and rock cavern development, and specific sites will be identified. We aim to reach a consensus and formulate proposals acceptable to the public in order to facilitate further planning and engineering feasibility studies.

To reinforce Hong Kong's position as Asia's world city, timely and effective supply of economic land is of vital importance. Based on the strategies set out by the Hong Kong 2030 Study, we are now integrating and enhancing the existing Central Business District, while also actively exploring new premier office nodes. Specific proposals were put forward in my Budget Speeches over the past few years. They include facilitating the development of business districts by transport infrastructure, revitalizing industrial buildings and relocating government offices situated in the Central Business District. We shall take forward the overall planning for the long-term development of Hong Kong in a gradual manner, making Hong Kong a better place to live and further enhancing our competitiveness.

Another main theme of the Budget is investing in the future.

Given the more-than-expected income in 2010-2011, our sound financial position over the medium term and healthy fiscal reserves, I consider it an opportune moment to propose in the Budget fiscal measures to help alleviate inflationary pressure felt by our people. I have also invested in our people's future through initiatives such as setting up the \$7 billion Elite Athletes

Development Fund, establishing the \$2.5 billion Self-financing Post-secondary Education Fund and making an injection into our citizens' Mandatory Provident Fund (MPF) accounts.

Since the announcement of the Budget, the public have expressed strong views on the proposed injection into their MPF accounts. Many views are related to the MPF System itself. I agree that the MPF System, as an important pillar of retirement protection, has room for improvement to better meet public needs. The Government will continue, in collaboration with the Mandatory Provident Fund Schemes Authority (MPFA), to review the existing MPF System and its operation. Moreover, the Government and the MPFA are working on legislative proposals on MPF intermediaries regulation, with a view to implementing the Employee Choice Arrangement next year. This will address the MPF fee issue, one of the biggest public concerns, through market forces.

I note the recent discussions on retirement protection. Some people have suggested that the Government, current employers and employees should all make contributions for pension payments to retirees. This is similar to the "pay-as-you-go" retirement protection scheme. Many developed countries which have adopted such schemes find them difficult to sustain after years of implementation, and are now revamping them. This is because, with an ageing population, such a scheme will place a heavy financial burden on future generations who are required to make contributions. Moreover, the pressure such a scheme adds to public finances should not be overlooked. Since retirement protection is an important issue related to the long-term development of Hong Kong, I hope that stakeholders with different views will fully consider the pros and cons of various approaches in a rational manner, and express their opinions.

On economic development, the Budget has put forward specific proposals on promoting sustainable development of our economy in support of the directions set out in the Policy Address. Hong Kong will continue to put its strengths into play and move towards a high value-added, knowledge-based economy. The Government will optimize the business environment to facilitate the ongoing development of the four pillar industries, and promote the expansion of the six industries where we enjoy clear advantages in fostering economic diversification. In fact, despite the general economic contraction in 2009, the value added of the six industries recorded a growth of 3%. This shows that the

six industries are highly competitive and have vast development potential. We shall introduce timely measures to support the growth of these industries.

Market is the centre of our economy. The role of the Government is to monitor, guide and support the healthy development of the market. To capitalize on Hong Kong's tenacity and entrepreneurship, we must maintain a favourable business environment and a simple tax regime. On the supply side, we shall strive to strengthen infrastructure, invest in education and manpower training, and promote Hong Kong brands. This will be complemented on the demand side by our efforts in speeding up our integration with the Mainland market, forging closer regional co-operation and tapping new opportunities in emerging markets.

The opportunities brought by our integration with the Mainland market provide the strongest impetus to the economic development of Hong Kong. Apart from playing a vital role in our country's future development, the 12th Five-Year Plan approved will also present fresh opportunities for Hong Kong's development.

This year marks the start of the 12th Five-Year Plan. Our nation has, for the first time, dedicated a chapter to Hong Kong and Macao in mapping out the planning for the coming five years. This is a full recognition of Hong Kong's unique position in our nation's development and the particular contributions that we can make. In the Plan, there is specific reference to Hong Kong's positioning, and the support for Hong Kong's development into an offshore Renminbi business centre and an international asset management centre. This will help enhance our global influence as a financial centre.

The 12th Five-Year Plan also highlights the importance of co-operation between Hong Kong, Guangdong and Macao. We shall seize the opportunities brought by the Plan and complement the initiatives with a view to helping Hong Kong's economic development reach new heights.

The Government has always attached great importance to improving people's livelihood. Every year, the Chief Executive sets out in the Policy Address the overall policy objectives and long-term social development strategies to care for people's livelihood, and bureaux would implement the policy

initiatives within their respective ambits. In support of such policy objectives and initiatives, the Budget allocates resources appropriately.

I place special emphasis on policies which directly affect people's livelihood.

Increases in the recurrent expenditure on the policy areas of education, social welfare and healthcare show our long-term commitment to people's livelihood. These three areas will together account for 56.4% of recurrent government expenditure for 2011-2012, an increase of more than \$10 billion when compared with 2010-2011. The estimated recurrent expenditure on education will be \$54.5 billion, an increase of 6% over the revised estimate for 2010-2011. The estimated recurrent expenditure on social welfare will be \$42.2 billion, an increase of 11% over 2010-2011. On healthcare, the estimated recurrent expenditure will be \$39.9 billion, representing an increase of 9%.

In support of the relevant policy initiatives, recurrent expenditure for 2011-2012 is estimated to reach \$242.1 billion, representing an increase of about \$18 billion, or 8%, over the revised estimate for 2010-2011. It represents an increase of over 20% when compared with 2007-2008. The increases in recurrent expenditure reflect the ongoing commitment of the Government in improving people's livelihood and promoting economic development. We shall continue to commit adequate resources as and when needed to projects catering for the needs of the people and the economy.

I shall now give a brief account of the adjustments made to the Budget, which cover both expenditure and revenue. On expenditure, I propose to give a sum of \$6,000 to all Hong Kong permanent identity card holders aged 18 or above.

We are now working out the details of this proposal. We are discussing with banks to see if we can make use of the branch network to facilitate people's registration for and collection of the payment. This must be done without compromising people's privacy. We shall also consider making staggered arrangements when implementing the proposal. When the details are finalized, we shall submit the proposal to the relevant panel of this Council for discussion in accordance with established procedures and then seek funding approval from



Finance Committee. Once funding approval is given, we shall immediately take forward the proposal so that registration will start as soon as possible.

With some 6.1 million persons eligible for the disbursement, and allowing for "savings bonus", which serves as an incentive for savings, and expenditure on administrative cost, this proposal will cost about \$37 billion. Assuming 80% of the total expenditure will be required in 2011-2012, I propose to earmark \$29.6 billion for the proposal.

Meanwhile, I plan to inject additional funds into the Community Care Fund to provide assistance to those with financial needs, including new arrivals. The Steering Committee on Community Care Fund is studying how to assist those in need. I propose to earmark \$1.5 billion for this initiative.

To meet the expenditure likely to be incurred by the adjustments in 2011-2012, I shall move a Committee stage amendment to the Appropriation Bill 2011 to increase the provision under Head 106 Subhead 789 by \$7.1 billion to \$58.831 billion, after offsetting the \$24 billion earmarked for the proposed injection into MPF accounts.

On the revenue side, I propose to reduce salaries tax and tax under personal assessment for 2010-2011 by 75%, subject to a ceiling of \$6,000. The reduction will be reflected in the taxpayer's final tax payable for 2010-2011. We shall introduce a bill to this Council within this Legislative Session to implement the proposal. This proposal will benefit 1.5 million taxpayers and cost the Government about \$5.3 billion. In the Estimates for 2011-2012, under Head 3 Internal Revenue Subhead 030 earnings and profits tax, revenue from salaries tax will be reduced from \$48.15 billion to \$43.22 billion whereas revenue from tax under personal assessment will be reduced from \$4.2 billion to \$3.83 billion.

In view of the adjustments to the Budget, I estimate that total government revenue for 2011-2012 will be \$369.7 billion, and total expenditure will reach \$378.2 billion. The forecast surplus of \$3.9 billion in the Consolidated Account will become a deficit of \$8.5 billion. Fiscal reserves are estimated at \$583.1 billion by end-March 2012, equivalent to 18 months of government expenditure, or 31% of our GDP. The deficit for 2011-2012 is mainly attributable to the one-off measures and will have no implications on our medium

range finance. I expect an annual surplus in the Consolidated Account for the period between 2012-2013 and 2015-2016.

Deputy President, we have seen ups and downs in our economy since the financial tsunami in 2008. The overall economic growth in real terms rose from its trough of -2.7% to last year's 6.8%. Overall income also increased. Our per capita GDP increased from some \$231,000 in 2009 to an all-time high of over \$247,000 in 2010. Thanks to the improving economy, our exports have recovered from rapid contraction and resumed strong growth. Individual consumption has reached a new high and unemployment has dropped to 3.6%. People from all sectors of the community have enjoyed the fruits of economic development.

Our quick recovery from this once-in-a-century financial turmoil owes much to the concerted efforts of our people. The role of government during an economic downturn is to stimulate the economy using fiscal measures, maintain economic vitality and foster job creation. When the economy is recovering, apart from allowing the market to come into play, the government should strive to respond to public needs. When conditions allow, we should leave wealth with the people and help to ease their burden.

We adhere to the principles of prudent management of public finances, keeping expenditure within the limits of revenues and striving for a fiscal balance. This is not only due to the need to meet fully the requirements of the Basic Law, but is also based on the actual circumstances of Hong Kong as a small and open economy. As government revenue is highly susceptible to fluctuations and the flexibility in expenditure is low, it is necessary for us to maintain healthy and adequate fiscal reserves to cope with the impact economic cycles have on people's livelihood. Moreover, we must stay alert to the challenges ahead and be prepared for unexpected crises. In no case should we make, on account of an occasional increase in revenue, commitments that are difficult to sustain. This will bring nothing but tax increases and reduced competitiveness for future generations.

Managing public finances prudently does not mean committing fewer resources to improving people's livelihood and welfare. On the contrary, government expenditure increased by over 60% between 2007-2008 and 2011-2012, much greater than the 15.8% nominal GDP growth over the same

period. This underscores our commitment to promoting the development of our society and improving people's livelihood.

Our management of public finances is based on the principle of "policy leads and financial resources follow". As Hong Kong is an open and diversified society, discussions on many public policies related to people's livelihood often take time. In recent years, extensive public consultation was conducted for the preparation of the Budget. The exercise helps us understand fully the immediate needs of our people so that timely responses can be made in the Budget. It also provides another channel to gather people's suggestions on long-term policies for consideration and follow-up actions by the bureaux concerned. This is a constructive process that is consistent with Hong Kong's openness and diversity.

When allocating public resources for long-term and short-term needs in the Budget, we have to keep the balance right. We have to reserve adequate resources to complement long-term policy commitments on the one hand, and respond promptly to the immediate demands of the community on the other. As such, we have proposed in the Budget a number of relief measures to give people from all sectors of the community more disposable money and ease their burden.

These measures are strongly supported and well received by the public. I would like to thank Members who have pledged their support for the Budget. With their support, we can hopefully see the early implementation of the relief measures. For Members who have yet to show their support, I earnestly ask you not to veto these relief measures for the sake of short-term political interests. These measures can genuinely benefit our people.

The controversy over this year's Budget sheds light on the expectations of our society and people. It is this positive energy which we want to harness as a driving force for encouraging more focused discussions on various livelihood policies in the community. Our people are always pragmatic. I believe that such positive energy will rally the support of various sectors in promoting Hong Kong's future development.

Thank you, Deputy President.

**DEPUTY PRESIDENT** (in Cantonese): I now put the question to you and that is: That the Appropriation 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.

(Members raised their hands)

Mr Albert CHAN rose to claim a division.

**DEPUTY PRESIDENT** (in Cantonese): Mr Albert CHAN has claimed a division. The division bell will ring for three minutes.

(While the division bell was ringing, THE PRESIDENT resumed the Chair)

**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, Mr CHAN Kam-lam, Mrs Sophie LEUNG, Dr Philip WONG, Mr WONG Yung-kan, Mr LAU Kong-wah, Ms Miriam LAU, Mr TAM Yiu-chung, Mr Abraham SHEK, Ms LI Fung-ying, Mr WONG Kwok-hing, Mr CHEUNG Hok-ming, Mr WONG Ting-kwong, Mr CHIM Pui-chung, Prof Patrick LAU, Ms Starry LEE, Dr LAM Tai-fai, Mr CHAN Hak-kan, Mr Paul CHAN, Mr CHAN Kin-por, Dr Priscilla LEUNG, 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 Albert HO, Mr LEE Cheuk-yan, Mr Fred LI, Dr Margaret NG, Mr James TO, Mr CHEUNG Man-kwong, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr Frederick FUNG, Ms Audrey EU, Mr LEE Wing-tat, Mr KAM Nai-wai, Ms Cyd HO, Mr CHEUNG Kwok-che, Mr Alan LEONG, Miss Tanya CHAN, Mr Albert CHAN and Mr WONG Yuk-man voted against the motion.

Dr Joseph LEE abstained.

THE PRESIDENT, Mr Jasper TSANG, did not cast any vote.

THE PRESIDENT announced that there were 48 Members present, 28 were in favour of the motion, 18 against it and one abstained. Since the question was agreed by a majority of the Members present, he therefore declared that the motion was passed.

**CLERK** (in Cantonese): Appropriation Bill 2011.

Council went into Committee.

### **Committee Stage**

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

### **APPROPRIATION BILL 2011**

**CHAIRMAN** (in Cantonese): In accordance with Rule 68 of the Rules of Procedure, the Committee will consider the Schedule first.

I now propose the question to you and that is: That the sums for the following heads stand part of the Schedule.

**CLERK** (in Cantonese): Heads 21, 23 to 28, 30, 31, 33, 37, 39, 42, 44 to 49, 51, 53, 55, 59, 60, 62, 63, 70, 72, 74, 76, 78, 79, 80, 82, 90, 91, 92, 94, 95, 96, 100, 112, 114, 116, 118, 120, 121, 136, 137, 139, 140, 143, 147, 148, 151, 155, 156, 159, 162, 163, 166, 168, 169, 170, 173, 174, 180, 181, 184, 186, 188, 190 and 194.

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

(No Member indicated a wish to speak)

**CHAIRMAN** (in Cantonese): I now put the question to you and that is: That the sums for the heads stated stand part of the Schedule. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

**CLERK** (in Cantonese): Head 22.

**MR FRED LI** (in Cantonese): Chairman, I move that head 22 be reduced by \$1,300,000 in respect of subhead 000. The reduction is related to the expenditure of the Agriculture, Fisheries and Conservation Department (AFCD) on animal euthanasia.

Chairman, I will talk about this photograph later because it is relevant to this question.

This is not the first time a motion on concerns about animal rights is moved in this Council. Relevant motions, proposed by Mr CHAN Hak-kan of the Democratic Alliance for the Betterment and Progress of Hong Kong and Mr Albert HO, our party chairman, were passed to call on the Government to implement "Trap-Neuter-Return" (TNR) programme through taking forward proposals such as controlling the sources and breeding of animals, raising penalties for animal cruelty, establishing "animal police" teams and preventing the proliferation of animal smuggling.

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

Thanks to the persistent efforts by animal rights organizations and the painstaking work and perseverance of voluntary animal workers, there has been increasing concern in the community about the plights of stray and abandoned animals. This is the first time the Democratic Party proposes an amendment in this Council having regard to the requests of these organizations and people. Of course, I know that this amendment will not be passed. Many people have also persuaded me to withdraw it. Some pet organizations, among others, have also expressed concern that this motion, if passed, will immediately make it impossible for the large number of stray dogs to be disposed of immediately in the territory. I fully appreciate this concern. Furthermore, in proposing this amendment, I joined the Director, Deputy Director and Assistant Director of Agriculture, Fisheries and Conservation as well as some veterinary surgeons to meet for the first time with the representatives of three organizations, namely Happy Animals, Animal Earth and Animal Power, in an evening for a frank, detailed and in-depth discussion. Regrettably, due to the fact that the meeting was held for the first time and the tight deadline for proposing the amendment, the three organizations eventually insisted that I should propose the amendment on behalf of them and the Democratic Party.

I would also like to thank the AFCD for making an effort in heeding their opinions. I also hope that the Government will not slam the door on this good start because of this amendment today.

Actually, the slashing of \$1.3 million accounts for a mere 0.13% of the expenditure of the AFCD for the coming year, whereas a mere \$21.3 million will

be spent on catching stray animals. Hence, the amount of money slashed merely takes up 6% of the sum of more than \$21 million for catching stray animals. Why does it seem that we hate euthanasia that much? I hope colleagues can spend a little time listening to me.

Euthanasia is a disguised civilized word. Actually, it means termination of an animal's life by injection. Even if an animal is healthy and docile, it will be given a jab four days after its capture by the AFCD if no one is willing to adopt it. The annual number of animals whose lives are terminated in this manner is more than 10 000, with the majority of them being dogs. In the past, the number was even greater, though it has been reduced in recent years. Thanks to our joint efforts, the number of such animals has been on the decline. Nevertheless, only 900-odd animals are available for adoption per annum, with more than 90%, or most, of the animals having their lives terminated. After all, this is not acceptable to me.

According to the information provided to me by those animal right organizations, one of the cases involved a dog called "Laughing" (it is called "Laughing", not "Mr Laughing"). There was also another dog — I believe Members will find it very "disgusting" and might wish to kill or euthanize it quickly because it had skin diseases. The same went with "Laughing". As it was infected with fleas, this black dog had terrible skin problems. Upon receiving the two dogs, the AFCD intended to euthanize them as they had been declared incurable by a veterinary surgeon. However, thanks to the adoption campaign launched by some voluntary animal workers, the two dogs were finally cured by a veterinary surgeon not working for the AFCD. This is how it looks now. This black dog, formerly infected with fleas, has now become a very beautiful and smart dog with black hair. This is its present look ..... this was how it looked previously. It was supposed to be sentenced to death ..... by cutting ..... not by cutting, but by injection. Thanks to the love of the voluntary workers, this is how they look now. Moreover, their diseases are curable. Despite the fact that the AFCD said that they could not be cured, they had finally been cured by a veterinary surgeon not working for the AFCD. No one would adopt them purely because of their appearances. Who would be willing to adopt them? However, the voluntary workers were willing to do so.

This is just a simple example to let the Administration and the Secretary know that, very often, the AFCD staff, who might be accustomed to handling a



large number of complaints, prefer slaughtering these stray dogs so as to avoid trouble. Furthermore, they can hardly find anyone to adopt the dogs. Moreover, animal organizations do not have too many resources to adopt so many abandoned animals.

The current problem is that members of the public can hand over their dogs to the AFCD by citing numerous excuses to give up keeping their pets or abandoning them. Basically, the AFCD will accept all these animals and see if any people will be interested in adoption. If such people cannot be found, the animals will be put to sleep by injection. In doing so, the AFCD only connives with those irresponsible Hong Kong people who, after keeping their dogs as pets for some time, abandon them because they no longer like their dogs or consider their dogs too old, or because they want to avoid making burial arrangements for their dogs — because burials are required for deceased pets — one cannot leave deceased animals on the streets as it is unlawful to do so. However, the authorities have not cautioned the public to let them know the gravity of the problem caused by the disposal of pets on the streets as well as the chances of offenders being caught. As a result, many people still keep pets out of a sudden impulse and hand them to the AFCD for disposal when they cannot afford, or find it impossible, to keep their pets. The AFCD has kept accepting pets year after year — the animals were not caught on the street but handed over by members of the public — and then given them a job afterwards. Is it not a vicious circle? We have connived with many irresponsible people who abandon their pets after keeping them for a while or abandon their old pets for keeping new pets.

Hence, from the angle of pet control at source, we do not consider euthanasia the best method. There are still many other better methods. For instance, have pet breeders been monitored properly? Many people are still engaged in unlawful sale of pets on the Internet. In the New Territories, we can still find unlawful pet breeding farms and people secretly engage in breeding pets for so-called "interest" — they are actually doing so for the sake of making profits — they sell pets with attractive appearances at exorbitant prices and abandon those which are less attractive. This has also led to a large number of stray cats and dogs. This is why the problems have to be addressed at various fronts. At the relevant meeting, the Director was also aware of the various problems, and he has also promised us to make improvements. We hope the AFCD can put things into practice.

On the implementation of the TNR programme, the AFCD has indicated that test points will be established in Lau Fau Shan. We have learnt about this news for a long time, and we are still waiting for details of the test. Several members of the relevant District Council have also expressed support for the establishment of test points in the district. I hope that the Government can act more proactively in discussing with the District Council Members. Lau Fau Shan is an acceptable location. What we need to do now is to try to implement the TNR programme there. Nevertheless, the progress of the programme has been very slow and its scope is also very narrow.

Let us take a look at Taiwan. I would like to tell Members that Taiwan is a very successful example. In endorsing the relevant expenditure, the Tainan City Council decided that no more expenditure would be approved for euthanizing stray animals. Instead, the Tainan City Council is responsible for the work, and the relevant expenditure would be allocated for neutering animals instead. What does that mean? It means that stray dogs on the streets will be caught to undergo neutering operations and then return them back to the communities they are familiar with. In this way, the number of stray dogs can be controlled with no further increases. Stray dogs are very promiscuous, they will breed with different dogs. Their ability to reproduce several puppies within a short interval can also pose a serious problem. Therefore, if stray dogs can be caught and neutered before being returned to the communities, their number can definitely be controlled.

In the light of the experience gained by Tainan in Taiwan, this programme has also been implemented in Taiwan university campuses and much experience has been gained in this respect. In 2000, a similar programme, called the Cat Colony Care Programme or CCCP, was launched by the Society for the Prevention of Cruelty to Animals (SPCA). Similar to the TNR programme, the CCCP programme conducts a long-term study on the effectiveness of neutering cats in various districts of the territory and returning them back to the communities. Judging from the present situation, the number of stray cats has fallen from 107 — according to the figures provided in the study — to 22 within the past couple of years as stray cats will die because of old age after being neutered and their number will not increase. Without being neutered, they will continue to reproduce and their number will increase.

For these reasons, we hope that the TNR programme can be continued. This amendment proposed by me is actually just a political gesture. I know it all too well that nothing cannot be achieved. I just hope that this platform can be opened, so that the Government can actively address this issue through controlling the indiscriminate breeding of pets at various fronts. After all, allowing the breeding of pets in such an inhumane manner and then kill them by a jab is absolutely unsatisfactory.

Regarding the views expressed by some animal welfare organizations, I would like to quote some of the views stated by the SPCA in publicizing its CCCP programme, "The way stray cats are culled is inhumane, and culling cannot effectively control the number of stray cats, because cats from other areas will, based on natural instinct, move into the areas where there are no cats. In other words, the area of stray cats will keep expanding." Hence, killing a certain number of stray dogs and cats in a certain district does not mean solving the problem with these animals, as cats and dogs elsewhere may move into this district because of the declining number of stray dogs and cats there. Therefore, killing stray dogs and cats in a certain district cannot seriously solve the problem.

Here are a few lines in the website of the Hong Kong Dog Rescue, "We believe TNR (Trap, Neuter and Return) to be a humane and effective solution to the stray dog problem. Simply killing is neither effective nor humane." The Society for Abandoned Animals Limited (SAA) also points out, "In order to reduce the population of stray and feral dogs, the AFCD has adopted the 'Catch and Kill' policy. However, the current policy has been executed over 50 year and the pregnancy rate has not declined." The SAA also believes that "the TNR programme could help to eliminate 18 000 new births and save a million dollars of public finance. Moreover, the target of population control with 'No Kill' could be achieved. Not only will nuisance posed by stray dogs to the environment and sanitation be reduced, harmony in communities can also be promoted further."

There is also public concern about the possibility that animals, especially dogs, would attack members of the public when they are returned to the communities. In this connection, the AFCD received many complaints each year requesting the department to catch stray dogs and kill them by injections. I hope to take this opportunity to inform Members that desexed animals, dogs or

cats alike, will become more docile. Therefore, their chances of attacking humans after being returned to the communities will be greatly reduced.

Furthermore, desexed animals will not fight for courtship because they have neither the thinking nor the impulse to do so. Therefore, they can live harmoniously after their return to the communities. They will not fight with other animals of the same species everywhere for courtship. They will indeed suffer badly after they get hurt in fighting. Hence, not only will they become more docile, the number of street fighting will also be reduced. Compared with animals kept at home, the life spans of animals returned to the communities are much shorter. Given the fact that they will not be succeeded by the next generation after they die, their numbers will reduce gradually. In fact, the number of stray dogs has been on the decline. Furthermore, should they be returned to the communities they are familiar with, they will become more docile. As they will not fight any longer, they will lead a peaceful life until they die. Overseas countries have also reported similar trial experience.

Society is composed of human beings, but apart from human beings, there are also grasses, trees, flowers, birds, fishes and many other living things. We must learn how to respect other living things co-existing with us on this planet. Society must stop animal euthanasia. However, if some animals are seriously ill or severely disabled, they should be allowed to be euthanized, which is another matter. Please do not kill caught animals which are healthy by a jab just because no one is willing to adopt them.

Hence, I have to emphasize that the expenditure for euthanasia is \$1.3 million. However, if some animals really need to be euthanized because of old age, they can still be euthanized and the expenditure thus incurred can be covered under medical expenses. We support euthanasia, and so are animal welfare organizations. However, euthanasia does not mean killing stray dogs without careful consideration. Killing can in no way resolve problems. We do understand the nuisance posed by stray dogs and cats. However, if a win-win situation is to be achieved, the Government must give more thoughts to it. I hope the Secretary and Director of Agriculture, Fisheries and Conservation can be more forward-looking and assertive in animal policies and refrain from killing pets as the ultimate solution.

I so submit.

**Mr Fred LI moved the following motion:**

"RESOLVED that head 22 be reduced by \$1,300,000 in respect of subhead 000."

**MR ALAN LEONG** (in Cantonese): Deputy Chairman, on behalf of the Civic Party, I express its support for Mr Fred LI's amendment.

Last year, 70% of stray cats and dogs caught by the AFCD, or 10 000-odd cats and dogs, were euthanized. As mentioned by Mr Fred LI just now, the expression "euthanasia" is actually very misleading. While euthanasia sounds very humane and civilized, the vast majority of these 10 000-odd cats and dogs were not killed because they were seriously ill or suffering from great pain. Earlier, Mr Fred LI also cited some examples to illustrate that most of the cats and dogs which had been euthanized were healthy. Even if they were sick, they could have recovered through treatment. Nevertheless, these 10 000-odd lives had been taken away, and nothing could be done.

This reminds me of an Announcement of Public Interest (API) made by the AFCD recently, in which this question is raised: "What offences have they committed?" However, besides sentencing them to death, the AFCD appears to have no other ways to dispose of them properly. The AFCD is really being self-contradictory.

Deputy Chairman, less than 1 000 of the cats and dogs caught by the AFCD have been re-homed. This figure, less than one tenth of the total number of cats and dogs culled, is very small indeed. Why would the AFCD launch this API? This is because there are countless pet shops, and services for selling animals are also available on the Internet. However, the origin of many of the animals for sale is unknown. I have been told by some animal lovers that they know some people are operating animal breeding farms on their own. The conditions are terrible with females dogs being trapped in cages for the sole mission of reproducing puppies. No one will take them outside for a walk. After their delivery, the breeding farms will put up their puppies for sale. Some members of the public buy animals from these traders because they have no idea of the plights of these animals.

Deputy Chairman, given the thriving business of the animal trading market, the killing of 10 000-odd cats and dogs a year is a bit strange, isn't it? If members of the public can adopt these animals, there is no need for them to buy from animal traders cats and dogs unlawfully bred or from dubious origin. Isn't this the perfect match? What are the reasons for the mismatch and conflicts? From the market research, we find that the problem lies in the fact that members of the public cannot adopt these 10 000-odd cats and dogs through the AFCD. They can only make such applications through several animal welfare organizations. However, these organizations will not easily believe in people who claim to have the intention of adopting cats and dogs, because if these organizations wrongly trust these people and apply on their behalf, they have to keep these cats and dogs. Very often, to avoid disposing of the cats and dogs after their adopters have backed out, these organizations will not easily make the applications on behalf of people interested in adopting cats and dogs.

Hence, Deputy Chairman, the Civic Party advocates the opening up of the adoption channel by the AFCD to enable members of the public to apply for adoption direct. Meanwhile, we also encourage the multi-pronged Trap-Neuter-Return (TNR) approach with a view to substantially reducing the number of animals innocently killed.

Deputy Chairman, the last appeal made in the API mentioned by me just now is to respect lives. However, the AFCD keeps terminating the lives of animals. Isn't it very ironic? While there is still much room for the AFCD to care for animals, it is still putting aside \$1.3 million per annum for the purpose of euthanasia. This has provided an incentive for the AFCD to opt for the easier solution, thus giving rise to the habit and culture of terminating lives indiscreetly.

Deputy Chairman, as I expect some Members will put forward some arguments later in the meeting for the sake of opposing the amendment, I will now briefly deal with these arguments first. For instance, some Members may ask, if we retrieve the \$1.3 million provision, are we letting stray cats and dogs run freely everywhere? Is this a irresponsible act?

Deputy Chairman, according to the written reply provided by the AFCD, euthanizing a cat or a dog costs only \$137, which is not expensive. As Members should know, the Government has a lot of "pocket money" hidden here and there.

If euthanasia is really necessary — I mean in cases when euthanasia is really needed for animals suffering terribly or having very slim chances of survival — these cases can still be dealt with even without the \$1.3 million provision. If the Secretary really says such words, he can explain to this Council later to see if this is the real situation.

Of course, as stated by Mr Fred LI just now, our voting today has the significance of indicating our stance. Through stating our position, we hope to press the AFCD to implementing the "Trap, Neuter, Vaccinate, Return" policy expeditiously; we hope that the measure will not be "all thunder but no rain".

Deputy Chairman, I learnt that the AFCD has made three pledges for the sake of lobbying Members to oppose Mr Fred LI's motion. However, we only learn about the hearsay from newspapers and the community. I hope the Secretary can later explain clearly what these three pledges are in his reply.

The first pledge we have heard is that the AFCD is willing to reduce the number of euthanasia. It is pointed out that the number of euthanasia performed last year was slightly lowered than that in 2008, and the number will be reduced further in the coming year. I hope the Secretary can put this on record by stating clearly the reduction he is willing to make and whether he will implement the "Trap, Neuter, Vaccinate, Return" policy.

The second pledge we have heard is that, for the purpose of lobbying Members to oppose Mr Fred LI's amendment, the Bureau and the AFCD have undertaken to follow up the initiative of establishing "animal police" teams to handle cases of animal cruelty. In this connection, the AFCD and the police have set up a special unit in the hope of implementing a six-month "animal police" trial programme. If possible, can the Secretary say a few words about the details and timetable of the "animal police" programme?

The third pledge we have heard is that the AFCD is willing to consider the setting up of an animal-friendly fund to enhance education and publicity on animal protection. Has the Bureau drawn up the relevant timetable and a finalized plan? When will the animal-friendly fund be set up, how much money will be injected and what are the major work arrangements?

Deputy Chairman, in its letter to the AFCD and all Members of the Legislative Council, the Non-Profit making Veterinary Service Society — which has appealed to the Civic Party for support of the "Trap, Neuter, Vaccinate, Return" policy — urged the AFCD to draw up a set of open, transparent and measurable standards to define healthy animals having the chances of being re-homed. Through soliciting the participation of the trade and animal welfare organizations, the Society hoped to ensure that the funding could be used genuinely for euthanasia — meaning that the conditions of the relevant animals have come to an irreversible point of dying, and euthanasia must be adopted in order to ease their pain. This is the definition of euthanasia by the Society.

Of course, whether by persuasion or other methods, I believe the Government has already secured enough votes to veto Mr Fred LI's amendment. Even with the support of the Civic Party, the efforts made by us might still be futile.

Even if Mr LI's amendment cannot be passed, I still want to know if the relatively objective mechanism, as proposed by the Non-Profit making Veterinary Service Society to all Members of this Council and the AFCD, will be considered by the Bureau?

I very much hope that the Secretary can respond to all these questions mentioned by me in his response to this Council and his speech on Mr Fred LI's amendment later.

Deputy Chairman, at the beginning of my speech in support of Mr Fred LI's amendment, I have made it clear that "euthanasia" may just be an expression to disguise the fact that we do not take life seriously or respect life. Hence, I very much hope that Hong Kong, as a civilized place, can address the problem of stray cats and dogs, so as to ensure that the Government's policies can be consistent and complementary in implementation. On the other hand, we should improve the animal adoption mechanism to enable individual citizens to apply to the AFCD direct for adoption. Meanwhile, we should immediately implement the "Trap, Neuter, Vaccinate, Return" policy to save more precious lives.

During the discussions on this subject, quite a number of Members quoted the words by the Indian saint GANDHI, which I believe the Deputy Chairman



still remembers, "The civilized standards of a nation can be judged by the way its animals are treated." I wish to quote these words to conclude my speech today. I also hope these words can give a timely warning in advance to the relevant Policy Bureau in advance. I so submit.

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

**MR CHAN HAK-KAN** (in Cantonese): Deputy Chairman, regarding this amendment proposed by Mr Fred LI today, apart from indicating, to a certain degree, his political stance, I think he also hopes to compel the AFCD to improve its present performance. In fact, regarding the question of animal rights, the Legislative Council, including I myself, have been calling on the AFCD to enhance its transparency, pay more attention to animal rights, and strengthen its liaison and communication with animal rights organizations rather than acting behind closed doors.

As mentioned by Mr Alan LEONG earlier, the AFCD has recently made three pledges to animal organizations. I hope this is a positive gesture. As Members can see, we have succeeded in compelling the AFCD to make some pledges concerning its work in this Council. For record purpose, I hope the Secretary can make a formal undertaking later in this Council to perform the several tasks.

As Members are aware, Deputy Chairman, the question of euthanasia has all along been relatively controversial. Sentimentally, although I absolutely disagree with killing any animal, rationally we know that euthanasia is, to a certain extent, part of the veterinary procedure. From the angle of animal welfare, given that some animals cannot be saved or have impaired limbs, applying euthanasia to ease their pain is inevitable.

Since other advanced European countries and the United States may carry out euthanasia of animal while advocating animal rights, I do not rule out the possibility that Mr Fred LI proposes this amendment today because he is really concerned about stray animals. However, I am concerned that should all funding related to euthanasia be cut indiscriminately, the future work of the

AFCDD or the Government in handling stray animals or animals which are dying, sick or injured might be affected.

In a letter issued to all Members, Mr Fred LI explained his reasons for opposing euthanasia and proposing the deletion of the \$1.3 million provision. However, Mr LI has not explained in his letter how problems concerning animals found to be incurable or sick or have impaired limbs, as I mentioned just now, can be resolved. Does he prefer allowing these animals to suffer continuously or ending their tragic lives earlier? Mr LI has not provided any answer to this question.

Deputy Chairman, I have noted that the AFCDD's handling of stray animals has been barely satisfactory in recent years. It is indisputable that the AFCDD has to make improvements in many areas. In particular, approximately 70% of the stray animals received by the AFCDD in the past several years had been killed by euthanasia. Such a high ratio is hardly acceptable. I have also noted that most of these animals, representing 70% of the stray animals, were healthy and could be re-homed. However, I do not understand why no screening was carried out by AFCDD staff to allow these healthy and lovely animals to continue to survive in the communities.

This is why I very much agree with the comment made by the Non-Profit making Veterinary Service Society in its letter that the Government must establish a transparent mechanism to let people know what animals had been subject to euthanasia, which is indeed saddening, because nothing could really be done to rescue them. However, the Government must also let people know why some healthy animals should be killed for no reasons at all. In this respect, the Government must formulate a transparent mechanism to inform people of its screening method.

Deputy Chairman, there are two feasible approaches to handle the problem of stray animals. First, as mentioned by colleagues just now, people should be allowed to adopt these animals; and second, the TNR programme, on which a consensus has already reached during the motion debate on "Formulating an animal-friendly policy" in this Council, should be implemented. However, if I have to describe the Government's work progress on these two fronts, I can only think of the paces of an ox and a tortoise. Although these two descriptions are

related to animals, both of them indicate "a very slow progress" or "no progress at all".

After the passage of the motion on "Formulating an animal-friendly policy", although we learnt that the AFCD has indicated that the Re-homing Scheme would be expanded (I heard of this news last year), we have been told by animal organizations that this Scheme has yet to be implemented and no new progress has been made. As far as I know, the AFCD already identified the site and its partner in November last year, but to date, five months have passed and the Scheme is still in the stage of "all thunders but no rain". I am greatly disappointed at this situation.

Deputy Chairman, I looked up some data when considering an amended bill recently. I find it necessary to make a fair comment here. I have noticed this fundamental problem: Why would the AFCD receive such a large number of animals in a year? For instance, the AFCD received more than 7 000 dogs in total last year, with one third of them being abandoned by members of the public or handed over on the initiative of their owners for euthanasia. Members can see from these figures that the public should indeed also assume a certain degree of responsibility. If we keep pets, we should love them and bear our responsibility.

Hence, I believe that the Government should make more efforts in this area to ensure that the AFCD's Announcement of Public Interest to appeal to people to "think twice before you adopt a pet" has public recognition and support. I propose that heavier penalties be meted out for the offence of abandoning animals so as to enhance the deterrent effects.

Lastly, Deputy Chairman, I wish to point out that animal rights cannot be improved by solely deleting one item of public expenditure. On the contrary, pressure will thus be created. For the purpose of advocating animal rights, we should formulate a comprehensive policy, as stated in the subject of our previous motion debate. There are divergent views in the community on the issue of stray animals. I am a bit worried that today's motion will intensify the conflicts between people caring about stray animals and those opposing stray animals, thus making it even harder for us to fight for animal rights in the future.

Nonetheless, I also hope that, through this mini-debate today, the Government can realize the growing concern about animal rights in this Council and society. The Secretary is obliged to urge the AFCD to implement some improvement policies, enhance the transparency of the relevant authorities and improve the co-operation with animal rights organizations for the purpose of implementing the proposals put forth in the motion on "Formulating an animal-friendly policy", which was endorsed earlier by this Council.

Deputy Chairman, I so submit.

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

(Mr Albert HO raised his hand in indication)

**MR ALBERT HO** (in Cantonese): I have pressed the "Request to speak" button.

**DEPUTY CHAIRMAN** (in Cantonese): Mr HO, please.

**MR ALBERT HO** (in Cantonese): Deputy Chairman, I am very furious after listening to the remarks made by Mr CHAN Hak-kan just now. I used to think that he and the party he belongs to may have the heart to do something for animals. However, his remarks already show that many of their acts are mere hypocrisy.

Right at the beginning of his speech, he questioned two of our colleagues; he mainly targeted at Mr Fred LI, the mover of the amendment, saying that he did not rule out the possibility that they might have the kindness of not wanting to see animals being culled, but then he accused the two colleagues of making a cart behind closed doors. Does he think that the proposal has technical problems? His attitude of ranting and raving right from the beginning of his speech against colleagues proposing to stop this inhumane policy of destroying the lives of animals is disgusting.

This is unimportant, after all. I just have to assume that I am debating with the political groups which have all along been against us. I do not mind this kind of tone. However, I heard him very clearly just now, and I also believe he is wise enough to understand the remarks made by the two colleagues just now. Both Mr Fred LI and Mr Alan LEONG asked in clear words, how many of the 10 000-odd animals killed per annum were ill? How many of them were suffering because of broken limbs, as described by Mr CHAN, and we had better "let them die"? How many animals were in such conditions? Does he think that animals under the care of the Agriculture, Fisheries and Conservation Department (AFCD) which are critically ill should be killed; and since a handful of animals have to be killed, why not kill them all to save the work? If he thinks so, he should not make such statements as "caring for animal rights" and "taking care of animal welfare", which are entirely hypocritical.

Today, we are forced to stimulate debate and pressurize the Government to make more effort by way of deleting an item of expenditure. How many times has this question been debated? It is not that he has not taken part in such debates. Apart from advocating the implementation of the TNR policy which we have debated for years, we also call for an all-out effort to combat and intercept illegal breeding farms, thereby reducing the number of small animals inhumanely bred and then supplied unlawfully to the local market. A number of such discussions have indeed been held in this Council before.

Furthermore, we call on the Government to promote adoption through flexible approaches. For instance, it may allow organizations to act as intermediaries to run temporary adoption farms to adopt large quantities of animals temporarily and, through these farms, facilitate adoptions by suitable families. These proposals have actually been mentioned repeatedly. Each of the initiatives proposed is for the sake of saving lives and avoid killing the innocent.

Although "caring" and "civilized" are frequently mentioned in society, it is actually a waste of energy to talk about these issues. What is the point of talking about respecting lives when children learn that more than 1 000 animals are killed by the Government each year and most of these animals are healthy and should not have died? I believe many staff members of the AFCD, who are paid to do this job, will gradually suffer from psychological problems as well. These matters have indeed been debated for several years. Today, we are forced to

propose this policy by way of deleting an item of expenditure. Just now, Mr Alan LEONG already predicted their sophistry, such as animals which ought to die cannot be put to death should this item of expenditure be deleted. These issues have already been discussed. Does the Government really have no funding to do so? In fact, according to some veterinary organizations, only a limited number of animals ought to be euthanized. This fact is evident to all.

The situation is always like this. Whenever votes are to be cast, the DAB will join the bandwagon and cast votes with their consciences buried. In fact, there is no need to raise this issue to the moral or religious level. I cannot understand how religious people can cast such a vote in support of the Government's continuous killing. I think we need not mention the religious level. Members just need to consider, in a slightly civilized spirit, whether it is impossible for this problem to be resolved in Hong Kong.

As regards Mr CHAN Hak-kan's remark that we are making a cart behind closed doors, Mr Fred LI actually mentioned repeatedly earlier that we were requested by several animal organizations to put forward this proposal today. The names of these animal organizations are, let me read them out once again, Happy Animals, Animal Earth and Animal Power. In fact, in addition to these organizations, the number of animal organizations we usually come into contact is more than 20. We have specially mentioned their names today because they have repeatedly requested us to put this question to this Chamber for discussion. I would also like to mention the names of other animal organizations because of the years of efforts made by them, and Members should be familiar with them, too. They include Animal Power, Animal Friendly Alliance, Bag Me Home, Animal Fellowship and Stray Cats Home. Are they not enough? Please stop accusing us of making a cart behind closed doors. Please discuss more with these organizations! Should we handle other dogs in the same way as we have handled some dying dogs, which in Mr CHAN's view, should be culled? Should we do so for "administration convenience", this is the only answer given by him today.

Lastly, I think the most effective measure that can be taken by the Government — many policies may require more time — is to support the voluntary organizations which provide temporary shelter for animals, as I mentioned just now. I have visited these organizations and found that members of these organizations work very hard. After renting some farmland in a number

of places in the New Territories, they raise funds to install facilities so as to provide shelters or temporary shelters for stray dogs and cats. In some premises, over a hundred dogs and cats are kept. I believe most of the people working there are not paid. Judging by their spirit, I guess they are all voluntary workers. Many veterinary surgeons also spend some time in these premises to provide assistance. However, the working environment in these places is extremely deplorable. What is more, these organizations may even be warned by government departments for violating the right to use land.

In fact, motivated by kind-heartedness, they only wish to save lives. There is no reason for the Government to stay aloof. At present, dogs and cats sent to the AFCD will be euthanized in four days. The Government should help these intermediary organizations, so that they can adopt these animals temporarily and provide places to take care of them. Many animals sent there will be neutered for adoption. Should no one adopt them, they will be kept there until they die. This is the best solution, and an immediate effect can be achieved. But in the long run, it is very important to intercept unlawful breeding and illegal sources of animals.

Besides, there is also the Trap-Neuter-Return (TNR) policy, as mentioned by us earlier. In my opinion, such a multi-pronged approach can be effective. However, the several possibilities mentioned by him just now, as well as the guarantee which will be mentioned later, are ineffective. They can by no means resolve the present problems. Although we started talking about the need to set up "animal police" a long time ago, they have all along been objecting to the idea because they do not consider it necessary to do so. To cope with the request and pressure today, they are now proposing the setting up of "animal police". Nevertheless, this is a good thing. I have no objection. However, this has nothing to do with our call today for ceasing to kill animals indiscriminately.

One more point I would like to raise is that the Government merely needs to provide more funding for the problem to be resolved. This brings us back to the issue of recurrent expenditure. Through the provision of funds, the Government can help voluntary organizations save lives with more vigour. Members should bear in mind that neutering enables animals saved to spend their remaining years in peace. It is as simple as that. Of course, the future policies must be on the right track. I think this is what a civilized society must at least face and address.

Today, I sincerely appeal to Honourable colleagues that every vote cast by them involves the lives of more than 10 000 dogs and cats each year, and most of them should not die. Our society has the conditions to enable animals spend their remaining years in peace. If Members raise objection today, it is tantamount to telling us that they are conniving at, permitting and authorizing the Government's continuous act of killing these animals indiscriminately. May I ask Members should this sort of attitude be adopted to educate the next generation? How can we tell others that Hong Kong is a caring and civilized society?

(Mr CHAN Hak-kan rose)

**DEPUTY CHAIRMAN** (in Cantonese): Mr CHAN Hak-kan, a point of order?

**MR CHAN HAK-KAN** (in Cantonese): Deputy Chairman, yes.

**DEPUTY CHAIRMAN** (in Cantonese): Do you think that Mr Albert HO has misunderstood a certain part of your speech just now?

**MR CHAN HAK-KAN** (in Cantonese): Yes.

**DEPUTY CHAIRMAN** (in Cantonese): Do you want to clarify? Please do so now.

**MR CHAN HAK-KAN** (in Cantonese): Deputy Chairman, just now, Mr Albert HO pointed out that I hoped to spend \$1.3 million entirely on killing stray animals. If Mr HO listened clearly just now, he should know that I was implying that the funds allocated for euthanasia should apply only to animals which had lost hopes of survival or were sick or seriously injured, not to all stray animals in a blanket fashion.



**MS AUDREY EU** (in Cantonese): Deputy Chairman, I appeal to all colleagues to support Mr Fred LI's amendment. In particular, I appeal to Mr CHAN Hak-kan and members of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB), to which he belongs, to think twice because Mr CHAN has been working very hard to promote an animal-friendly policy or animal rights, both inside and outside this Council. This amendment is precisely a very important test. This is why I listened very attentively to Mr CHAN's speech just now.

Let us first look at the relevant figures. According to the figures provided by the Agriculture, Fisheries and Conservation Department (AFCD), the total number of animals killed during the three years of 2007, 2008 and 2009 was 44 580. In other words, an average of 14 860 animals were killed per annum. Dividing this figure by 365 days shows that an average of more than one animal was killed hourly each day of the year. This is indeed an alarming figure. Just now, Mr CHAN Hak-kan commented that this figure was indeed too high, and that only animals really deserve to be killed should be euthanized.

Deputy Chairman, euthanasia to animals in the general sense should be restricted to those which suffer from extreme pain or terminal illnesses, or the survival of which no longer has any meaning. This is similar to the arguments raised in discussing about euthanasia to human beings. However, Mr CHAN pointed out in his speech just now that if animals were found to be ill, physically disabled or having impaired limbs, he would rather have them euthanized than allowing them to continue to live. I am quite surprised by his comment because this standard or yardstick is simply too low. As the saying goes, animals have their own lives. We should respect life. So, should animals be euthanized when they are ill or have broken limbs? I believe that in a civilized society as Hong Kong, we should not adopt such a yardstick.

If Mr CHAN thinks that it goes too far to have more than one animal euthanized per hour every day, what ratio does he consider not excessive? If he thinks it goes too far to slash \$1.3 million, what reduction level is considered by him to be appropriate? I very much hope that Mr CHAN can give us an explanation. Should the yardstick be set at 90%, 80%, 70% or 10% of the present standard when euthanasia is performed by the Government? I asked this question because his attitude is closely related to his voting preference today.

If he thinks that most of the animals should be euthanized, or if he thinks that the appropriation of \$1.3 million is excessive, or having one animal killed per hour every day is excessive, he might consider a slight reduction reasonable, and so he may support this appropriation today. However, if he considers the relevant figure excessive and cannot accept to have one animal euthanized per hour every day because, on general humanitarian grounds, only a handful of animals should be euthanized, he will support our stance today and consider it impossible to support the appropriation of the \$1.3 million. Hence, this is a matter of degree.

Deputy Chairman, Mr CHAN indicated in his speech that the Government's policy cannot be improved solely by slashing this item of expenditure. This I agree. Moreover, our position is not merely about slashing the relevant expenditure. Our intention is to make it clear that we do not accept the Government's existing policy. This policy, which has been implemented for a long time, has been debated in this Council repeatedly. Although we have expressed the view that we do not find the policy acceptable, the Government has so far failed to make any improvement. Neither has it drawn up another formal policy for discussion by this Council. This is why we have to take this opportunity today of debating the Budget to call on the Government to slash the relevant expenditure.

What is the consequence of our act? Should this expenditure be slashed successfully, the number of animals to be euthanized should be greatly reduced, though it is still necessary to euthanize some animals. As pointed out by Mr Alan LEONG in his speech just now, the Government definitely has resources to perform this task if so required, because the cost of euthanizing an animal is \$137 only. Therefore, the problem is simply not so serious as to necessitate the appropriation of the \$1.3 million, as what is currently being debated.

Nevertheless, I will fully support the Government if more funds are needed to implement other supporting measures to take forward the animal-friendly policies. Should the AFCD or Secretary Dr York CHOW propose, after the successful slashing of the \$1.3 million provision, the setting up of a new fund to subsidize animal organizations to undertake various works, and open up more channels to facilitate the adoption of animals, even the adoption of sick but curable animals, we would definitely render our full support. Moreover, we need not spend too much time on discussion. Once such a proposal is tabled to

the Finance Committee, its chairman and members will definitely co-operate fully to hold meetings expeditiously to scrutinize and approve the required expenditure in support of an animal-friendly policy.

Hence, our support for this amendment proposed by Mr Fred LI to the Budget does not mean that no more animals can be euthanized in the future or there is no need to support any work on promoting animal policies, such as the Trap-Neuter-Return (TNR) policy.

In fact, as pointed out by Mr CHAN Hak-kan in his speech just now, there are actually numerous feasible methods. For instance, the adoption channels can be expanded to enable more people to adopt animals; public education can be enhanced to make people more caring, so that they will be willing to adopt animals and know how to properly treat animals and will not abandon them; and the TNR policy, as I mentioned just now, can be implemented. In this respect, we absolutely agree and support that more resources be provided. Should the Government's policy develop in this direction, I believe the Legislative Council will approve the relevant funding expeditiously, and it will definitely not delay the implementation of the relevant supporting initiatives.

Both Mr Fred LI and Mr Alan LEONG have pointed out clearly in their speeches just now that all animal organizations, having been dealing with the AFCD for years, actually know very well that should Members continue to allocate funding to enable the AFCD to continue to cull the animals, the situation will not improve in any way. Therefore, insofar as this issue is concerned, the most effective method is not to indicate any political stance, but to reject funding for this purpose, thus making it necessary for the AFCD to submit a more satisfactory programme expeditiously, so that animals, including stray cats and dogs, in Hong Kong can receive the treatment they deserve in a truly civilized society.

Deputy Chairman, I sincerely urge Mr CHAN Hak-kan to reconsider this issue. I do not think this amendment will intensify conflicts among animal organizations, because I believe it is their unanimous hope that stray animals in Hong Kong can receive civilized treatment. The only difference is political stance. I wonder if Members are obliged to support the Government whenever it comes to a critical moment. From the angle of really caring for animals, Members will understand that simply slashing the \$1.3 million provision does not

imply that nothing will be done or nothing will happen. Instead, they will be able to really see that the policy and measures we have been campaigning for years will be materialized expeditiously. Therefore, I appeal once again to other colleagues as well as colleagues of the DAB to support Mr Fred LI's amendment.

**DR PAN PEY-CHYOU** (in Cantonese): To start with, Deputy Chairman, I have to declare interest. I am only an ordinary Hong Kong citizen. I love animals very much, especially dogs. However, I am not affiliated with any animal organizations.

In the place where I live, I have seen many miserable cases of animals being dumped. In one case, when I went out one morning, I saw someone driving by. He stopped his car, got two dogs out on the sidewalk and then threw some food on the ground. When the dogs were eating, he suddenly jumped on his car and sped away. Not knowing what had happened, the dogs suddenly looked back and found no traces of their owner. Although the dogs kept chasing, the car was soon out of sight. I can never forget the dogs barking angrily and miserably because they had been dumped by their owner, whom they trusted most.

I have adopted two dogs. One of them was, as described by Mr Albert HO ..... as described by Mr Fred LI just now (*Laughter*), a small, abandoned dog, which was only a few weeks' old. Because of its skin disease, it had only some hair on its back. I brought it home and cured its skin disease with medication. Its hair has now turned very beautiful.

How did I get the other dog? I saw a small dog, which was also a few weeks' old, while I was jogging one morning a week before the Olympic Games. Whenever someone passed by, it would come forward and take a sniff. When it found that the person did not smell like its owner, it would go back to the place near the fire hose, where it was originally wandering. After jogging for a while, I came back and found that the dog was still there searching here and there. I realized that it must have been abandoned by its owner after being kept for quite some time. This time, its owner was a little bit nicer, for he might have considered having some animal lovers living nearby who might want to adopt the dog. This was how I came to adopt these two dogs. This is why I keep telling them that they are very lucky.

Why are some animals being abandoned? The reasons are obvious. It is because their owners are irresponsible. They allow puppies to be born but do not feed them. As a result, the puppies are left to roam in the streets for food. How do stray dogs lead their lives? They have no places to live, no shelters and nowhere to which they belong. Unlike foreign places where they are parks and wilderness, we do not have such facilities in Hong Kong. There are roads everywhere, and cars run at high speeds.

What are the reasons for dogs to have impaired limbs, as mentioned by Mr CHAN Hak-kan just now? Many of these dogs have been hit and run over by vehicles, and as a result, their legs are broken. As parasites can be found everywhere, dogs will have ticks after roaming in the streets for a couple of days. Not only is it difficult to cure, some of the ticks will even hide inside the dogs' ears.

What do stray dogs eat in the streets? Can they possibly eat fresh food? They can only eat discarded or unwanted lunch boxes or they have to scavenge garbage bins for food. We can often see garbage bins tipped over, with the garbage inside scattering all over the places. This is how stray dogs lead their lives. Honestly, I am not afraid of offending anyone. The presence of stray animals reflects our inhumanity as human beings. We have not taken into account the need of these animals for room of survival in a human society.

On the one hand, stray animals suffer. And, on the other hand, they cause a certain degree of nuisance to human society. While it is not a big deal for stray animals to scavenge garbage bins for food, an even bigger problem is that they will cause danger. Will people walking on the streets with small children or toddlers be frightened when they meet hungry stray dogs which have nothing to eat? Honestly, I will be frightened as being bitten by dogs is definitely not a trivial matter.

Hence, I think that society as a whole must address squarely the problem of stray animals. Just now, Mr Fred LI talked about mass breeding by humans ..... Mr Albert HO talked about the inhumanity of mass breeding of animals in pet farms. It is even more inhumane to treat bred animals as gifts or toys which can be abandoned when their owners get tired of them after keeping them for a couple of weeks. It is yet another kind of inhumanity to encourage these stray animals to lead a miserable life in the streets.

What should we do to really solve this problem? In my opinion, we must begin with changing our behaviour. Heavier penalties might also be necessary, as suggested by Mr CHAN Hak-kan. People abandoning animals must be penalized to let them know they have to bear consequences and responsibility for abandoning animals. Secondly, the problem can be solved by education. We have to tell people around us as well as the general public not to treat animals as gifts. Moreover, they must really consider carefully, whether in purchasing or adopting animals, because they are committed and responsible to the animals in terms of caring for, educating and managing them.

We absolutely agree that efforts should be made in this direction. In this connection, the Government needs to spend more money on promoting education or law enforcement. We also agree to these measures. However, before this step is taken, and for practical considerations ..... honestly, as an animal lover, I think that some animals really ought to be euthanized. We have no intention to pay lip service. But this is out of practical considerations. The Government is doing this not for its own good, but for the practical operation of society as a whole. We should not criticize the Government for taking responsibility to doing something which is not appealing. Actually, this is the responsibility of all the 7 million people in Hong Kong, including I myself. Before we can reduce the number of abandoned animals, we cannot propose abolishing the funding for euthanasia. But before that, this sum of money is required to be spent in order to safeguard public peace and order and respect lives. I so submit.

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

**MR RONNY TONG** (in Cantonese): Deputy Chairman, I initially did not intend to speak. However, having listened to the remarks of many Members in this Chamber, I find it necessary to say a few words. Deputy Chairman, I listened very attentively to the remarks of Mr CHAN Hak-kan and Dr PAN Pey-chyou just now. Initially, I thought that their stances were no different from ours, but then there was a surprising turn in their argument, and I came to realize that we actually held diametrically opposing views.

Deputy Chairman, I am a non-believer, or I should say that I am not yet a believer. I am no medical doctor but just an ordinary person. I frankly cannot

accept any human actions to trample on other creatures, or even terminate their lives.

Deputy Chairman, from a news report yesterday, I learnt that someone had complained about the nuisance caused by kapok blossoms and requested their total removal. I think this is absurd. I am saddened by the fact that some people have even talked about their success in fighting for the removal of all kapok blossoms. In the case of the kapok trees, only the kapok blossoms were removed; their trunks are at least retained, and they are still alive. However, Deputy Chairman, I honestly cannot accept the culling of several dozen thousand cats and dogs annually simply because of the nuisance they cause.

Deputy Chairman, Dr PAN Pey-chyou told a very moving story just now, but why has the story failed to move him? Deputy Chairman, ever since my return to Hong Kong after my overseas studies, I have been keeping dogs. At one time, I even kept four dogs. I now have two dogs, four tortoises and over 100 fish. *(Laughter)* As a result, I have experienced the passing away of several ailing dogs at my home. Every time, I was saddened, and I told my son that I would stop keeping dogs because it was really impossible for me to do so any more. However, my friends kept giving me dogs from time to time, and nearly all my dogs were gifts from my friends, who invariably told me that their children liked the dogs very much, but two months after purchase, they realized that they were unable to take good care of them. If I did not take the dogs, my friends would take them to the Agriculture, Fisheries and Conservation Department or the Society for the Prevention of Cruelty to Animals, and I knew what their final destiny would be. Although I vowed not to keep any more dogs every time when a dog of mine died, I simply continued to do so every time when I was offered one.

Deputy Chairman, the point here is not purely about pity; I simply do not think that human beings should have such a right. We should seek to conserve nature and everything under the sky, not merely cats, dogs and kapok blossoms. Of course, Deputy Chairman, there are always two sides to every debate topic. We can surely come up with justifications that suit our respective political stances if we want to, but the question remains whether we can convince ourselves by such justifications.

Deputy Chairman, can the deletion of \$1.3 million bring about any changes as far as the relevant problems are concerned? Of course not. Deputy Chairman, the biggest difference between this legislature and the legislative bodies of other countries is that we cannot formulate policies and submit bills; more importantly, we cannot form any government. In that case, what can we do? Today, we are performing our most important function in the legislature, namely, moving and debating various amendments, so as to convey to the Government and the community messages that we believe are proper, wholesome and correct. It will be fine if the Government heeds the messages, but the Government may decline to accept them. If it declines to accept them, the Government should shoulder the responsibility which society believes it should shoulder.

However, there is a culture in this legislature — any bills or amendments put forward by the Government must not be opposed. Regardless of what justifications one may have, no opposition must be voiced because politics come first in this legislature. Therefore, Deputy Chairman, I often find that my work in this legislature is so much different from my work as a barrister, and every day, I am perplexed by this unacceptable difference. In court, if one has cogent justifications, one will most likely — not absolutely — win the case.

However, the situation in this legislature is different. This legislature is constrained, or even stifled, by the aforesaid political culture. As a result, even though the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) may not be convinced by the Government, it will surely support the Government all the same. In the case of Dr PAN Pey-chyou and Mr CHAN Hak-kan, for example, they may love animals deep down their hearts and believe that animals should not be culled. However, for political reasons and because of the political culture that precludes any disagreement to the Government's position, they will have to vote against this amendment of ours. However, what will be the result? The result will be that messages we deem unwholesome will be spread in society and within the legislature. And, the Government will also be given a good excuse. If this amount of funding is voted down, the Government will have to reconsider the whole issue and explore how to formulate a new policy on protecting the rights of animals. This is something which we can compel the Government to do.

Deputy Chairman, many people say that our vetoing of the Budget or the Appropriation Bill 2011 is a totally unforgivable sin, and they also think that this



explains why the popularity rating of the Legislative Council is at its lowest level ever. Deputy Chairman, I really do not know whether this lowest ever popularity rating is the result of our vetoing or of the blind support of some people; whether this lowest ever popularity rating is the result of this legislature's total inability to uphold justice, stand up for the righteous cause, and adhere firmly to its position; and, whether the low popularity rating of this legislature is caused by Members' refusal to change the Government's policies despite the availability of opportunities, by their failure to grasp this golden opportunity to force the Government to make more efforts to improve people's livelihood. I am not going to talk about any other issues, and I will just talk about improvements to the healthcare system. Even in this case, Members also refuse to grasp the opportunity to request the Government to allocate an additional \$3 billion. Deputy Chairman, if I were not a Member but just a member of the public, I would have similarly given zero marks to the Legislative Council.

Deputy Chairman, under such circumstances, it may be a pipe dream to ask Members to cast votes according to their consciences. Nevertheless, I still feel compelled to say all this. I still hope that the DAB and the Hong Kong Federation of Trade Unions can cast votes according to their consciences from now on.

**MS STARRY LEE** (in Cantonese): Deputy Chairman, initially, I likewise did not intend to speak today, but since Members have repeatedly referred to the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) and mentioned animal rights, I think I must also say a few words about my feelings.

Many Members criticized us in their earlier speeches for not being guided by our conscience when casting our votes, saying that though we might also agree to the amendment, we were nonetheless bound to cast positive votes as this was an expenditure item prescribed by the Government. I believe this is definitely an erroneous understanding. It is precisely because we want to vote with a sense of responsibility and commitment, because we are mindful of the consequences, that we have made this decision.

Why do I say so? Members must consider what the consequences will be if this provision of \$1.3 million is deleted. As a matter of fact, in our caucus

debates, I did repeatedly pose questions to Mr CHAN Hak-kan, who had communications with the relevant Bureau on this matter. We understand that constitutionally speaking, if this expenditure item is deleted, the Government will not be permitted to use any other funds for euthanizing animals. If this becomes a reality, I wish to invite colleagues opposing or supporting the proposed deletion of this expenditure item to tell us how our society is going to deal with the considerable number of abandoned cats and dogs each year.

Members know that we support the idea and rationale of setting such animals free in the communities. However, public acceptance is a problem yet to be dealt with, and so is District Council members' opposition. At a time when these problems still remain unresolved, if Members agree to the proposed deletion of this provision of \$1.3 million today, then how are we supposed to deal with the complaints in the community in the future? And, how should we deal with all the related problems? There are no answers to these questions yet. This is the first point I wish to raise.

Second, we have also considered ..... Personally, I also find it very cruel to cull so many cats and dogs every year. I remember proposing to resettle them on an uninhabited island, so that they may run freely on it, as there are so many such islands in Hong Kong. I added that we could feed them at regular intervals and let them live the rest of their lives in peace. This is the most desirable alternative. I do not agree to the idea of building "homes for the aged" or "orphanages" for cats and dogs. I think keeping them in such confined places is even more inhuman. Therefore, I came up with such an idea.

Surprisingly, immediately after I had put forth this idea, the Members concerned retorted: "No, those islands are very precious. Do not place any cats and dogs there." Suppose Members now agree to delete this expenditure item, and since the Government is constitutionally barred from using other funds for euthanizing animals, I simply cannot imagine how we can handle the ever-present problem of stray cats and dogs.

I think that as a responsible Member, before casting one's vote, one must always consider the consequences and the practical impacts of the proposed deletion of provision on residents. On the one hand, we should of course care for animals, but on the other hand, we must also consider the practical impacts of

the proposed deletion. For this reason, and since we do not think that there are any ancillary measures to let us know how we can deal with stray cats and dogs and let them die in peace if no euthanasia is conducted ..... Before any such ancillary measures are rolled out, any light decision to delete this expenditure item will be highly irresponsible to society as a whole. Therefore, Members or those who have spoken just now must note that we have not been persuaded by the Government to bury our conscience in voting. Quite the contrary, we have tried to imagine the consequences of deleting this expenditure item with a high sense of responsibility and commitment.

I can clearly remember hearing Mr Fred LI reckon that this amendment will not be passed. I do not know whether those Members who will vote for the proposed deletion also think that way, and whether this has led them to decide on their support without any worries whatsoever. If this amendment is really passed, we will all have to bear the consequences of the emergence of stray cats and dogs in the communities. I think Members must, with a sense of responsibility and commitment, consider the consequences of passing this amendment.

Speaking of animal rights, to be frank, I can cite many examples. I myself definitely do not want to see any healthy animals die as a result of euthanasia. This is really very cruel. Besides, I think that in case our pets fall ill, we as responsible pet owners should bring them to a veterinarian for medical consultation, so as to cure their diseases.

However, how much should our society spend on dealing with such large numbers of stray cats and dogs? This is rather the question that we should consider. Should we spend our resources on curing all dogs and cats of their diseases and arranging them to live their final years in "orphanages"? Is this something that all our people want? We must hold serious discussions. If we delete the relevant expenditure item before we reach any conclusion in our discussions, I must ask whether this is a responsible decision, and whether this conforms to the respect for lives which Members talk about.

Besides, speaking of respect for lives, I also feel indignant, and I must ask Members a question. As a matter of fact, animal rights and the rights of human beings, for that matter, should all be looked at in the relative sense. Today,

when we say that a healthy cat or dog should not be euthanized, Members will all agree readily. We all have a sense of commiseration. We will all be saddened by the culling of cats or dogs. I also feel the same way. However, has it ever occurred to Members ..... Members have not raised this issue. In fact, we all agree to the neutering of stray cats and dogs.

Why do Members agree to neutering? Reproduction is similarly a supreme animal right. Why are there no restrictions on human reproduction? I will likewise criticize our country for its high-handed policy of allowing only one birth per couple. This is inhumane. No Member has mentioned the issue of animal neutering in this Chamber today. If Members are keen on safeguarding animal rights, why do they all agree to returning neutered animals to the communities?

As we can all understand, the animal rights we talk about are not without bounds. Even the rights of human beings are not without bounds. The only point is for us to strike an acceptable balance given the present circumstances of Hong Kong society.

I totally agree that the Government's current approach has aroused many criticisms from a number of animal rights groups and people who value lives. The Government must think of ways to improve the situation, and it should not cull any animals just four days after their capture. We also understand that the Government is not so rigid as to cull an animal four days after capture in every case. The Government must tell us how this approach can be rectified, so that it can command the acceptance of animal enthusiasts and people in Hong Kong.

As far as my understanding goes, even some well-known organizations noted for their concern about animals will also resort to euthanasia as a means of handling animals when there are no alternatives. To our understanding, the Society for the Prevention of Cruelty to Animals also adopted euthanasia as a means of dealing with as many as 5 000 abandoned cats and dogs last year. If other alternatives are really available, I do believe no one would like to see the euthanizing of any healthy animals.

However, under the present circumstances, and given that our consideration of various alternatives has not led to any consensus on taking the

matter forward, is a decision to support the proposed deletion at this moment a move with a sense of responsibility and commitment? I hope Members can give serious thoughts to this question, and I also hope the public can likewise do the same.

Deputy Chairman, I so submit.

**DEPUTY CHAIRMAN** (in Cantonese): Dr PAN Pey-chyou, this is your second time to speak.

**DR PAN PEY-CHYOU** (in Cantonese): I just want to clarify in a few words. Earlier, I heard some Members say that they love animals but regrettably, they support the Government's funding for euthanizing animals.

Upon hearing such words, I do not know whether I should be furious or treat them as ridiculous. Do they know there is such thing as "responsibility" in this world? As we are now in this Chamber and going to vote on the Budget, I very much value the vote I have in hand. I can also say that to date, no government official has approached me saying, "Please vote in support of the Budget". No official has done so, nor has anyone told me, "Regarding this funding for euthanizing animals, please vote against Mr Fred LI's amendment". No one has told me such words. Therefore, the above scenario does not exist, we have not received any message as to how we should vote.

(THE CHAIRMAN resumed the Chair)

What actually do I have in mind? As Members, we have to be responsible to Hong Kong, we have to be responsible to the 7 million Hong Kong people. I really do not want to see a lot of stray dogs wandering in the streets, I do not want to see hungry stray dogs unable to find food. Such dogs will pose threats to people, especially children, the elderly and the weak. This is the first point.

Second, I also do not want to see these animals which I love lead an inhumane life in the streets. To me, this is a very simple logic. Euthanizing is not good, but it can spare some animals from leading such an inhumane life.

Now that there is a proposal to abolish euthanasia, I would like to ask the person who raises this proposal: are you prepared to bring along large quantities of food to feed the animals in the streets every day when you go out? Will you wash these animals every week? Will you think of ways to get some land and build houses for the animals, so that they can have a roof over their heads? Will you take them for a walk every day? Honestly, I cannot do so. I can only take care of the two little mongrels which I picked up. I have done all I can and have done my part. However, I can also hardly imagine that someone in Hong Kong can take care of all stray animals. If we cannot do so, we have to be practical. This is by no means a good choice but it is a feasible option, and almost all governments around the world have adopted this practice. Regarding this funding, I cannot see why someone can come up with this idea of pulling the Government's leg, making its life difficult. Where in fact is our "responsibility"?

I so submit.

**DR MARGARET NG** (in Cantonese): Chairman, I listened to Ms Starry LEE's speech earlier. It seems that she would very much like to support Mr Fred LI's amendment. Nevertheless, she is afraid that if we reduce this funding, animals which really need to be euthanized and which meet our definition cannot be euthanized. Her view in fact is not correct.

Chairman, we very often ask the Government, if we vote down the amendment, what will be the consequence? However, we really should not fully believe in the Government, we have to decide for ourselves what the Government said is right or wrong.

Chairman, today, we are discussing the Appropriation Bill 2011 which is the same as the other bills. We are discussing the Schedule, we request to reduce the funding under head 22 of the Schedule, which is an expenditure item of the Agriculture, Fisheries and Conservation Department (AFCD). If the amendment is passed, a certain amount will be deducted from this item, but this does not mean that from now on, the AFCD cannot euthanize any animals. This

Appropriation Bill is not that rigid, otherwise the Government can hardly operate. Also, if it is as rigid as what the Government has said, the \$1.3 million will solely be used for culling 40 000 animals, that is, if the original funding is passed, the Government must cull 40 000 animals. Is that possible? Certainly this is not the situation.

Surely, the Government may not have to use this money in this way. If this is the case, must we cull 40 000 animals just because a few thousand, say 1 000 or 4 000 animals have to be euthanized? I find this perspective of the Government very absurd. It likes to scare Members, telling us that if we do not do so, everything will be gone. Later, the Government will ask us to approve the increased amount under head 106. It will ask us not to oppose the Government's cash handouts to the people because if we oppose, those in need will not be able to get the money. Members should not believe these words of the Government. We should stop and consider the effect of this Bill. If you really want to ask, you can ask the Legal Adviser, ask the one who knows ..... The DAB is stronger than the Civic Party in terms of finance and power. You have to understand how previous fundings were used and the purpose of the appropriation ordinance. I believe the views of the independent Legal Adviser are much sounder than what the Government told us.

Chairman, if Ms Starry LEE is really concerned, or if she really has doubts that the reduction of \$1.3 million will make it impossible to euthanize any cats and dogs, there is a very simple solution. Ms Audrey EU said earlier that all the Government has to do is to table a policy for approval by the Finance Committee. This is the clearest approach. Why can the Government not do so?

I do not understand why we should set aside funding for culling more than 40 000 animals just because some animals have to be euthanized. I also do not understand why the reduction of funding under head 22 today will make it impossible to euthanize any animals in Hong Kong throughout the year. I find this remark totally unfounded.

Nevertheless, Ms Starry LEE does not have to believe me as I may be wrong. You have to seek clarification. If this is your only doubt, I wish you will clarify the point and vote in support of Mr Fred LI's amendment.

Thank you, Chairman.

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

**MR LEUNG KWOK-HUNG** (in Cantonese): Chairman, sorry, I have to stand up slowly.

The Government said that in case of opposition by Members, the authorities would not be able to go ahead. This in fact is one of the tricks of this Council. This is also common with the parliaments in the western countries, but the Government must have its ways to do what it should do. The Finance Committee (FC) has continued to hold meetings, just for the sake of approving funding application. In the event that the Budget falls through, nothing can be done thereafter, everyone will be happier on Friday. During the FC meetings, many Members often said, "Long Hair, stop here, I have an appointment." I do not think that the DAB should be blamed for the fact that people get fooled by this trick. Rather, the blame should fall on the media because they are responsible for telling Hong Kong people that given the present strength of the opposition camp in Hong Kong, it is impossible for them to paralyse the Government, unless other approaches are adopted.

Chairman, I in fact intended to approach you at your office earlier. Right now, the situation outside the Legislative Council is very shameful. I met several foreigners who asked me what the building was. They happened to pass by (they did not know that I am a Member) and they asked me, "What is this building?" I said this is the Legislative Council. They then asked, "What has happened? We think this is the Court because only when suspects are whisked away will there be such a heavy police presence and so many mills barriers." I said it used to be the Supreme Court which was responsible for handling major cases, once the sentence of death by hanging was passed .....

Why did I want to approach you, Chairman? I remember when I took part in the discussion on the express rail, I had also approached you because intentional or otherwise, the Government said that the situation that day would be chaotic. In response, I said I had not heard that it would be chaotic because I should have some idea how those protesters would behave. The Government always exaggerates, saying there people may again block traffic or storm into the Legislative Council Building today. I have also seen — you all know that I will go outside to smoke — many police officers patrolling in their plain clothes these two days. They are studying the environment in order to map out defence plans



(just like a defence war) or for protecting us. I found it very strange in the beginning. I greeted the police officer. I know he is a policeman because his complexion is a bit dark and he has short hair. As a matter of fact, the authorities issued a statement yesterday that strict punishment would not be spared, that is, whoever stirred up trouble would be apprehended. Actually, the reason for me to approach you Chairman is .....

**MR CHIM PUI-CHUNG** (in Cantonese): Chairman, why do you not remind the colleague not to speak irrelevantly?

**CHAIRMAN** (in Cantonese): Mr CHIM, I am going to do so.

**MR CHIM PUI-CHUNG** (in Cantonese): Would you please pay closer attention to this?

**CHAIRMAN** (in Cantonese): Mr LEUNG has just explained what he has spoken. But Mr LEUNG, I have to remind you to speak on the amendment proposed by Mr Fred LI.

**MR LEUNG KWOK-HUNG** (in Cantonese): The Government exaggerates ..... my performance is better. For some people, there is no way to get the message from their speech. I have a sound basis.

**CHAIRMAN** (in Cantonese): Mr LEUNG, please speak on the amendment.

**MR LEUNG KWOK-HUNG** (in Cantonese): Therefore, the Government has a long history of exaggerating the truth.

Back to this funding, it actually reflects the inadequacies of this Council. Frankly speaking, the Government is a ..... Alas, a drunkard should not come in.

Why do I say so? There is some truth in what the colleagues from the DAB have spoken. It is true that Members should not resort to threatening the Government whenever it comes to the final stage of seeking funding approval. What if the act of threatening does not work? This is an irresponsible act. There is truth in what they have spoken.

The question is ..... I would like to seek their advice, the Government may not approve their proposal. As one of the largest political parties, are they liable to this Council and Hong Kong people? Or should they repeat the same words in this Council time and again that "we have no choice. Even though the Government has not instructed us to render support, we have to do so for the sake of Hong Kong people. If the motion is not passed, Hong Kong will come to a standstill"? What logic is this? I would like to seek advice from the colleagues from the DAB to see what they would suggest the Government to do. Do they have a holistic strategy on protecting cats and dogs? If there is, I would give them 15 minutes to talk about it.

The current problem is that the Government can disregard all political parties and groupings in this Council. Even if the Government intends to hand out \$6,000, it cannot be accomplished without our concerted effort. Although this is not what they have proposed, there are still people who support handing out \$6,000, as well as those supporting a \$6,000 tax rebate. This is the political reality of this Council. The amendment proposed by Mr Fred LI may fall short of expectations. But in this Council, no one is satisfied with any motion proposed by other Members, as nothing is more important than the one proposed by oneself.

On this issue, as you have said (assuming that you are correct), if the Government really has no money to euthanize cats and dogs, what will happen? They will seek funding through other means, or make their way to the Finance Committee straight away. The Finance Committee has the right to turn down any request until the Government has discussion with Members. Perhaps I would believe the remarks of Dr PAN Pey-chyou that no one had approached him to discuss the Budget. If the Government has not approached such a large political party as the DAB, is Chief Secretary Henry TANG derelict of his duty, as he has not approached them for discussion? Or would it be that the discussion did take place but junior members of the DAB were not aware of it?

Let me put it squarely: when it comes to discussing the budget, it is normal for the Secretaries of Departments or Directors of Bureaux of this Government to approach political parties which they think are likely to render support. Why do they say that no discussion has taken place? I really want Chief Secretary Henry TANG to clarify whether he has approached the DAB to discuss the Budget.

**CHAIRMAN** (in Cantonese): Mr LEUNG, your speech should focus on this amendment.

**MR LEUNG KWOK-HUNG** (in Cantonese): The conclusion is simple. If Mr Fred LI's amendment is not passed, the Government will only have to face one problem, that is, it can neither allow these stray cats and dogs to run freely on the streets, nor kill them. The first thing the Government should do is to encourage adoption. The next thing is to tackle animals which cannot be euthanized due to lack of funding. At that time, the authorities will seek funding from this Council, understand? For instance, if there are 2 000 animals that have yet to be dealt with, the Government will seek relevant funding from this Council. Why can it not seek approval from this Council for this specific sum of money to deal with those animals? I really cannot understand.

The amendment in question is to deprive the Government of the funding for slaughtering those animals. Even if the Government does not resort to this method, there is still a need to address the problem of stray cats and dogs. So, what has the DAB misunderstood? It is wrong for the Government to say that the job cannot be done without money. In fact, there is no lack of motions that were once negated by this Council but were tabled again later on. This amendment should have been withdrawn if there had not been enough votes. But this time, the votes are enough. If the DAB and Mr CHAN Hak-kan share the same view that aspiration, policy and tenet are necessary, they actually should be on the same front as ours to give Mr Fred LI a shot in the arm, and then discuss with the Government. As such, they can eventually back up their claim that this is what they have successfully fought for.

Chairman, perhaps I do not speak well. Thank you for your patience. My conclusion is that the DAB should support the amendment of Mr Fred LI and

then discuss with the Government with a view to solving the problem of stray cats and dogs. Thank you, Chairman.

**MR PAUL TSE** (in Cantonese): Chairman, for the first time, the Chief Executive mentioned about a policy on handling stray cats and dogs in paragraph 133 of this year's Policy Address. At that time, I thought it was a good and groundbreaking direction, as the Government has never touched upon issues relating to cats and dogs in the past. Regrettably, however, there is utterly no funding arrangement in this year's Budget to follow up the subject matter.

Mr Fred LI has pointed out plainly that he had never expected his proposed amendment to be passed by this Council, he just wanted to bring up the subject for discussion. Viewing from this perspective, I do support the way he takes this matter on. But then, will the voting preference of Members bring up the dispute that the relevant Members are talking in one way and doing in another? Since I may be regarded one of those Members who talk in one way and do in another way, it is necessary for me to explain my voting preference.

Chairman, some colleagues (including Dr PAN Pey-chyou and Mr Ronny TONG) are very kind-hearted, as they have adopted stray dogs as pets. Mr Ronny TONG's friend did not want his dog any more and gave it to Mr TONG. At that moment, Mr Ronny TONG should indeed rebuke his friend for so doing and should not have condoned what his friend did.

I believe many Members in this Chamber do not have such kind of personal experience like mine. Before I pursued my studies in law and accounting in Australia, I had taken a veterinarian course for a year. This course comprised a great deal of practical training, and I have undergone practical training in Australia's RSPCA for a period of time. My duty was to take care of stray dogs, including "sending them off". I had been in person contact with very cute, friendly and healthy dogs. And I still remember very clearly the look in the dogs' eyes right before they underwent the relevant process.

Chairman, this is indeed a very tough issue. I believe many of us have not expected that the respective numbers of votes for and against this amendment are the closest among the 17 proposed amendments, nor expected this amendment to

be the most controversial one. In resolving social issues, many a time we have to choose the lesser of the two evils.

Chairman, I have listened very attentively to the speeches made by Members who support this amendment. I find that the perspectives from which they see the subject include universal love, justice, charity, and even ahimsa, which are all very much commendable. Nonetheless, as Ms Starry LEE said earlier, how are we going to mark the line? We have human rights, but how about canine rights, feline rights, and the right of cats and dogs to reproduce?

I would like to take the issue in question one level up and talk about killing lives. Some colleagues say that we kill a dog or a cat every hour or every day, but have they counted the number of chickens, pigs, cattle or fishes we kill every day? How are we going to draw this line? Certainly, many people find cats and dogs very special, and believe that they are animals with intelligence. I have quite a keen interest in studying animals, and I can tell colleagues that the intelligence quotient (IQ) of pigs is very high. Some people even say that the IQ of pigs is higher than that of dogs. So, how are we going to draw this line?

Earlier, Mr Alan LEONG referred to Mahatma GANDHI and said that the civilized standard of a nation can be judged by the way its animals are treated. We all know that cattle are very much treasured in India, but how many cows and bulls are killed every day?

Chairman, regarding the question of what would happen if this expenditure item should be deleted, it is natural for Members to have a wide spectrum of views. Dr Margaret NG asked us not to be silly or fooled by the Government, as the Government would certainly have other resources or other way out even if the relevant item was deleted. If that is the case, we indeed should not take the voting result too seriously. It is not like what has been referred to by Mr Ronny TONG, who considers that Members voting against this amendment are actually authorizing the Government to continue killing animals indiscriminately. I believe Members voting against this amendment utterly do not have such an intention, they are definitely not authorizing the Government to continue killing the animals indiscriminately. I hope Members will not see things too seriously. We are but dealing with a very realistic issue, and we have to choose the lesser of the two evils.

Chairman, just now several colleagues have suggested a number of very practical ways to deal with stray cats and dogs, and I agree with them in such respect. The suggested ways include imposing more stringent control on individuals and firms involved in breeding and selling pets, imposing tighter immigration control in the light of the increasing number of cases of smuggling cats and dogs across the border, allocating more subsidies to local voluntary organizations so that they can keep implementing the "Trap-Neuter-Return" programme and other relevant programmes, as well as allocating more resources to educate the public in this respect.

Given the overcrowded living environment, Hong Kong is not a suitable place for keeping cats and dogs, and especially so for dogs. The living space required by cats is smaller, and they are comparatively quiet animals. From an animal welfare point of view, any person who keeps a dog has to provide the dog with a greater living space. It is very cruel of the dog owner if he or she just feeds the dog twice a day and does not allow it to exercise. Dogs and horses need to move about and exercise frequently, so as to remain healthy physically and emotionally. As regards the conditions in Hong Kong, since we do not have enough space and our weather is too hot, this is really not the right place for dogs. Sometimes we see people taking their long-haired dogs to run along the streets, I think this is no different from inflicting ill-treatment on them.

I also agree that we can consider extending the four-day period, so that more dogs can have a chance to stay alive. Some colleagues suggested relaxing the control over the adoption programme for stray cats and dogs, such as by relaxing the vetting procedures or the requirements for intermediary organizations. I believe these suggestions all worth consideration. On the one hand, we should not unthinkingly use the Vote on Account to make a joke or stage a show; on the other hand, we also need to have some concrete policies in place when we are deliberating the suggestions, so that a mechanism can remain in operation for the moment to continue to deal with issues and put things under control.

I have also noted that some Members said this policy was also adopted by other places to deal with stray cats and dogs, including the most civilized countries. As regards Australia where I had pursued my studies in the past, even though I do not know about the country's current practice, I am sure this policy was also adopted there earlier. At this moment, I am still not sure about the stance of the Society for the Prevention of Cruelty to Animals (SPCA), but

according to some colleagues, the SPCA does not seem to be among the organizations which support Mr Fred LI's amendment. As regards the four plus three organizations referred to by Mr Albert HO just now, it seems that none of them can be regarded as a comparatively more authoritative and "long-standing" than the SPCA. And it looks like that the SPCA is not completely against the current policy of the Government. As I said just now, I had spent quite a number of weekends on dealing with dogs in Australia's RSPCA.

Chairman, I am speaking at a speed faster than I have expected. Now I would like to respond to the questions raised by colleagues earlier. Mr Ronny TONG said if he were an ordinary member of the public, he would give Members zero point. I just hope my speech will not downgrade my score from zero point to below zero. I believe we should strive for a balance among the different voices in this Council. When speaking on subject matters which we know that we will not be held accountable for any consequences, or that the objection and criticism we hurl will affect the overall situation, we tend to overplay the issue in many cases and adopt some standards that are extremely kind-hearted or moralistic. In this connection, I am afraid we would need a general ruler. Who cannot say something about animal protection, who cannot say something about not to kill lives. I have no idea whether there are any vegetarians among the Members who support Mr Fred LI's amendment. If some people go vegetarian because of the principle of not killing lives, I wish to learn more about that. In fact, it is very hard to draw a line in this respect. If we do that because we do not want cats and dogs to suffer any inhuman or "inanimal" treatment, I am afraid it is not easy to draw a line for this purpose. I am afraid I am repeating myself.

All in all, Chairman, we need to take on this subject matter in a practical manner. On the other hand, whatever votes we cast will not have any influence on the Government, it will keep implementing the relevant work according to the existing policy. That being the case, I just hope the Government will listen to and draw on the views we raise today. Indeed, many members of the public, voluntary organizations and Members of this Council all hope that the Government will speed up its efforts and realize the promise made by the Chief Executive in paragraph 133 of the Policy Address, which is to roll out more measures to deal with stray cats and dogs.

Allow me to say it once again. The Government should take into consideration the various suggestions put forward by Members just now.

Besides, providing it has the necessary resources, the Government should expedite its efforts as far as possible and formulate practicable policies, so as to minimize the chance of resorting to the practice of sending the animals to heaven. After all, this practice is an inevitable choice when we are caught on the horns of a dilemma. Thank you, Chairman.

**MR ABRAHAM SHEK** (in Cantonese): Chairman, I did not expect that we would spend almost two hours discussing issues relating to cats and dogs. If animals could understand human languages, we might have many non-human Members speaking in this Chamber.

Chairman, I still consider it a good thing that we spend so much time speaking on this subject. Nonetheless, just now I have also heard Dr NG ask Ms Starry LEE why she had to say such words in her speech. Chairman, after some careful thoughts, I still do not quite understand why some Members have to propose so many committee stage amendments even though they are not going to give support to the Budget. It really beats me. I hope they will enlighten me on this. If they do not support the principles underlying the Budget, why do they have to spend so much time discussing these issues? Why do they have to propose so many amendments and spend so much time discussing such amendments? It would be a totally different story if they were to support the Budget upon amendment. But the problem remains that while they definitely do not support the resumption of Second Reading and will not support the Budget upon amendment, they still propose amendments to it. Are we wasting our time here? Chairman, this will not do any good to the entire matter.

Just now Mr CHAN Hak-kan put forward his argument as a response to the issues raised by Mr Fred LI, and explained why he would support the Government in this respect. But then, many Members criticized him for not speaking on inhuman issues. Chairman, I do not think we should criticize others for their personal stance. We all have the freedom to put forward our own arguments. I believe this is what we should do, rather than taking this opportunity to display our political poise. Chairman, that is not the right thing to do.



**DR PHILIP WONG** (in Cantonese): Chairman, it seems that we have to stay here for a long time. If I do not rise to speak something, there is no way to spend my time.

As to the problem of cats and dogs, I have to share a real story. When I studied in the United States, our family kept a very big dog with a certificate of birth, which was valuable. One day, its leg was broken. As my son loved it very much, he brought it to a veterinarian. At that time, my son was just a teenager who had just departed from Wah Yan College to pursue studies in the United States, his English was not that good. The veterinarian misunderstood what my son said, and had the dog neutered. Then, I complained furiously, "You neuter this dog without consulting its wish. What is wrong with you?" Out of sympathy, the veterinarian said that he would compensate by undertaking all of the food and medical expenses of the dog until its death. He would also buy whatever dog my son liked, and would undertake all of its living expenses for the rest its life. This could be a reasonable answer.

But as to the amendment proposed by Mr Fred LI today ..... When I shared this story with my good friend, Mr CHEUNG Man-kwong, earlier, he said that he seldom agreed with me, but both of us had a consensus over this matter, that is, how could action be taken without first consulting the party concerned? This is true. Democratic Party, how can you deprive the dogs of their pleasure of living without first consulting their wish? This is not justifiable. Therefore, it is difficult for me to support the amendment of Mr Fred LI.

Thank you, Chairman.

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

**MR FRED LI** (in Cantonese): Chairman, I certainly have not consulted those dogs whether we could make them undergo surgical neutering, nor have I asked the dogs if we could perform euthanasia on them. But the problem remains that the Government is killing 10 000-odd cats and dogs every year. Has the Government consulted those cats and dogs in advance? Never. Has the Government asked those cats and dogs whether they would like to die? Many of the animals put under euthanasia were in good health, they did not have any

disabilities or broken limbs. Has the Government consulted them in advance, Mr WONG? Certainly not. The Government just gave them a shot and ended their lives. Performing surgical neutering on an animal and putting an end to its life, which one has more serious implications? In my view, ending the animal's life certainly bears more serious implications. Upon surgical neutering, the animals still remain alive, even though they will miss some fun. However, if they are put to death, they cannot come back to life. So, this is my first point in response.

And now I would like to respond to Mr Abraham SHEK's views. Just now he queried why some Members voted against the Second Reading had to raise this issue among the many amendments. This is the Chamber, here I have pointed out plainly that this is a political gesture, and I believe Mr Paul TSE has heard me clearly. In this Council, both Mr CHAN Hak-kan and Mr Albert HO have moved motions with no binding effect, and their respective motions were passed upon putting to a vote. But since these motions do not have any binding effect, the Government has not taken any actions in response to them. On the other hand, the Budget carries statutory power, which means that if the amendments proposed to it were passed, certain actual effect could be achieved. We have such an opportunity once a year only. Even if the motion to express regrets about the Chief Executive's Policy Address was passed, it would still be a motion with no binding effect and would not have any legislative implications. The Budget, however, is another story.

The Democratic Party has spent plenty of time preparing this amendment. We have also conducted opinion surveys to consult the views of some animal protection organizations. Unlike the Society for the Prevention of Cruelty to Animals (SPCA) referred to by Mr TSE, these organizations are rather small in size and non-mainstream. The SPCA can be regarded as the largest one among the animal protection organizations, and this explains why the Society is obviously more conservative and pro-government. I am not saying it is wrong in this respect. This is just natural, as a substantial amount of the Society's subvention comes from the Government. On the other hand, the smaller animal protection organizations are independent, and since they receive no government subvention, they can strive for the rights of animals more pertinently. These organizations are more ready to adopt animals in very bad conditions, such as the ones referred to just now, which are suffering from skin diseases or on the

Government's euthanasia list. With their unlimited love, they take good care of these animals and help these abandoned animals to recover.

As I had to attend a hearing earlier, I could not listen to each and every view raised by Mr CHAN Hak-kan, Ms Starry LEE and all other Members. But I have asked my colleagues. While the response of the Chairman of our party to Mr CHAN's views is rather fierce, mine will not be so, as I consider that Mr CHAN does have the intention to strive for the welfare of animals. Having said that, I believe some of the colleagues who object to my proposed amendment have come up with their decision under the Government's intimidation. The Government claims that should this provision of \$1.3 million be cut, 10 000-odd stray cats and dogs would be roaming the streets. The Government also tries to intimidate me by asking me if these cats and dogs can all be taken to eastern Kowloon or even Kwun Tong. I consider this an "act of intimidation" on the part of the Government.

If this amendment to cut the \$1.3 million funding for performing euthanasia on animals is passed, does it mean that the Government will be totally unable to perform euthanasia on the abandoned or injured and disabled cats and dogs? Definitely not. Which piece of legislation tells us that the Government can do nothing if it is subject to such kind of constraint? Who says that the Agriculture, Fisheries and Conservation Department (AFCD) cannot find any way out if this funding of \$1.3 million is cut? The Secretary should respond to these questions and speak the truth, rather than intimidating our colleagues to make them vote against my amendment. Regarding the question of whether the passage of this amendment will really create trouble, the Government should explain the case with facts and reasons.

I support mercy killing, which is to perform euthanasia on animals which can hardly live. Nobody would be against this cause, even the organizations most involved in animal protection are in support of mercy killing. But the premise is that mercy killing of animals is conducted in a more transparent manner. This is to put issues relating to mercy killing of animals under monitoring, so as to rectify the present situation where no system is in place to monitor the arrangement for performing euthanasia on animals. Do Members know that the AFCD's sheltering place for stray animals does not allow any visits, only a few mainstream animal protection organizations are allowed to have a look inside? As the organizations referred to earlier are not allowed inside, they will

naturally feel that the place is run in a very mysterious manner and is a black-box operation. They also query why the place has never been opened up to enable the public to better understand its operation. I have visited the place in my capacity as Member of this Council, but my request for taking with me a few representatives from those animal protection organizations to the visit was turned down. How will those organizations feel about this?

As I have visited the place, I know rather clearly what is going on. Given that the Government is armed with such powers, public opinion and a large number of supporters, I have never naively imagined that this amendment to cut the appropriation of \$1.3 million could be passed. Then, why do I still propose this amendment? This is because I wish to make use of this platform to start a debate, and I know many animal protection organizations are listening to our debate right now. They concern very much about this debate. I do not have the least intention to use this proposed amendment to reap votes, start any confrontation or attack any person. I just hope that Members who are against this amendment will not forget about this proposed amendment. Otherwise, the Government will continue to perform euthanasia on animals. Every year, tens of thousands of animals caught by the AFCD are subject to euthanasia indiscriminately if nobody adopts them. Should we allow this situation to go on? So, this is my simple reason for adding this part to the Budget debate today. I do not wish to attack or criticize anybody. I just wish to clarify my points and the objective of my proposed amendment. I so submit.

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

**MR CHAN KAM-LAM** (in Cantonese): Chairman, after listening to Mr Fred LI's apparently more moderate explanation, I feel a bit more relaxed but I still do not find his remark convincing. He has said that we have a debate here because the Budget has binding effect; as regards other motion debates which do not have binding effects, the Government can refrain from taking actions even if the motions are passed. Our impression is that his remark is imprudent. As the Budget has binding effect, he moves a motion in order to put pressure on the Government or to demonstrate his power, even though he knows fairly well that this motion will not be passed. Therefore, I think that he has not acted prudently.

Why does the Legislative Council have such low credibility today? It is because we Members lack self-esteem and self-respect, and we have failed to exercise our powers properly. How can we use our powers in areas that can best serve the public? On issues related to stray cats and dogs, it would be incorrect for us to ask the Government to slash more than \$1 million for reason that we should be kind to animals. The problem does not lie in killing those cats and dogs; it is related to the numerous complaints received in the past years concerning the disturbance caused by stray cats and dogs in the community. We all know that each year there are cases of rabies, there are also sanitary problems, and people are disturbed by dogs barking at night. Very often, we step into dog faeces on the road, and there are quite a lot of complaints about dogs and cats fouling everywhere. You say that the Government should not euthanize stray dogs and cats that have been caught. Instead, it should neuter them and return them to public places. Nevertheless, this will not solve the nuisances and problems caused by stray dogs and cats in the community.

Although Mr Fred LI pointed out that stray dogs and cats would become docile after being neutered, we should not forget that these animals can easily have all kinds of illness. How can such problems be solved? Many people will complain if we let these stray dogs and cats live and die in the community and on the street. We cannot catch them and we should let them go after we have neutered them. How can these problems be solved? Is voting against the provision of some \$1 million today the best alternative? The problems still remain unsolved.

Dr Margaret NG knows her limitation and she asks the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) not to believe in her. She says that over 40 000 dogs and cats have been killed, which is actually wrong. I would like to ask her to review the information provided by us. Last year alone, the Agriculture, Fisheries and Conservation Department (AFCD) caught 7 279 stray dogs and cats. Have she gone over the relevant information? She just casually said that more than 40 000 stray dogs and cats were killed; she has exaggerated the number so that some animal lovers sympathize with stray dogs and cats that have been euthanized. That is actually not the case. As we know, the AFCD will not euthanize all stray dogs and cats being caught. Also, the Government frequently calls upon caring members of the public to adopt these animals, and it even gives them to animal loving groups. These actions are

commendable. I do not understand why some Members have taken this course of action for showing that they are caring, which is unnecessary.

In fact, we hope that the Government can think of further ways to eliminate stray dogs and cats on the street; this problem cannot be solved by simply slashing the \$1 million provision. I hope that the Government can enhance communication with Members in the future and make more efforts to gradually resolve the problems of stray dogs and cats in the community. Thank you, Chairman.

**DR MARGARET NG** (in Cantonese): Chairman, I would like to thank Mr CHAN Kam-lam for making his point just now. I mentioned some 40 000 animals when I spoke because I heard Ms Audrey EU quote this number when she spoke. The Agriculture, Fisheries and Conservation Department (AFCD) has given us the total number in three years, hence the number of animals killed each year exceeds 11 000.

This is certainly a huge number and that is why Ms Audrey EU has just said that more than one animal is euthanized an hour a day. Chairman, the rationale remains the same.

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

(No Member indicated a wish to speak)

**SECRETARY FOR FOOD AND HEALTH** (in Cantonese): Chairman, Mr Fred LI has moved an amendment to the Appropriation Bill 2011, proposing that head 22 (operating expense estimates of the Agriculture, Fisheries and Conservation Department (AFCD)) be reduced by \$1,300,000, and removing the provision for the euthanasia of animals received by the Animal Management Centres (AMCs) of the AFCD. The Government opposes this amendment.

Each year, the AMCs of the AFCD received quite a large number of animals, mainly dogs and cats but also cattle, lizards, turtles and all kinds of animals. The AMCs received nearly 15 000 dogs and cats in 2010. Most of these animals are stray animals caught on streets by AFCD staff upon receipt of

complaints, pets that are handed over by their owners voluntarily to AMCs, as well as animals received through other channels such as those involved in animal abuse cases.

The stray animals caught will firstly be sent to the AMCs for observation. If these animals have a chip implant, the AMCs will try to find their owners based on the information on the chips. In general, these animals will reside temporarily in the centres for 10 to 20 days. If these animals do not have a microchip implant, they will reside temporarily in the centres for at least four days, waiting for their owners to reclaim them. If the animals handed over by owners or the unclaimed animals are in good health and they have been assessed by a veterinarian as having a gentle temperament and suitable for adoption, the AFCD will arrange for their transfer to animal welfare organizations for adoption by members of the public. Only animals that have not been retrieved or adopted will eventually be euthanized; thus the AFCD does not kill animals indiscriminately.

If this amendment is passed, the actual effect is that the AFCD can no longer euthanize stray, abandoned or sick animals. This impact is a very serious which will have very unfavourable effects on the community and people's health. According to my understanding, the Director of the AFCD has explained these impacts to Mr Fred LI.

In each of the past three years, the AFCD has received approximately 20 000 complaints concerning stray animals, which proved that many people are suffering from the nuisances of stray animals. More importantly, as compared with ordinary animals, stray animals are more likely to suffer from zoonotic diseases such as rabies, parasitic diseases or other bacterial infections. These diseases pose serious threats to public health. Take rabies as an example, rabies is commonly known as "mad dog disease", it is a contagious disease affecting the central nervous system caused by the rabies virus that can be transmitted between animals and humans. Each year, about 55 000 people in various parts of the world died from the disease. Hong Kong is one of the few regions in the world having non-epidemic status, and no new case has been found in more than 20 years. Nevertheless, since rabies is so far the only acute infectious disease of human beings with a fatality rate of almost 100%, and it is still an endemic in our neighbouring places including the Mainland and quite a few Southeast Asian countries, we must not slack off.

If the Government cannot euthanize all these sick or infected animals, it will jeopardize public health and sanitation in disguised form.

Another Member has proposed keeping animals in cages for life. Is this a way to safeguard animal welfare? Among the animals received by four AMCs of the AFCD, quite a few are injured or suffering from various diseases. If the amendment is passed, the Government cannot continue to adhere to the consistent international practice of protecting the dignity and welfare of animals and euthanizing them to end their sufferings and pain. In that case, these animals can only continue to endure the pain until their natural death. I really fail to perceive how animal welfare can be safeguarded under such circumstances.

Euthanasia is a generally accepted method for terminating animal pain in the global veterinary sectors. The World Society for the Protection of Animals and the Royal Society for the Prevention of Cruelty to Animals (RSPCA) International published in 2007 a report concerning the methods adopted by around 30 European countries for the control of stray dogs and cats. As stated in the report, based on humanitarian grounds, all European countries have to adopt euthanasia for handling animals suffering from illness and injury. Actually, authoritative international animal welfare organizations support the adoption of euthanasia in handling these animals.

It is also stated in the said report that most European countries have adopted euthanasia in handling stray animals, including healthy animals. In fact, the number of animals euthanized in Hong Kong on a per capita basis is far less than that in many advanced places in the world. On the basis of every 1 000 persons, 12.5 animals were euthanized in the United States, 10 in Australia and 2.3 in Hong Kong on average. Furthermore, authoritative international animal welfare organizations have jointly formulated a set of guidelines about handling stray dogs in 2007. As stated in the guidelines, it is admitted that we must accept the reality that some healthy dogs must be euthanized due to the shortage of adoptive families.

Just now, some Members have talked about how much they love animals, and I would also like to share my personal experience. I had two pets before — two cats. A friend gave us a cat when he left Hong Kong because he could not bring it with him to the United Kingdom. One day, my wife and I found a cat hiding under my car at the car park. It was winter and the cat was warming



itself there. So, we took it home and kept it until it grew old. Finally, the two cats were euthanized because they had end-stage renal disease.

Many people and even experts have told me a lot about keeping pets, and I believe that Mr Paul TSE also knows a lot in this area. Keeping a pet is just like raising a child. A pet is not an adult, it never grows up and it always needs to rely on its owner and his family members. It cannot survive just on food; if it is castrated, it only has one less need, yet it is not necessarily happy. The most important point is that it needs a partner and a family to take care of it. It needs to be loved and cared for by its owner every day; it needs exercise and the owner has to bring it out for a walk. If a pet does not have the care of a family and we just neuter it and leave it on the street, I think we should seriously consider if this is a humanitarian way of treating animals. Members should understand that the Government is not evading the problem; we have to forge a consensus with the community as a whole on how to handle this issue before we can take actions. We have been proactively making efforts but I think that this is not a simple issue that can be resolved immediately.

According to the guidelines published by the international animal welfare organizations in 2007, euthanasia is only a stopgap measure but not a permanent solution to the problem of stray dogs; hence, it is definitely not the only option. The Government concurs with this viewpoint. The most effective way to solve the problems of abandoned and stray animals is to reduce at source the number of stray dogs and cats. For this reason, the AFCD has been enhancing publicity and education at different levels and through different channels. We will continue to bring forth the message the pet owners to take care of their pets for a lifetime. In fact, the work has started to bear fruit and the number of abandoned animals, and stray dogs and cats has obviously decreased in recent years.

All along, we have been encouraging the public to adopt stray animals, and we have arranged for re-homing services through 12 animal welfare organizations (partner organizations) in collaboration with the AFCD. By way of outsourcing, The AFCD has, through outsourcing arrangement, provided free neutering to animals to be adopted by partner organizations. The AFCD is now negotiating with these organizations measures for improving the animal re-homing schemes, which include introducing new procedures for animal adoption, assisting organizations in promoting the relevant services, as well as enhancing technical support for partner organizations. When there are animals suitable for adoption,

the AFCD will take the initiative to contact partner organizations and provide animal photographs to facilitate consideration.

In addition, to further strengthen the collaboration with animal welfare organizations, the AFCD will provide an additional \$1 million for subsidizing the animal welfare and management work of these organizations. The organizations have to submit project proposals stating the objectives and details of the projects, as well as the criteria for success assessment, to be considered by the AFCD.

We will also proactively follow up the implementation of the "Trap-Neuter-Return" Trial Programme for Stray Dogs. As I have just said, we will take follow-up actions proactively, but we also need support and co-operation by members of the communities. In communities which have indicated support, we will allow desexed stray dogs to return to public places without being controlled by owners. In the second quarter this year, when we consult the Legislative Council Panel on Food Safety and Environmental Hygiene on animal welfare matters, we will also take the opportunity to report the progress of the implementation of this trial programme. These policies should be discussed at the relevant Panel, but not during this proceeding at today's Council Meeting.

Just like Members, my colleagues in government departments including the veterinary surgeons from the AFCD and I do not wish to see animals being abandoned and eventually euthanized. Yet, in order to end the animals' undue suffering pain and implement effective animal management to safeguard public health, the AFCD must have the power and resources to carry out euthanasia. In this regard, the method adopted in Hong Kong for handling stray and abandoned animals are consistent with the mainstream method in the international community. Hence, I implore Members to support the Government and oppose this amendment.

Thank you, Chairman.

**CHAIRMAN** (in Cantonese): Mr Fred LI, do you wish to speak again?

**MR FRED LI** (in Cantonese): Chairman, first of all, I would like to respond to the remarks of Mr CHAN Kam-lam. He probably does not quite understand the details of the "Trap-Neuter-Return" Programme, and it seems that Dr PAN Pey-chyou also does not understand it very well. That is why he said that when dogs are returned to public places, they will resort to some frightening acts when they are hungry. Under the "Trap-Neuter-Return" Programme, someone will actually feed the dogs at designated locations and time. Therefore, money, voluntary workers and manpower are needed for the relevant work. Funding is needed in implementing this programme, because we do not just neuter the animals, which also needs money, the whole programme should be well planned and carried out systematically. Instead of just returning the dogs, follow-up actions are required and dogs should be implanted with chips and vaccinated to prevent rabies. Although neutering is not an ideal method, it can effectively prevent the continuous breeding of stray dogs.

However, euthanasia is not a desirable solution. Has the number of dogs decreased after we have euthanized so many dogs each year? No. Stray dogs and cats are promiscuous, and they even fight for courtship, causing greater nuisance. Hence, neutering is essential. However, we cannot merely rely on this method to fully address the problems of stray dogs and cats. As the Secretary has said, the problem lies with the Government's failure to proactively handle matters in a few aspects. For instance, the monitoring of pet shops is unsatisfactory. In some unscrupulous pet shops, the dogs and cats are from illicit sources, they are most dangerous as they have not been vaccinated.

Mr CHAN is unclear about the number. I can tell him that 2 345 animals were abandoned by their owners and sent to the Agriculture, Fisheries and Conservation Department (AFCD) in 2010. Upon receipt of these animals, the AFCD will end their lives with a jab if they are not adopted. Moreover, 6 519 dogs were caught, and 7 420 dogs and 3 047 cats were euthanized last year. Most of these animals are in good health and the percentage of animals in extremely bad conditions that really need to be euthanized is not high. Since these animals have not been adopted and the Government does not have any places for keeping them, they have been euthanized based on policy needs. Thus, there is much room for improvement in this regard. The Secretary said that it was inappropriate to discuss this issue in this Chamber, but if the issue is not raised for discussion, the three Secretaries of Departments and 12 Directors of Bureaux will not have understood the problems of dogs and cats. I believe that

they have never heard of such problems, and the platform today precisely allows us to discuss the relevant issues.

I believe Honourable colleagues should find out more about this programme. Originally, I did not understand the programme as I have not kept any pets. I have some pets when I was a child but that was long ago and I have forgotten the experience. However, I am at least ready to discuss the matter with the relevant persons and find out more about this programme before I move this motion. If there is public support, the Government will be under great pressure; otherwise, the Government can have the Budget approved without feeling any pressure. Things will remain the same after I have finished speaking and the amendment has been negated.

I hope that Honourable colleagues, who are going to vote against this amendment — I am not sure who they are — would continue to support various animal protection organizations. These organizations have been devoted, they put in efforts and money, just for the sake of saving lives, they do not want to see more than 10 000 animals being euthanized each year. Although the number has somewhat decreased, there are still more than 10 000 animals being killed. Is this situation desirable? Are there fewer complaints each year? Of course not, there are still many people complaining about the nuisance caused by stray dogs and cats, especially dogs. As a directly elected Member, would I not be aware of this situation? Can euthanasia solve the problems? The problems have still not been solved after so many years. That is all that I would like to say. I hope that the Government would deploy resources by various means for handling the problems. I fully agree with the Secretary that we should do something at source but the work has not yet been successful and it is not satisfactory. I would like to arouse the concern of the community through moving this amendment. Thank you, Chairman.

**CHAIRMAN** (in Cantonese): I now put the question to you and that is: That the amendment moved by Mr Fred LI be passed. Will those in favour please raise their hands?

(Members raised their hands)

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

(Members raised their hands)

Mr Fred LI rose to claim a division.

**CHAIRMAN** (in Cantonese): Mr Fred LI has claimed a division. The division bell will ring for three minutes.

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

(A Member indicated that he could not press the vote button)

**CHAIRMAN** (in Cantonese): Please press the button again.

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

Functional Constituencies:

Dr Margaret NG, Mr CHEUNG Man-kwong and Mr CHEUNG Kwok-che voted for the amendment.

Dr Raymond HO, Mrs Sophie LEUNG, Dr Philip WONG, Mr WONG Yung-kan, Mr LAU Wong-fat, Ms Miriam LAU, Mr Timothy FOK, Mr Abraham SHEK, Ms LI Fung-ying, Mr Tommy CHEUNG, Mr Vincent FANG, Dr Joseph LEE, Mr Jeffrey LAM, Mr Andrew LEUNG, Mr WONG Ting-kwong, Mr CHIM Pui-chung, Prof Patrick LAU, Mr Paul CHAN, Mr CHAN Kin-por, Dr LEUNG Ka-lau, Mr IP Wai-ming, Mr IP Kwok-him, Dr PAN Pey-chyou, Mr Paul TSE and Dr Samson TAM voted against the amendment.

Geographical Constituencies:

Mr Albert HO, Mr LEE Cheuk-yan, Mr Fred LI, Mr James TO, Mr LEUNG Yiu-chung, Ms Emily LAU, Mr Frederick FUNG, Ms Audrey EU, Mr LEE Wing-tat, Mr Ronny TONG, Mr KAM Nai-wai, Ms Cyd HO, Mr WONG Sing-chi, Mr Alan LEONG, Mr LEUNG Kwok-hung and Miss Tanya CHAN voted for the amendment.

Mr CHAN Kam-lam, Mr LAU Kong-wah, Mr TAM Yiu-chung, Mr WONG Kwok-hing, Mr CHEUNG Hok-ming, Ms Starry LEE, Dr Priscilla LEUNG, Mr WONG Kwok-kin and Mrs Regina IP voted against the amendment.

THE CHAIRMAN, Mr Jasper TSANG, did not cast any vote.

THE CHAIRMAN announced that among the Members returned by functional constituencies, 28 were present, three were in favour of the amendment and 25 against it; while among the Members returned by geographical constituencies through direct elections, 26 were present, 16 were in favour of the amendment and nine against it. Since the question was not agreed by a majority of each of the two groups of Members present, he therefore declared that the amendment was negatived.

**MS MIRIAM LAU** (in Cantonese): Chairman, I move that in the event of further divisions being claimed in respect of the remaining clauses of the Appropriation Bill 2011 or any amendments thereto, this Council do proceed to each of such divisions immediately after the division bell has been rung for one minute.

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

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

**DR MARGARET NG** (in Cantonese): Chairman, I think that is really unnecessary. The Government will later propose a very important amendment, if the division bell just rings for one minute, I believe that it will create inconvenience for many Members who would like to vote. Even government officials will find it very inconvenient as they have to remind some pro-Government Members to return to the Chamber to vote.

Chairman, during the voting procedure, we certainly hope that we need not worry whether some Members can come back in time to vote, we hope that we can vote according to our own principles. Thank you, Chairman.

**DR PHILIP WONG** (in Cantonese): Chairman, I concur with Dr Margaret NG. We only need to stay for less than one hour according to the original rule of having the division bell rung for three minutes. Is this period of time too long? Will too much time be taken? Sorry, I do not support shortening the duration of the division bell.

**MR RONNY TONG** (in Cantonese): Chairman, I support Dr Margaret NG's views. As Dr Philip WONG has said, I also think that since we have already set aside at least two days for discussing the Appropriation Bill, and if the duration of the division bell is shortened in these two days, we may only save about half an hour at most. For this reason, I do not think that it is necessary to do so.

**MR FREDERICK FUNG** (in Cantonese): I rarely support Dr Philip WONG but I concur with him this time.

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

(No Member indicated a wish to speak)

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

(No hands raised)

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

(Members raised their hands)

**CHAIRMAN** (in Cantonese): I think the question is not 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 negatived.

**CHAIRMAN** (in Cantonese): I now propose the question to you and that is: That the sum for head 22 stand part of the Schedule.

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

(No Member indicated a wish to speak)

**CHAIRMAN** (in Cantonese): I now put the question to you and that is: That the sum for head 22 stand part of the Schedule. Will those in favour please raise their hands?

(Members raised their hands)

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

(No hands raised)

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

**CLERK** (in Cantonese): Head 106.



**FINANCIAL SECRETARY** (in Cantonese): Chairman, I move that head 106 be increased by \$7,100,000,000 in respect of subhead 789.

The release of the 2011-2012 Budget has aroused extensive discussions in the community. Having listened to the views of various sectors of the community and Legislative Council Members, and after careful consideration, I have decided to make certain adjustments to the Budget.

The adjustments in respect of expenditure cover three areas:

- (a) giving a sum of \$6,000 to all Hong Kong Permanent Identity Card holders aged 18 or above. This proposal involves an expenditure of around \$37 billion. Assuming that the required expenditure in the year 2011-2012 accounts for 80% of the total estimates, I propose earmarking \$29.6 billion;
- (b) injecting funds into the Community Care Fund for providing assistance to financially needy people including new arrivals. I propose earmarking \$1.5 billion; and
- (c) not pursuing the proposed injection of \$6,000 into the Mandatory Provident Fund (MPF) accounts.

To reflect the above expenditure adjustments, after offsetting the \$2.4 billion earmarked for the proposal of injecting funds into the MPF accounts, the government expenditure in the year 2011-2012 should be increased by \$7.1 billion. The objective of this amendment is to increase the provision under head 106 by \$7,100,000,000 in respect of subhead 789 to \$58.831 billion. I wish to say that, the provision under head 106 subhead 789 is intended to meet the inevitable expenses that may arise during the year and these expenses exceed the provisions under other heads and subheads, as well as the provisions earmarked for the measures currently being planned, including the measures that I have just mentioned.

As in the past, after the Policy Bureaux concerned have worked out the details of the expenditure proposals, they will submit the proposals to the relevant Legislative Council Panels for discussion before submission to the Finance

Committee for its approval of the proposed expenditure. I implore Members to support the amendment.

Thank you, Chairman.

**The Financial Secretary moved the following motion:**

"RESOLVED that head 106 be increased by \$7,100,000,000 in respect of subhead 789."

**MRS REGINA IP** (in Cantonese): Chairman, I would like to explain why the New People's Party had proposed that all permanent residents of Hong Kong should be given a cash handout of \$6,000 when we met with the Financial Secretary on 28 February. I certainly understand that the Government has many grievances. According to the Government, nobody has ever requested the Government to "hand out cash" during the consultation period of the Budget. At the meetings of the Commission on Strategic Development or during the meetings with Members of different groupings, the views collected were that no "candies" should even be handed out under this year's Budget. So, why did our colleagues suddenly ask the Government to give "cash handouts"? I believe many Members of this Council and political parties had asked the Government not to address the deep-rooted conflicts in our community by one-off "giveaway" measures; instead the Government should introduce some long-term solutions. However, the Budget announced by the Financial Secretary on 23 February was very disappointing to many people, they were even infuriated because the Government failed to propose any long-term policies to deal with our deep-rooted problems.

Certainly, I have no intention to say that the Budget is good for nothing. For instance, the Government has actually earmarked a substantial amount of funds for supporting or even enhancing elderly services. However, what makes people disappointed or even infuriated is that with regard to housing, a subject of utmost concern by the community, the Government has only responded by putting up more land for auctions and introducing the "My Home Purchase Plan". Some colleagues are very doubtful whether the Government will be able to allocate so many pieces of land for auctions. What is more, in regard to the most pressing demand of the community, that is, the resumption of the Home Ownership Scheme, the Government has refused to respond and was even

unwilling to coax us by saying that it would consider the proposal. In fact, as long as the Government is willing to say, as if it were coaxing children, that it will consider building 3 000 Home Ownership Scheme units, then I think a lot of pressure can be alleviated at once. I do not believe that the construction of 3 000 Home Ownership Scheme housing units will immediately cause our housing market to collapse.

Many people were infuriated after the Budget was announced on 23 February. The proposal to inject funds into Mandatory Provident Fund (MPF) accounts has failed to win public support; moreover, the Government has also failed to cater for the needs of people with "n have-nots". And in this regard, the Legislative Council has repeatedly raised criticisms. As such, the New People's Party simply suggested that the Government might as well give a cash handout of \$6,000 to all permanent residents of Hong Kong.

We have put forward three proposals on the "cash handout" policy, and if I did not tell the Financial Secretary about them back then, I must have told other government officials in private. Firstly, we proposed that the Government should give a sum of \$6,000 to every permanent resident of Hong Kong. Secondly, we proposed that the Government should encourage people to save the money; and it responded positively by offering a relatively high interest rate to attract savings. Thirdly, we proposed that the Government should set up a matching fund, where matching contributions will be made by the Government if people are willing to donate the \$6,000. Though colleagues may think that this method is absurd and not many of them support the idea, the New People's Party thinks that it is commendable. It is true that the Government has established various funds over the past seven years, and therefore it has no intention to set up another matching fund.

I recalled that when I met with the Financial Secretary again on 2 March, I asked him why not give new arrivals \$3,000. No matter how the Government hands out the cash, it will still divide the community and certain people would be unhappy. I remember that when we met with the Financial Secretary on 2 March, a colleague asked why "cash handouts" were only given to permanent residents aged 18 or above and not to those aged 17 and a half or to children. To draw the line at 18 years old will lead to criticisms. Similarly, taking permanent residents as the dividing line will inevitable lead to the question of why the Government has not extended its care to new arrivals.

In fact, the New People's Party has discussed the issue of distinguishing between permanent and non-permanent residents with the Secretary for Financial Services and the Treasury. He explained that from the perspective of the law, the legal advice of the Government is that according to the Basic Law, there are only two kinds of residents in Hong Kong, permanent and non-permanent residents. He implied that it is impossible for the Government to further divide non-permanent residents into smaller categories. If the Government gives "cash handouts" to certain new arrivals and not to others, some people may seek judicial review against the Government. This is more or less the idea of the official.

There are 1.1 million non-permanent residents in Hong Kong, among them, about 310 000 people came to Hong Kong on One-way Exit Permit. I think the Government should, policy-wise, distinguish such new immigrants. I believe that people who came to Hong Kong on One-way Exit Permit are indeed more closely related to Hong Kong than other non-permanent residents. For example, people who come to Hong Kong to pursue their studies, receive training train or work on a short-term basis are obviously less closely related to Hong Kong. I believe the number of people aged 18 or above who came to Hong Kong on One-way Exit Permit is definitely less than 310 000, though I do not know the exact figure. If the Government gives a sum of \$3,000 to each of these people, the amount of money required will definitely be less than the proposed injection of \$1.5 billion into the Community Care Fund. I think it is acceptable for the Government to adopt a policy that tilted towards people who came to Hong Kong on One-way Exit Permit, for after all, those people must have relatives in Hong Kong before they could apply for family reunions. Furthermore, under the points system of the Mainland, these people, who are mostly from Fujian or Guangdong Province, had already waited a long time before they could come and settle in Hong Kong. Moreover, they have also travelled frequently between Hong Kong and the Mainland while waiting for the issuance of One-way Exit Permit, and hence, they have developed a close relationship with Hong Kong. If the Government adopts this practice, its care will extend wider and no new arrivals would feel that they are being discriminated against.

It is certainly true that any methods of giving "cash handouts" would be controversial. One day, when I was distributing leaflets on the streets, a non-permanent resident told me that he came to work in Hong Kong through the Admission of Talents Scheme and he was not a holder of One-way Exit Permit. Originally, he could be benefited under the Government's proposed injection of

funds into the MPF accounts, but under the revised policy of handing out cash to permanent residents, he could no longer enjoy any benefits. He said that he has paid tax and was not a "locust" seeking all benefits. Why then should he be unfairly treated? This was the grievance which I have learnt. In fact, no matter how the Government hands out cash, there are bound to be complaints. However, I think it makes sense for the Government to extend its care to those new arrivals who are closely related to Hong Kong. It should not be afraid of judicial reviews. In fact, if the Government is determined to implement a certain policy (as in the case of increasing the levy for foreign domestic helper), it should not worry too much about judicial reviews so long as there are sound justifications. For example, when the Government introduced the Special Stamp Duty sometime ago, David WEBB, "Long Hair" of the stock market, threatened that he would apply for judicial review. The Government has not shown signs of fear.

In fact, the current "cash handout" proposal has not taken non-permanent residents into account, thus leading them to accuse the Government of discrimination against new immigrants. On the other hand, many Hong Kong-born permanent residents have accused the new immigrants of acting like locusts seeking all benefits. I wrote articles suggesting that the Government should not discriminate against new immigrants; to my surprise, I was severely criticized on the Internet. Many young people in Hong Kong claim that only they, who were born in Hong Kong, are "genuine" Hong Kong people.

Chairman, I think such remarks are really discriminatory and relatively narrow-minded. More than a month has passed since the Government put forward its "cash handout" proposal to permanent residents on 2 March, there were a lot of disputes in the community over the issue of new immigrants. However, none of our principal officials, such as the Chief Executive, Secretaries of Departments or Directors of Bureaux, have come forward to make an impartial remarks, and urged the public not to make any "across-the-board accusations" and not to discriminate against new immigrants. I am very disappointed that the Chief Executive and principal officials have remained silent, and I even think that they should be reprimanded. If they had read the works of Xunzi and Mencius, they should have known that politicians have pastoral responsibilities. In the event that there are any prejudices or misunderstandings in society, they should, as top leaders, come forward and make some fair statements, so that a right sense of value can be established in the community. As regards the issue of

discrimination against new immigrants, the lambs of the Government — I mean senior officials of the Government, (*Laughter*) sorry, I am really sorry to have taken you as lambs, — I am very disappointed that the senior government officials have turned into silent lambs.

As regards the method of handing out cash, the Financial Secretary has said that he intended to offer subsidies to new immigrants through the Community Care Fund. I strongly opposed to this arrangement. The Financial Secretary said earlier that the Government would inject extra funds into the Community Care Fund to offer assistance to people (including new immigrants) who have financial difficulties. In other words, the Government has once again slightly "shifted" its "goal post". At a special meeting of the Finance Committee, a government official proposed handing out cash to non-permanent residents through the Community Care Fund, as a result, he was severely criticized. Now, the Government has instead proposed to reserve \$1.5 billion for injection into the Community Care Fund to provide assistance for needy people (including new immigrants). The question is, how will the means test be conducted and what criteria will be adopted? Will the Government adopt the existing criteria, that is, all public housing residents and all CSSA recipients will be eligible? We should note that, consequent to the changes in the social welfare policy since 2000, new immigrants are actually not qualified for CSSA payments.

I always have reservations on the approach of giving "cash handouts" to new immigrants through the Community Care Fund. The Legislative Council has not yet endorsed the allocation of funds to the Community Care Fund, and Members have no idea how much money has been raised so far. According to the earlier announcement of the Government, the purpose of establishing the Community Care Fund is to make up for the inadequacies of the existing social security net and help those who are not covered by the net or the needy people. This has brought to light many problems. Since there are so many needy people who are not covered by the social security net in the community, why has the Government not properly injected the reserved funds into different programme areas, and submit the proposal, upon the review of the officials, to various Panels of the Legislative Council for scrutiny and then to the Finance Committee for approval? If there are so many holes in our social security net, are there many poor people who are in need of assistance have slipped through the net? Why has the Government not come up with a long-term solution to address the problems through the effective Resource Allocation System, and why should it

choose to give "cash handouts" through the rather politicized Community Care Fund for only two years? If the measure is a good one, it should be implemented on a long-term basis.

Let me tell the Secretaries of Departments who are now present in the Chamber, some senior civil servants told me that the Government's present practice has actually rendered the Resource Allocation System inapplicable. This System has been effective for generations, and government officials have always examined funding applications prudently, but now the Government has set aside this system and decided to give "cash handouts" on the basis of political judgments. As such, I think the Government's act of handing out cash to needy people (including new arrivals to Hong Kong) through the Community Care Fund will continue to divide the society and the new arrivals would feel that they are discriminated against. This is very unfortunate.

I hereby put forward my earlier proposal to the Government again, and that is, to give cash handouts of \$6,000 to permanent residents and \$3,000 to people aged 18 or above who came to Hong Kong on One-way Exit Permit. I believe that it would be much easier to identify people who are aged 18 or above and have come to Hong Kong on One-way Exit Permit. There is no doubt that among those people, some of them do not need any assistance. Even if the Government does not set up a matching fund, people who do not need any assistance can still take the initiative to donate the money. I believe that everyone understand that the majority of new arrivals are people with relatively low income. Investment immigrants should not be included.

I, hereby, earnestly urge the Government again to reconsider my proposal and refrain from offering assistance to new arrivals to Hong Kong through the Community Care Fund. We still do not know what administrative guidelines will be adopted in the means-test for identifying needy people. I think that the most expeditious, simple and convenient "cash handout" method should be the best method. However, I still support the amendment proposed by the Government.

**DR PRISCILLA LEUNG** (in Cantonese): Chairman, recently there have been comments that the Budget has now become something like an interim review of the Policy Address. Supposedly, the Budget was to implement the proposals of

last year's policy address, but as there is a time lag of six months between the delivery of the policy address and this year's Budget (it is now April), the expectations of the public has greatly built up during the period. I think that such expectations have become even higher after they learned that the Treasury is "flooded" with cash.

In managing the public's political and economic aspirations, I think that the Government has failed to anticipate the response of the people on the original Budget. I think a relatively major reason for this situation is that the Government has focused its attention on controlling inflation. While we support the Government's determination in controlling inflation, the public think differently. The public opine that instead of injecting funds into the Mandatory Provident Fund (MPF) accounts, the Government might as well hand out cash. As such, for one party, economic consideration is the main concern, whereas for another party, political consideration is the main concern. In this connection, I do not think that our community has allowed much time for discussing economic philosophies or whether we should work together to control inflation. People in the community said that "If we were to face inflation, let us face it together; people like cash, the Government should first hand out cash". What is worse is that, it was reported in the news that certain middle-class people, including those with a monthly income of \$130,000, also asked the Government for tax rebates because they thought that the original Budget had only taken care of the poor people. This was the immediate response of the community at the very beginning.

Presently, there are actually two different kinds of oppositions in the community, one kind of opposition is based on economic philosophy, opposing in particular "cash handouts" and various welfare policies, this kind of opposition has to do with the economic philosophy. The other kind of opposition is based on political consideration. For those who oppose due to political consideration, apart from demanding more welfare policies to improve people's livelihood, they are actually unhappy with the political system, and they hope to express their dissatisfaction by voting against the Budget. As such, there are two different kinds of opposition.

So, how should objections be expressed? For certain demands, I think some people would keep on opposing as long as our political system remains unchanged. I would like to talk about the result of an opinion poll conducted



last year, which named me as one of the Members with the highest record for abstaining from voting. When I reviewed the relevant records, I found that in most cases which I had abstained from voting, the amendments were totally irrelevant to the motion, but I might not necessarily disagree with the contents. As a result, my record for abstentions was very high in that year.

As such, this year I have decided that I will no longer abstain from voting on amendments which are totally irrelevant to the motions, instead I will vote against them even if their contents may not be completely wrong. I heard some predecessors said that for Members, in particular Members of this term, who move certain amendments, they may have a strong passion for certain issues in their hearts, thus the amendment will be sidetracked to such issues whenever they have a chance to move an amendment. Though I may not be against the content of such amendments, I will still vote against them if I think that they are irrelevant. As such, the number of times which I will abstain from voting should be greatly reduced this year. Instead, I note that some pan-democratic parties, the Democratic Party in particular, has abstained from voting many times this year, and there were two abstentions which have impressed me in particular, namely the Transport Subsidy Scheme and the Vote on Account resolution.

I personally think that to abstain from voting is the right of a Member and this right should be maintained. Regarding the Transport Subsidy Scheme, I understand that they were strongly against the Scheme, but I do not know why they have not voted against it. As regards the Vote on Account resolution, my personal opinion is that the funding application is not very relevant to the Budget, yet some Members still abstained from voting. This time, I just want to say, I learn from the report in the community that certain major political parties have planned to abstain from voting, and I would like to hear their explanation.

As for this amendment, I have already indicated in my earlier speech that we actually supported the Budget right from the beginning, mainly because it has responded to the majority of our requests. It has addressed some of the issues which we have fought unsuccessfully for many years, including the sports elite fund, arts education fund (everyone have a strong passion for such issues in their hearts), business creation fund (the Government is willing to act as a guarantor), green procurement (we have been advocating for years), and relaxing the criteria for scrutinizing the financial assistance applications of university students. As regards the issue of land supply, many people may think that while the Budget

has not comprehensively touched on this subject, it has at least responded to the issue. As such, the Budget has responded to our comments through introducing the revised amendments.

Why did we agree to the "cash handout" proposal after we met with the Financial Secretary with the pro-establishment Members? I have explained earlier that we had conducted an opinion poll, and out of the three major opinions collected, there were two specific demands, that is, demand for tax rebates and demand for "cash handout" instead of injections into the Mandatory Provident Fund (MPF) accounts. In this connection, we conducted an opinion poll again after we have successfully asked the Financial Secretary to make an amendment. The result of the poll clearly indicated that almost 60% of the people supported the amendment and the voices of opposition have also been greatly reduced subsequent to the amendment.

As such, this is why I have asked earlier whether many Members will still abstain from voting. Is it because, in fact, the public — we learnt about that when we visited the local communities — many members of the public are concerned about how the cash will be handed out. Certainly, there are people who are against the "cash handouts", as I have also mentioned earlier, the objection is based on an economical philosophy. However, the majority of people who care about people's livelihood are concerned about when the tax rebates will be made and when the \$6,000 will be handed out. Therefore, in my view, since the Government will give "cash handouts", it must do so expeditiously.

I learn from the news that the Government will only hand out cash in November, and I am definitely against this arrangement. I think that the money should be handed out before the summer holidays, so that people can spend it on trips, purchasing books or whatever purpose, and there is no reason to wait until November. I believe that the database of the Government can facilitate immediate tax rebates for it has been done before. With regard to the MPF accounts, the Government has got hold of a number of accounts; and in regard to other practices, it can draw reference from the practices of other countries. I think that the "cash handouts" should be made as soon as possible because by the time it is handed out ..... some people have already spent it. Therefore, it is definitely undesirable to give the cash handout in November and it must be done before July so that everyone can have a happy summer.

As regards the current discussions on the Budget, I recently notice from the press reports, such as in *Wen Wei Po* dated 12 April, two new issues were raised. First, whether the Government should hand out cash whenever there are surpluses in future? I think "cash handouts" should not become a norm. If we have an abundant surplus, we should adopt a more structured and systematic approach to consider how the money should be used and in what way more Hong Kong people can earn money in the long-run. I do not think that "cash handouts" should be given whenever there is any surplus, and this should be an exception rather than a norm.

Second, I also noted that Anthony CHEUNG, a member of the Executive Council, said that the current political ecology of Hong Kong has reached a stage where we can have the opportunity to keep revenues within the limits of expenditure in real politics, and Hong Kong people should be prepared to enter this new political phase. Though I do not know whether this was a casual remark, I think it is an irresponsible and very dangerous view. What exactly is meant by keeping revenues within the limits of expenditure? It refers to how one plans to spend money, as in the case of payment by credit card first, and borrow money later when there is not enough money for repayment, but what will happen if the loan cannot be repaid? And yet, he advocates keeping revenues within the limits of expenditure.

Furthermore, there is something else which I must mention and that is, Article 107 of the Basic Law provides that we must keep expenditure within the limits of revenues. Although this concept seems to be very abstract, it specifies the attitude on spending money. As such, I definitely do not agree that the idea of keeping revenues within the limits of expenditure should be encouraged. Now that we have surpluses, I agree that we should look into how people's livelihood can be improved under our welfare structure in the long-run. However, he has completely altered the concept of financial management by saying that revenues should be kept within the limits of expenditure, and I definitely disagree with him.

Secondly, everyone should have a set of rules of the game and this was also stated in Article 5 of the Basic Law. When Hong Kong was reunified with the Motherland, thanks to such commitments, the low tax policy and capitalist system of Hong Kong can continue to be maintained. In fact, many people were afraid back then, but thanks to such commitments, many business elites and professionals have eventually stayed in Hong Kong. We like this system and its

core philosophy should not be changed to keeping revenues within the limits of expenditure.

Let us reconsider the following point: the concept of keeping revenues within the limits of revenues is fine because everyone will be involved as many issues presently under discussion, including universal retirement protection, may become permanent welfare policies. I think no one will object to this direction of development, but the premise is, we have to ask those who do not object to or support this concept whether they are prepared to pay a price themselves, including an increased tax rate? I think in this regard, all those who are affected or the stakeholders ..... since there is such a loud voice of opposition in society, I think we should be fair to all stakeholders and the issue should be taken seriously. We should discuss together how big the amount is? How great is our permanent commitment? If it involves an increase in tax rates for taxpayers, how would taxes be increased? If the policy does not involve such a group of people, I think everyone, as beneficiaries, will certainly agree. Hence, I think this is a matter of attitude. As a Member of the Executive Council, Anthony CHEUNG has proposed the concept of keeping revenues within the limits of expenditure to justify and rationalize the act, this really worries me very much. As such, I think that I must bring up this issue specifically for discussion.

Finally, I would like to reiterate that if the Government is handing out cash, I really hope that it can do so as soon as possible. Furthermore, though the Government has responded to some of the issues which we have raised, there are still many problems which it have not yet addressed but are greatly concerned by the public, which include medical and healthcare for elderly people, returning to hometowns for retirement, 15 years of free education, and the Home Ownership Scheme. These problems should be put forward for serious consideration. It is now April and I think we can raise these issues, which are widely accepted by the public, in next year's policy address, and strive for their implementation.

For the above reasons, I support the Budget. Thank you, Chairman.

**MS MIRIAM LAU** (in Cantonese): Chairman, the Budget of this year has continued to set historical records. The first record is that the Vote on Accounts Resolution was unprecedentedly negatived; and the other record is that the Government has made a U-turn on the Budget which is an important policy. Today, the Financial Secretary proposes that a subhead 789 should be added

under Miscellaneous Service Head 106, to facilitate an additional commitment amounting to \$7.1 billion and this is also a historical record. However, I hope that this kind of history will not repeat itself too many times.

The Government did conduct an extensive consultation exercise several months before the announcement of the Budget, and the Liberal Party has also conducted a number of opinion polls, hoping to gauge public opinions constantly, so that we would listen to or learn about the public's expectation on the relief measures and new policies to be introduced under the Budget. However, what we learned was that the public hoped that the Budget could ..... as this is a year of inflation, they hoped that the Government could provide some relief measures for the people.

Some people proposed that the Government should inject more resources on formulating long-term policies. At the same time, some even proposed that owing to the anticipated huge surplus and abundant fiscal reserve, the Government should formulate long-term measures for solving certain poverty problems which have plagued us for a long time.

However, the overall response to the Budget upon its delivery can be summarized in one word, and that is, "disappointment". The public reacted most strongly against the Budget's proposed injection of \$24 billion into the Mandatory Provident Fund (MPF) accounts. Their discontent, as I have said earlier, is attributed to the fact that they expect the Budget to offer some relief measures and give them some cash in this year of inflation.

According to the information which we have gathered, for the middle-class, in particular people with low incomes, for example, people having to support a family of two or three with a monthly income of \$20,000 to \$30,000, their lives are actually very difficult in a year of inflation, for rents have gone up, foods are expensive and transportation expenses are high. Moreover, they are neither eligible for transport subsidies nor benefited by any government welfare policy. As such, they certainly hope that the Government will show them some compassion.

In this connection, among the 59 proposals which the Liberal Party submitted to the Financial Secretary, two proposals, namely tax rebates and tax reductions, that is, lowering marginal tax rates and widening tax bands, were made in relation to the middle-class, in the hope that it may help some

low-income middle-class people. The two proposals were made after we learned through the consultation exercise that the middle-class — and I emphasize, low-income middle-class people with a family monthly income of \$20,000 to \$30,000 in particular — hope that the Government would sympathize with their condition.

However, the Budget announced by the Government had totally disregarded the demands of the low-income middle-class people and did not offer any tax rebates or reductions. On the other hand, it adopted the generous measure of injecting \$24 billion into the MPF accounts without any sound justifications. People were doubtful whether they could really get the money for they could only have access to the funds after dozens of years, depending on whether fund managers would be merciful enough to leave them a little money. They thought that the Financial Secretary has neither cared for nor sympathized with them, they have thus reacted strongly.

As soon as the Budget was announced, we have immediately directed our focus at this point and stated clearly that the policy of injecting \$24 billion into the MPF was undesirable and non-feasible. Back then, we pointed out that of all the immediate policies which could be adopted, this was the most undesirable. Certainly, we have also raised criticisms on other aspects, such as the insufficiency of the land policy, inadequate injection of resources for industrial developments, and so on. Today, we still make similar criticisms. However, back then, my focus was on the work that the Government could immediately undertake and was well capable of undertaking, that is, to take care of the low-income middle-class people. However, the Budget has not put forward any proposal on tax rebates and tax reductions. In this connection, we have also strongly criticized the Budget.

Fortunately, the Government made an expeditious 180 degrees about-turn within a few days, and revised its policy to handing out \$6,000. Though we have not initiated the idea of a "cash handout", we basically agree to the policy because from another perspective, it could be seen that "cash handouts" can also cater for the immediate and urgent needs of the low-income middle-class people, which I described earlier, in this year of inflation. As the policy will put cash in the pockets of these people, it will have a similar effect to that of tax rebates and tax reductions.

As such, we consider the Government's willingness to respond to public demands by readily accepting good advice desirable. It is certainly true that a "cash handout" of \$6,000 will also benefit the "n have-nots", the group of people whom we have often talked about in this Council, such as ..... under the original Budget, the needs of low-income people might also be taken care of: those who live in public rental housing have could have rent exemptions, while elderly people and CSSA recipients could have "double pay". As regards whether the amount of allowance is adequate or not, it is a separate issue, but at least, to a certain extent, these people would also be taken care of. However, it is true that certain "n have-nots" can hardly enjoy any benefits under the original Budget. In this sense, the hand out of \$6,000 can offer them assistance. In this regard, we are not opposed to the policy. According to another opinion poll conducted after the Government made a U-turn, we found that basically, the policy was welcomed by the public. As such, we in the Liberal Party will support this amendment.

While we support changes proposed by the Financial Secretary in his Committee stage amendment, it does not mean that we are happy with the existing arrangement, for we earnestly hope that the Government can learn a lesson from the incident of injecting funds into the MPF accounts. The Government should not assume that the "cash handout" would solve all disputes. Previously, it thought that handing out cash could end all troubles, it turned out that this was not the case. It requires skill to hand out cash, and money should be given out appropriately and arrangement for handing out cash should be well thought of so as to make everyone happy. As such, the Government should make careful and detailed planning, such as on how to hand out cash so that everyone will have a clear idea about the arrangement. Moreover, a simple approach should be adopted, and apart from "handing out cash" the Government should definitely not ..... what remains now is the simple task of how to hand out cash. We certainly do not wish to see the Government getting into trouble even when handing out cash.

There is another point which Dr Priscilla LEUNG has also mentioned earlier, and that is, people really hope that the Government can give out the \$6,000 as soon as possible, instead of procrastinating and postponing it to the end of this year or next year. The other point is, the Government has now estimated that the necessary expenditure for the year 2011-2012 will be only 80% of the total estimated expenditure for cash handout, and has thus not applied for funds to

cover the total amount of the estimated expenditure. It anticipates that only 80% of the people will collect the cash handout this year. However, what about the remaining 20%? Will the 20% people not collect the money? If they do not collect it now, can they do so in future? These are all detailed arrangements which we all need to know.

Mrs Regina IP has talked about the issue of new arrivals to Hong Kong earlier. We think that the Government should definitely not allow the current "cash handout" policy to cause division, and that is, a division between permanent residents and new immigrants in the community. My views are different from that of Mrs Regina IP and I do not share her opinion. However, I do agree that the "cash handout" policy has not been properly devised. Macao has given "cash handouts" and Taiwan also distributed consumer coupons years ago. Macao has also made different "cash handout" arrangements for permanent residents and new immigrants, but the way it handed out cash has made everyone happy. I do not understand why Hong Kong could make everyone unhappy and caused our community to become divided when "handing out cash". I also do not know how we could be so fortunate as to have a Financial Secretary who could accomplish something which the whole world has been unable to and placed our society in such a difficult position.

Therefore, I really hope that the Government will consider whether it can make better arrangements and deal with the matter more expeditiously, and will not ..... well, just take this as a lesson. I believe the biggest problem with our government officials is that they think too highly of themselves. When they saw how things were done in Singapore and Macao, they had deliberately not followed their examples, for they thought their own methods were better and considered that they were more far-sighted, and hence the trouble emerged. As such, I hope that the Government can really think again more carefully and consider how the "cash handouts" should be made, so that our community will not become too divided.

As regards the Community Care Fund, we understand in principle why the Government has to establish the Fund. However, when the Financial Secretary attended one of our special meetings back then, I pointed out to him that the Community Care Fund has currently adopted a very lenient approach in processing applications, but the criteria for approval are not clear. As such, will the Community Care Fund adopt the same lenient criteria in future? Or is this



just a temporary solution for dealing with the current "cash handouts"? As this will really have a far-reaching impact, I do hope that the Government can ponder over this more deeply and should not assume that since it can get away with it this time, it can also do so next time, for even if it can get away with it this time, it may still be criticized next time, and thus has to keep changing its policy. Therefore, I hope ..... I thought you are speaking to me, sorry, Chairman, the Government can handle the issue of the Community Care Fund more properly, and it should have a long-term and sustainable strategy instead of a temporary solution.

Chairman, I hope that you can give me some more time and be more tolerant with me today, because I do not intend to speak again on other amendments. Among the 17 amendments today, I will only support the one moved by the Government. We, in the Liberal Party, will not support any of the other 16 amendments. We have just debated on an amendment related to policy issues, and as some colleagues do not agree with the policy of the Government, they think that relevant funding in the Budget should be reduced. Furthermore, there are some amendments which proposed that the salaries of Policy Secretaries and Directors of Bureaux should be reduced and other amendments which targeted at the work of individual departments, which, in the opinions of Members, have not done a proper job, and thus have to cut down on certain expenditures; and there are also amendments which are related to issues which Members have fought for over many years, such as the amendments on "informer's fee" and the expenditures of the Complaints Against Police Office which Mr James TO moves every year.

The Liberal Party thinks that the public will have their own views on whether the performances of individual government officials are good or otherwise. We have also been making quite a lot of criticisms on the performances of government officials, but what I would like to say is that in accordance with the spirit of the accountability system, principal officials should be held accountable to the public. If their performances are unsatisfactory or if they make mistakes, I think the public will ask them to make commitments or even to resign. It is inappropriate for this Council to teach them what to do.

Of course, some colleagues have said earlier that they wish to state an attitude by moving such amendments, and I do respect such declaration, but it does not mean that I have to agree with them or think that the method which they

have adopted must be the best. Furthermore, some colleagues found the performances of certain government officials unsatisfactory and demanded that their salaries should be reduced. I am also of the opinion that this should not be the solution. We believe that the Budget is an entity, and if we asked for the reduction of certain expenditures as a result of our dissatisfaction with the performances of certain officials or policies, this will definitely affect the operations of the Government as a whole, for the Government is a huge machine, and if we were to remove certain parts of the machine randomly, such as loosen or remove a screw, the Government could hardly operate. However, this does not mean we think that the performances of the government officials are satisfactory or that the policies of the Government are absolutely perfect. However, we think that if changes were to be made, we should continue to hold discussions with the Government and it should also adopt an open-minded attitude to listen to the views of Members, so that we can work together to find the best policy for the community. Otherwise, I believe that there will always be complaints and Members will continue to make the so-called declarations of their attitude to express their dissatisfaction with the Government.

I hope that the Government will also accept and listen to the criticisms of Members in an open-minded manner. Past experiences showed that Members would often adopt certain relatively aggressive measures, such as demands for salary reductions, budget cuts for departments, and so on, against the Government. However, I do not wish to see our conflicts being intensified as a result of such practices. I hope that the Government can really listen to Members with an open-minded attitude when it sees that they have resorted to such practices; and everyone can work together sincerely to find better ways for dealing with the discontents of Members, so as to perfect the relevant measures. On the other hand, this Council should also continue to urge the Government for improvements, so as to ensure that the policies which it has formulated would definitely respond to the demands of the community. Thank you, Chairman.

**MR RONNY TONG** (in Cantonese): Chairman, men are rational animals, therefore I always believe that there must be a rational justification behind the acts of each person. If a person should act in this manner, it is certainly more so for the Government which is responsible for handling social issues. However, I am greatly perplexed at the way which the Government contradicted itself in dealing with the Budget. What exactly is the rationale behind?

Chairman, the Financial Secretary has, before the delivery of the Budget, openly said that the focus of the Budget would be to help needy people. Chairman, I totally agree with such a philosophy. And, even if he said that "cash handouts" would be made, if the targets are the poor people or those in need of money, I would still support him. When the Secretary announced during the delivery of the Budget, that \$6,000 would be injected in all Mandatory Provident Fund (MPF) accounts, I still thought that though the working population could not be immediately benefited, this could avoid the aggravation of inflation. Chairman, this is also a rationale. Though I may not agree with it 100%, I think there are justifications behind this measure. Of course, I still insist that since "cash handouts" will be made, and since he has said that the focus will be on helping needy people, then why those people are not provided with certain timely help? Why do they have to wait until after their retirement at 60 years old before they can receive such assistance? Is this practice somewhat hypocritical?

As such, Chairman, after the Budget was announced, I thought that this was the strongest reason for opposing the Budget. However, the Financial Secretary made a 180 degree about-turn several days later, putting behind all his so-called inflationary concerns and putting forward the "cash handout" proposal which was beyond my imagination: not only will all identity card holders be given \$6,000, there will also be tax rebates and rates exemptions. Chairman, adding all the benefits together, a middle-class family of three will easily obtain benefits amounting to \$50,000 to \$60,000. Do they need assistance? Do they need this kind of assistance?

Under such circumstances, Chairman, I have tried to find excuses for the Financial Secretary. Certainly the Secretary thought he did not have to meet with us, the opposing Members in his eyes, and explain to us. I have also tried to guess the rationale behind his U-turn. However, Chairman, I still cannot figure out his reasons. He said that he has done so with a view to return wealth to people, but is this group of people or all those who would be benefited have paid taxes or made contributions to society? Chairman, it seems that it is not the case, for taxpayers have already got tax rebates. What about the hundreds of thousands of people who have emigrated to other countries and have currently not made any contributions or paid any taxes in Hong Kong? Why can they also get \$6,000? Relatively speaking, those who would have benefited from the original proposed injection of funds into MPF accounts have paid taxes and made

contributions to society, but they fail to meet one criterion, and that is, their identity cards do not have "three stars". Why can they not get the \$6,000? Therefore, I do not think that this is a justification.

Does it mean that everyone is in need of help? Chairman, this is again not true. The Government admits that the interests of the so-called "three have-nots" and "four have-nots" have to be catered for under the Community Care Fund, but so far, it has still failed to give out any relevant details. Up to now, I still do not know how much money will the so-called "three have-nots" or "four have-nots" get, will it be \$6,000, \$4,000, \$3,000, \$1,000 or \$10,000. What are the criteria? What are the rationales?

Moreover, though the Government has made a drastic change in four days, up to now, it still could not give us any details, and many measures have yet to be figured out. Some people have suggested that the cash should be handed out through banks, post offices and the Community Care Fund. Why has the Government made such a hasty and extreme change, and why has it failed to give us any details so far? Chairman, the only answer I can think of is that the Government has tried to buy popular support with the \$6,000 — strictly speaking it should be \$12,000. The Government is aware that the Budget has really gone too far, and it wants to seal the mouth of the people with \$12,000 or \$6,000; it also wants to use the \$6,000 as a political tool for buying the Government a moment of peace.

Chairman, we are talking about public funds and much-needed resources. We have mentioned more than once — I believe colleagues will go into further details later on — that there are many long-term policies which have been supported by the community and consensus has been forged. Resources are needed to implement these policies. Now that the resources are given away in a one-off handout, what long-term benefits will we get? The Government has totally lost its credibility, and it is at a loss as what it should do, even for next year. Are these short-term political interests? Chairman, I definitely think so. I cannot think of any reasons to convince myself that these are not short-term political interests.

Chairman, it does not matter, the Financial Secretary stands here today with a grave expression and righteously criticizes people who opposed the Budget. Chairman, please allow me to quote him: "..... not to veto these relief measures for the sake of short-term political interests. These measures can

genuinely benefit our people." What are the short-term political interests? Secretary, can you tell me, what are the short-term political interests? If, as claimed by the Government or certain opinion polls, the majority of people welcome the \$6,000, then what political interests will there be for people who stand in the Chamber and oppose the \$6,000 cash handout? Secretary, please tell me. How will the newspapers report this tomorrow? They will say that the opposition camp has become the enemy of the people, and has opposed the amendment merely for the sake of opposing. What political interests will there be for us?

Chairman, if he simply does not respect people with different views, I can still tolerate in silence, but I absolutely cannot take his act of confusing right and wrong and making slanderous accusations. Chairman, I am sorry that I may have to quote a statement which Mr Albert CHAN has used most frequently: "strongly reprimand you". I have to strongly reprimand the Secretary. His current U-turn is a stark naked political instrument, which seeks interests for the shortest term. He has not only abandoned the long-term interests of society, but also stands here and said that we should not oppose the Budget, and should not vote against the Budget for the sake of short-term political interests.

Chairman, I am very, very disappointed with the Secretary. I have always thought that he has a little sense and ability, but today, I am downright disappointed with him and the whole Government.

Chairman, how will we eventually vote? I am strongly against the Budget, but my fellow party members told me that there are other considerations, for among the 6 million beneficiaries, there are many who are genuinely in need of the assistance provided by the cash handout. Though the number is not too many, and does not account for the majority (what I find most objectionable), but there is a saying "don't throw the baby out with the bathwater", meaning that the baby should not be thrown out with the dirty water. Therefore, Chairman, if we oppose the Budget, it seems that it will be unfair to people who need assistance, and they are the only reason that I find the "cash handout" policy slightly acceptable. However, I believe the way he has proposed such a means to seek short-term political interests and his slanderous accusations in this Chamber should absolutely and certainly be condemned.

Chairman, I will leave it to our Party Leader to state our intent to vote later. However, I, personally, have a strong inclination to vote against the amendment,

and even if I do not vote against it, I will still abstain from voting and definitely will not support the irrational Budget.

The Secretary does not have to directly respond to what I have said in his reply. It may be possible that he has virtually failed to take in a word of what I have said, but at least, he has to explain the philosophy behind his actions to the people of Hong Kong and what exactly he is trying to do. I hope that he can give a clear explanation.

Thank you, Chairman.

**MR ALBERT CHAN** (in Cantonese): Chairman, just now, Mr Ronny TONG has given a detailed speech to reproach the Government for being irrational. In fact, I think that the most rational behaviour of the Government is to hand out \$6,000. I will explain the beliefs behind the management of public finance.

Since 2008, I have suggested, for four years in a row, that the Government should hand out cash in its budget. In the proposal I handed to the Government in 2008, I stated, "We suggest that the Government should hand out \$5,000 to each member of the public to address the pressing needs of grass-roots workers and the middle class. The Government only has to use \$35 billion, which represents less than 10% of the reserve of the Government, and the public can ease their hardship effectively. If each member of the public receives \$5,000, on the basis of each family having three to four members, the household will receive \$15,000 to \$20,000. To grass-root families, this sum of money is enough to meet their living expenses for three months; to the middle class, the sum can also alleviate their burden of paying for their mortgage and their children's education. Moreover, since the majority of the middle class and the grassroots are extremely frugal, the money they get will only be used to meet all their living expenses. Therefore, the Government's cash handout initiative will not aggravate the high inflation rate." Chairman, this is the proposal that we submitted to the Government in 2008 and I have quoted the original text.

In public fiscal management, the most desirable fiscal measures are universal measures, that is, no particular approval is required and so long as one is a citizen or a resident, one can be covered by the measure. Doing so can reduce the discrimination arising from selectivity. An annual salary or income

security system was introduced in the Scandinavia in the 1970s. That is to say, the Government guaranteed that it would conduct annual check on the financial situation and income of each member of the public, regardless of his occupation or background, and it would provide direct subsidy should they suffer from financial deficit. In fact, the philosophy of our proposed cash handout is in line with the principle underlying the financial subsidy in the Scandinavian states.

Many people do not understand why cash has to be handed out. From the perspective of the overall allocation of public resources in society, a universal cash handout exercise can remove the label of class discrimination because both the poor and the rich can be benefited. Without such a label, people will think that they are entitled to this sum of money rather than an act of benevolence or alms-giving. Many people do not understand this. In particular, Mr Ronny TONG should further pursue studies in the ABCs of public policy as it may help him understand the model and logic behind various policies.

This cash handout proposal put up by us can actually be of some help in narrowing the wealth gap in Hong Kong. I did not have time to calculate the effect on the overall Gini Coefficient, which shows the overall wealth disparity, after each person receives \$6,000 or \$5,000. However, I absolutely believe that after the cash handout, the Gini Coefficient this year will surely be lower than 0.53, that is, there is an improvement because the income of the grassroots will increase by \$6,000 in one year. To some extent, the annual income of low-income people will increase by at least 10% or 20% and the significant increase in their income will show the Gini Coefficient to be tilted. This will have an effect on poverty problem.

Therefore, not just will the proposal to hand out cash directly help the grassroots, it will help also the middle class improve their living. Since the announcement of this proposal by the Financial Secretary, I visited local communities and found that many people were happy about it, be they elderly people scavenging cardboard in the streets, or ordinary elderly people or members of the public. Basically, they are looking forward to receiving the money as soon as possible, so as to improve their living.

I know a friend who, on learning about the cash handout, plans to go travelling together with his mother and some siblings. The family had been talking about going on a trip together for many years but their dream could not

come true as they did not have enough money. Now they are going to spend the money to be handed out first as they have joined a group tour to realize the year-long dream of the family. Mr Paul TSE should be very happy to learn about this.

Perhaps there are too many tycoons in this Chamber who think that the sum of \$6,000 is insignificant to the public. Let me tell everyone in the Chamber clearly that those people who have doubts about this cash handout proposal should go and visit local communities to understand the delight and assistance afforded by the \$6,000 to the grassroots. Of course, this cash handout proposal definitely cannot resolve the long-term or deep-rooted conflicts. This is just like when one falls ill, he has to take some painkillers while waiting for an operation to remove his tumour. We will not oppose taking painkillers because the tumour should be removed, right? These are matters at two different levels. If one says that taking painkillers may affect body functions, for example, affect the liver or the kidney, and hence refuses to take any medicine, one may die of the pain. Similarly, cash handout is a short-term measure that can help the people concerned improve their living or spare them from starving for the time being. However, some political parties say that they do not accept this sum of money that can spare the public from hunger for the time being because members of the public cannot get any retirement protection. On hearing that, I immediately said, "Bastard". I call this political party "bastard". This short-term measure can improve the living of an ordinary member of the public, so why do they not give people a chance to improve their living for a short time? Because this proposal was not raised by them. They only propose to set up a long-term and permanent retirement protection scheme. However, this proposal has been discussed for one or two decades ever since I began my career in politics in the 1980s, I have been putting forward this proposal. After my return from Canada, I believed that many measures operating in overseas countries should also be implemented in Hong Kong. This scheme has been discussed for more than 20 years. We cannot vote against this short-term measure just because we have lobbied without success for more than 20 years. If they really do not want this sum of money, I call on them not to get it. If they do, they will be preaching one thing but doing another.

However, some political parties are preaching one thing but doing another, saying one thing but doing another. This is true in respect of columbaria. The Government was asked to crack down on unlawful columbaria but they support some unlawful columbaria. This also applies to dual elections by universal



suffrage in 2012. It is stated clearly in their political platform that they would campaign for it but they then reneged on the promise. Some political parties are used to being hypocritical. However, do not let this kind of hypocrisy affect the improvement of public living. This is a basic right of the humble members of the public. They want to improve their living and eat better. The Financial Secretary suddenly became more rational and sensible, rather than suddenly becoming irrational as Mr Ronny TONG said because in the philosophy of public fiscal management, the cash handout proposal is the fairest, most direct and most practical relief measure. Whether it is rational or irrational, it often depends on whether or not the people concerned think the money is useful to them. If the sum of \$6,000 has no effect on them at all, they would think that it is irrational to receive \$6,000. This is so for the rich because they have too much money, so \$6,000 is insignificant to them. This is their choice.

Chairman, regarding this cash handout proposal, we have already written to the Financial Secretary several times, in the hope that he could consider several special issues, one being that related to bankrupts. If the Government gives bankrupts \$6,000, he will have an extra sum of money all of a sudden. When the Official Receiver's Office handles the money on their behalf, some of them may not be able to benefit from it in any way. However, if the sum of \$6,000 is to be paid out over 12 months, the situation may be different. Perhaps the Government can stipulate in law that the \$6,000 shall be exempted from the Bankruptcy Ordinance. More can be done in this regard to see how best the bankrupts can be offered practical help, so as to give them a little bit of joy instead of turning their joy into disappointment because of the requirements in the Bankruptcy Ordinance.

The second issue is about deceased persons. I have received enquiries from many members of the public about whether, regarding those who passed away after 1 March, this sum of money can be dealt with as their estates. This is one of the issues. In addition, as I said earlier, I am worried that the \$6,000 given to many elderly people living in residential care homes or homes for the aged may easily be claimed by some people with evil design by exploiting certain relationships. In that case, this will benefit some people or organizations rather than these elderly people directly. I think this is not the original intention of this policy. Therefore, a number of administrative and technical issues must be handled prudently.

In the whole process of discussion, especially in the discussions in the past few weeks, I observed a very peculiar phenomenon. Many political parties, Members or other people criticized the Financial Secretary for his sudden change in policy (that is, changing from injecting \$6,000 into the Mandatory Provident Fund account to a direct cash handout), saying that such a practice ran counter to established practices and reason. However, at the same time, many political parties or Members asked the Financial Secretary to accept their views. It is contradictory in logic. If Members think that the Financial Secretary should not change anything after the announcement of the Budget, they can either vote for or against the Budget; they cannot criticize him for revising the Budget on the one hand and ask him to accept their proposals on the other. In terms of logic and procedure, I think the relevant criticisms are out of focus. Members can criticize the Financial Secretary for revising the Budget or disagree with handing out \$6,000 based on certain fiscal management philosophies. However, Members should not criticize the Financial Secretary for his revision in the fiscal arrangements and request him to accept certain proposals at the same time. Therefore, I think such a mentality has gone a bit too far in its focus and there are some contradictions.

Chairman, finally, I wish to raise one point as many committees have discussed about this Budget. Yesterday, I felt unhappy when I read some press reports, so I wish to put this on record in the Hansard of the Legislative Council. The day before yesterday, many subcommittees and relevant panels held meetings at the same time. As two important agenda items were discussed by different committees at the same time, after I spoke on the issue relating to the vehicle first registration tax, I went upstairs to attend the meeting of the Panel on Welfare Services to voice my opinions. However, certain newspapers (I will state explicitly that it was *Ming Pao* tried to fabricate news and alleged that I suddenly disappeared after speaking and did not cast a vote. The entire news report was trying to tarnish, distort and vilify me. I find this media despicable and shameless. First of all, it had never interviewed me to find out why I had not cast a vote and where I had gone. I was performing my duties. As two meetings were in progress at the same time, I went upstairs to speak on the policy on the welfare for the elderly. I think the mass media is very important to the community. However, some people in the mass media have bad intentions and due to their relationships with certain persons, they have completely given up their professional standard and professional ethics expected of them. They make use of the mass media as their private tools to discredit and make individual

attacks on certain groups or people according to their personal liking. I find this kind of behaviour a sorrow of the mass media in Hong Kong.

Dr Margaret NG was in charge of *Ming Pao* in the past and *Ming Pao* is a newspaper that I often read ever since I was a primary school student. However, in recent years, the attitude of its editor is so despicable and shameless that I find it a sorrow of Hong Kong and a shame to Hong Kong people. I would like to take this opportunity to put it on record that yesterday's news report made me feel that the mass media in Hong Kong is gradually falling in standard. Such a report lacks professional standard and such an attitude are extremely disappointing.

Chairman, regarding my voting intention, I will cast a supporting vote. Being representatives of the People Power, Yuk-man and I will support the amendment proposed by the Government to hand out \$6,000. However, we will still oppose the entire Budget. The reason is that the entire Budget is still skewed towards consortia and powerful people in its fiscal management philosophy and fails to make any material improvement to the wealth disparity problem in the long or short terms. Thank you, Chairman.

**MR VINCENT FANG** (in Cantonese): Chairman, on the Internet, I have recently come across a song with the lyric written by Mr Jim CHIM Sui-man concerning this proposal of the Government to hand out \$6,000. The tone of the lyric is moderate but quite witty. I know that many creative works have appeared among the public concerning this handout of \$6,000. However, basically, all of them tease this unprecedented move of the SAR Government to hand out money.

Everybody is entitled to the cash handout from the Government. There should be more cheers than anything else. The fact that the cash handout policy has turned into an object of castigation, criticisms, and derision and has caused even greater social divisions, as is the case in Hong Kong, can be considered unprecedented in Hong Kong. The Government said that during the consultation period for the Budget, 100 proposals for tax rebates had been received. However, how many proposals has the Government received requesting for cash handouts? I believe the number is not as many as that requesting tax rebates, an increase in the amount of Elderly Healthcare Vouchers, an expansion of greater assistance on drugs and the proposals on job creation.

The fact shows that although the majority of Hong Kong people believe that the Government's revenue is swamping the coffers and that it should return wealth to the people, they do not agree that cash handouts can effectively promote Hong Kong's future development and ameliorate the deep-rooted conflicts and wealth disparity in Hong Kong.

A universal cash handout should be able to stimulate the domestic demand and consumer industries such as retail and tourism in Hong Kong. As the song composed by Jim CHIM Sui-man says, "Buy iPhone 4 and iPad 2 on receiving the money.". However, after \$6,000 is paid out this year, if in next year, inflation continues to rise, there is no improvement in social conflicts and people continue to take to the streets as described in the lyric of the song, "When the money is all spent, we can moan again next year", what should the Government do? Will it continue to hand out money?

In fact, I once proposed to the Government that when the Government has an annual surplus, it should put a certain proportion of the surplus into a sustained economic development fund, to be used in items other than those covered by recurrent expenditure, such as social welfare, medical allowances or subsidies, or it can introduce items that may have little financial return but may bring long-term benefit to the whole economy of Hong Kong, such as environmental protection projects, the creation of more job opportunities, the establishment of a start-up fund to assist the young generation in entrepreneurship and provide an opportunity for upward mobility, or even to re-launch the Home Starter Loan Schemes, and so on. All these are better than a one-off cash handout. This is because we all understand that in fact, Comprehensive Social Security Assistance cannot alleviate poverty and that only opportunities for employment and upward mobility can improve the quality of life.

Regarding this amendment proposed with a view to handing out \$6,000, frankly speaking, although I do not agree that this is a desirable approach, I will still support it because I do not want to be besieged and attacked again this time and be prevented from leaving the Legislative Council. Ever since the Financial Secretary announced handing out \$6,000 to Hong Kong permanent residents aged 18 or above, everyone expects such a sum of money to go into his pocket. Some people are now considering how to make use of this sum of money and some have even spent it in advance. Therefore, if the Legislative Council suddenly blocks the passage of the proposal to distribute \$6,000, the public indignation

arising from the failure to pass the Resolution on provisional appropriation in the Legislative Council last month will surely shift from the SAR Government to the Legislative Council, so the risk will be too high. Regarding Honourable colleagues who are going to vote against the Budget later on, I am also curious as to how their voting technique will be like today. Regarding the other 16 amendments, our party chairman has already talked about them, so I will not repeat here.

If the Budget is passed, I am also entitled to this sum of \$6,000. Two Honourable colleagues in the Liberal Party and I have decided to donate the money to the poverty alleviation fund of the Liberal Party. Alternatively, we will set up a fund for groceries to offer subsidies to the elderly and the vulnerable to buy rice and cooking oil. I know other Honourable colleagues also have similar ideas. However, if they have not yet made up their mind, they are welcome to donate their \$6,000 and I will thank them for their \$6,000 first on behalf of the elderly and the vulnerable. I so submit. Thank you, Chairman.

**MR FREDERICK FUNG** (in Cantonese): Chairman, I must state clearly that right at the beginning, the Hong Kong Association for Democracy and People's Livelihood (ADPL) already submitted a proposal on the Budget, suggesting ways to ease the inflationary pressure and the sharing of the fruits of economic prosperity. It includes both short-term and long-term measures. This is a proposal I submitted to the Financial Secretary on that day and it consists of 18 pages.

Chairman, the short-term measures include the following: waiving rates and Government rent for the whole year, subject to a ceiling of \$1,500 per household per quarter; paying two months of rent for public housing tenants; providing two months of rental subsidy to all non-Comprehensive Social Security Assistance (CSSA) recipients who are currently living in private residential buildings and waiting for public rental housing allocation; providing one additional month of standard CSSA payment and Disability Allowance to CSSA recipients; increasing the funding to food banks by \$100 million; and providing a subsidy of \$1,800 on electricity tariff to electricity accounts. We also proposed in clear terms that the Government should reduce 75% of the salaries tax for this year as a one-off measure, subject to a cap of \$6,000.

In fact, most of these short-term measures proposed by us have already been accepted by the Financial Secretary. It can be said that among these eight proposals, seven have already been accepted. We welcome this move. However, we also proposed some long-term measures and there are as many as 12 items. I do not intend to read them out one by one. However, none of these measures was accepted. Among these long-term measures, apart from the implementation of universal retirement protection, the resumption of the Home Ownership Scheme (HOS) and the production of more public housing units, they also include setting a timetable for providing care-and-attention homes and nursing homes to disabled persons and the elders, so that they do not need to wait for a long time for residential places. I trust that Members all know that among the elderly persons on the waiting list, 7 000 elders, that is, a quarter of them, passed away before they were allocated a place. This number is even greater than that of people who were allocated places. This precisely reflects the shortage of homes for the elderly and nursing homes. In this legislature, the Panel on Welfare Services has already had many discussions and debates on this matter. It is really hard to understand why the Administration has not dealt with this straightforward problem that it is obliged to solve, particularly given that Hong Kong now has a huge surplus. Therefore, I think that it is unacceptable to us that the Administration does not have long-term planning in this respect. Although seven out of the eight short-term measures proposed by us have been accepted, we still find this Budget unacceptable after all. We will vote against it.

Regarding this proposal to hand out \$6,000 to each member of the public, we have one view. In fact, to the ADPL, to hand out \$6,000 is not a new proposal. Members may recall that in as early as the 1990s, that is, in 1994, the vice-chairman of the ADPL already suggested that the Government should hand out \$5,000 to each member of the public. At that time, the ADPL made this demand because the Government had a surplus, and moreover, the inflation rate was quite high. To low-income people or CSSA recipients who could only earn or receive a meagre income, life was getting more and more difficult. We considered that handing out \$5,000 could ease the difficulties of needy people in the short term.

To be fair, it is not pointless to hand out cash directly. Unlike the comments made by some Honourable colleagues, it is not true that this cash handout is irrational. I hope that Members can listen to the rationale. After the

reasons have been stated, if Members consider this practice unreasonable, at the most, it is just unreasonable, but not irrational. At present, the surplus in the fiscal reserve is equivalent to 23 months of government expenditure, with a total of more than \$2 trillion. Why not make use of it? If this surplus is not in use, should the excess sums of money be returned to members of the public? The question is how the money can be returned to the public. Is there something wrong with the means, or should we not hand out to the public and whenever cash is handed out, it must be wrong? I think it is not always wrong to hand out cash based on the following five reasons. I even believe that the Administration should hand out money to the public.

The first reason is that, simply put, cash handout is a straightforward policy for directly returning wealth to the public and let them decide for themselves how to make use of the money after receiving it. In particular, the lower and middle classes can decide for themselves how to make use of the money at a time they consider appropriate, taking into account such factors as their own financial situation, capital and monthly salaries.

Secondly, will the authorities make use of the sum of money if they are not handed out to the public? Of course, I hope that the Financial Secretary and the Chief Executive's governing team can really spend this sum of money on the dozen or so long-term plans I mentioned earlier. However, in the reply given by the Financial Secretary just now, he still indicated that this sum of money would not be made use of. In other words, not handing out cash to the public does not mean that the sum will be used to implement long-term measures. In that case, does it mean that keeping the money in the coffers without any limit is a reasonable, rational and totally correct course of action?

Thirdly, the initial proposal is to inject \$6,000 into the Mandatory Provident Fund (MPF) account of each individual. However, the proposed injection has attracted many views voiced by Members. If the money is injected into MPF accounts, members of the public cannot use it until they are 65 years old. Therefore, this approach cannot directly resolve the difficulties of the public, especially those with low income or without income. If this sum of money is injected into MPF accounts, fund managers will gain direct benefit. They can make use of the management fees immediately. In contrast, members of the public have to wait for one year at the least, or even 30 to 40 years at the most to make use of the money. Of course, there is still another problem, that is,

will the provision of service through this bureaucratic system be most beneficial to the public? In fact, when money falls into their hands, it will be reduced by a large proportion.

The fourth reason is that a cash handout can benefit the "have-nots" who could not benefit from traditional relief measures of the past. I have been thinking of that each time, when the Government tried to ease public hardship by handing out money, initially it aimed at helping the "three have-nots". Later, it aimed at helping the "five have-nots". Now, it just cannot count how many "have-nots" there are, so these people have become the "n-have-nots". However, the Government has never been able to put forward any proposals and even we in the civil organizations have no idea on how to locate these people and hand out money to them. Insofar as these "n-have-nots" are concerned, they cannot benefit from the relief measures mentioned just now, such as electricity tariffs and rental subsidies. How can we identify these people and hand out money to them? By means of this method, we can surely reach them.

The fifth and also the most important reason is, whether the Government will use the money in long-term investments if it does not hand out cash to the public. If I were to choose, I would surely choose long-term investments. However, not handing out cash does not mean that the Administration would use the money for long-term investments. As the Financial Secretary has said, even if the money is not handed out, it will still not be used in long-term investments. In that case, why not choose to hand out money to the public?

Chairman, this kind of all-inclusive approach of mine is one-off. To members of the public, it will bring about an actual increase in income and it is also a direct and effective way of sharing the fruit of economic success. My view is not that we should no longer hand out money in the future. On the contrary, should we hand out money again only in certain circumstances? I do not agree that this course of action should be confined to this occasion only and should not or ought not to be done again because this will only show that since the value judgment therein is not proper, this can be done only once perfunctorily. Quite the contrary, I have to ask why this is done only once. If possible, when similar situations arise, it should be done again. By similar situations, I do not mean the most desirable situation. What is the most desirable situation? The most desirable situation is: After the Government has received tax revenues and implemented some short-term and long-term measures (including the resumption



of the HOS, the production of more public housing units, even the implementation of universal retirement protection, as well as building care-and-attention homes, nursing homes and residential care homes for persons with disabilities with proper planning), there is still some surplus left, so what should be done? Of course, how much money can be considered a surplus? This can also be open to discussion.

I remember that about 10 years ago, we reached a consensus with the former Financial Secretary, Mr Antony LEUNG, that the Government's fiscal reserves had to be equivalent to 12 months of government expenditure and the excess amount can be regarded as surplus. Of course, the question of whether or not it is correct to maintain the reserves at a level equivalent to 12 months of government expenditure can be further discussed. If Members think that the level of 12 months of government expenditure is not appropriate, then let us set it at 16 months of government expenditure; if Members think that the level of 16 months of government expenditure is not appropriate, then we may set the level at 18 months of government expenditure; if Members think that the level of 18 months of government expenditure is not appropriate, then let us set the level at 20 months of government expenditure. If, after all these conditions are satisfied, there is still a surplus, what should be done then? In my view, when there is a surplus after the implementation of short-term and long-term measures, money should be handed out to the public because it is money received in excess. Since too much money has been received, what is wrong with handing out money to members of the public?

Chairman, the measure of handing out \$6,000 has aroused great opposition. Obviously, as I said earlier, we made such a proposal in the 1990s. It was not for the sake of securing votes or any other thing that we proposed a cash handout. In our view, this is one of the ways to deal with the poverty problem and the problems facing low-income people in the short term.

However, regarding this cash handout by the Administration, many people have berated the Administration for violating its philosophy of financial management. Of course, are these people berating for the sake of berating and opposing for the sake of opposition? On this point, Members can comment from their own viewpoints. However, I think that one should not go too far in one's invective and one also has to be reasonable. I think I am a reasonable person and I do not know how to berate others. I have never berated anyone in this

legislature. Here, we have often criticized the Financial Secretary and even the Government for being too conservative in its past budgets and urged them to consider from another perspective how to do a proper job in running Hong Kong and managing the finance of Hong Kong. We have talked about it for eight or 10 years — I have probably served as a Member for about 20 years — but despite all the talking, they have remained so conservative. On the contrary, I think that this time, they have changed and broken away from the scope of conservativeness we talked about in the past and have transcended the past confines of conservativeness.

No matter if you think the Government has taken a step backwards or that it is no longer practising its so-called fiscal philosophy of the past, is it really so incompetent? Is this change of the Government an opportunity that will enable us to establish another fiscal philosophy or fiscal policy? As we said earlier, when the Government still has a surplus after it has completed its short-term tasks and is implementing its long-term tasks with planning — I stress again that Members can define what a surplus means — then it should hand out money. I think that this can be another kind of new fiscal policy or philosophy.

Is cash handout something new that has never appeared in the world? No, it is not. I went to Alaska in the 1980s. In the 1980s, cash was already handed out in Alaska. Why was cash handed out in that place? Because it had made a lot of money in the oil business. When the profit had exceeded the target, US\$200 to US\$300 was distributed to everybody. The local government had made excess profit and had completed its tasks, so it considered that money should be handed out. Singapore has also handed out cash before. The cash handout measure in Singapore may be somewhat different from ours. It is a strong government — however, perhaps our Government is really a weak Government — the Singaporean Government only took care of certain groups when handing out cash. The recipients on one occasion were elderly people and on another occasion, the recipients were persons with disabilities. It was a targeted cash handout exercise. What about Macao? As we all know, there have been cash handouts in Macao. Geographically, Macao is the nearest to us and also the earliest place to hand out cash. Macao handed out cash to all residents and those who have resided there for less than seven years, that is, non-permanent residents, would be given half the amount.

On this issue, I also asked some academics in Macao when I went to Macao last year why there was so much money that there could be a cash handout every year. Do you know what his reply was? He said, "Mr FUNG, the gambling tax received by us alone already exceeds the annual government expenditure and together with other tax revenues, there is really so much money that one does not know how to use it, so it is distributed to the public.". Of course, now they have started to deal with this situation from another perspective. Recently, when I discussed this matter with him again, I learnt that they also considered that longer-term considerations should be made rather than just considering the short-term situation and the focus should not just be on winning applause. They have started to plan how to use the additional tax revenue of Macao from the perspectives of the economy, people's livelihood and social development, and even to develop the Macao Special Administrative Region in areas which require new expenditures, such as environmental protection and carbon emissions reduction. After two cash handouts, they have started to consider the long-term measures, the implementation which we have all along insisted on, as we said just now. However, cash handout is not as dreadful as a terrible scourge. The point is how and when to do it, as well as whether or not it is done correctly.

Chairman, since I have said so much and appeared to strongly support the Budget of the Financial Secretary, some people may find it strange and wonder why I still want to vote against it. Chairman, after this speech, I will not speak again unless I have any particular views in other aspects. I wish to take this opportunity to speak for a couple of minutes more to explain why I will vote against the Budget. I think the problem is that the Government has not made use of this huge sum of money, reserve or surplus to specifically tackle some problems, be they long-term ones or some internal structural problems in Hong Kong.

Regarding the demographic problem in Hong Kong, our population is ageing. Our Chief Secretary for Administration is the chairman of the Steering Committee on Population Policy but he has yet to talk about how to tackle the problem of an ageing population. The birth rate in Hong Kong is very low — we had also mentioned this issue in the past — the birth rate was 0.9 two years ago and it rose to 1 last year, that is, on average, each mother gave birth to one child. If there is no other ways to raise the birth rate, 30 years later, the population in Hong Kong will be reduced by half from 7 million to 3.5 million.

Is it necessary to tackle this problem? Can we deal with the problems of an ageing population and low birth rate mentioned just now by means of fiscal measures?

Regarding the housing problem, all Members of this Council support the resumption of HOS flat production. Moreover, the survey conducted by the Government earlier shows that more than 60% of members of the public demanded the resumption of HOS flat production. Now, 90% of the public requested for the resumption of HOS flat production. The authorities should tackle the housing problem of Hong Kong people rather than just regard properties as an investment tool. Property is a basic amenity and a basic necessity. Why are the authorities not paying any heed to it? There are currently 130 000 applicants on the Waiting List for public rental housing. Why were there 35 000 public housing units in the 1990s, 25 000 in the era of Mr TUNG but nowadays, that means five years later, there are only 15 000 units but 130 000 applicants waiting? Why?

Some people may think that we should not hand out money. Rather, we should enable the able-bodied to work and promote social enterprises, so that people can have the opportunity to support themselves and their families by earning money. During the election, Mr TSANG indicated that he would made efforts in this respect vigorously. However, up to now, apart from the Self-Reliance Through District Partnership Programme launched five to six years ago, what other policies have been implemented? Therefore, I cannot cast a vote in support of the Budget. Thank you, Chairman.

**MR ALAN LEONG** (in Cantonese): Chairman, in fact, what we can hear at present as we visit local communities is certainly unlike what some Members described just now, that is, that local residents felt very happy and they would give their support without reservation on hearing that the Financial Secretary would hand out \$6,000. It seems this is not the voice that I can hear. What I have heard is: I would rather not take the \$6,000, but I want the Government to build more hospitals, so that I do not have to wait for five to six hours before I can see a doctor and the consultation only lasts seven to eight minutes, and that I do not have to wait at least six months or a year for an operation. Another local resident told me, "I would rather not take the \$6,000 but I want the Government to do a proper job in small class teaching.". This is because they really hope that

their children can break away from poverty through education, so that they can scale the social ladder and move from Lower Wong Tai Sin Estate to the Peak progressively. Some friends also came and said to me, "I would rather not take the \$6,000 but I want the Government to build more homes for the elderly, so that my parents will not have to keep waiting and die without being allocated a place." In fact, there are such voices.

Chairman, if you have read the newspaper today, you would find an advertisement that mentions such a situation. Behind all these views, these people in Hong Kong actually want to tell the Donald TSANG's Government — and of course, the Financial Secretary present today is included — that we are disappointed to see that the Government is not making use of the \$6,000 to do a proper job in such matters as education, healthcare, environmental protection, planning and social welfare.

Chairman, I have repeated many times in this Chamber that the greatest problem with the Donald TSANG's administration is its inaction. What I mentioned just now should be the initiatives to be undertaken by the Government. Only the Government can introduce small class teaching, build hospitals, train doctors, do a proper job in social welfare planning and build more homes for the elderly. These cannot be achieved by any individual in Hong Kong. I note that in the speech delivered by the Chief Secretary for Administration today, there are some remarks that appear to respond to the views I have expressed inside and outside this legislature. For example, he said that the SAR Government has the will to do a good job in formulating policies and making long-term planning. However, the will cannot simply be evinced by the words of Mr Henry TANG. You cannot just profess the will, you have to show us your will in your achievements and actions, then we will draw a conclusion on whether or not the Government has the will to govern.

Chairman, of course, Secretary Matthew CHEUNG, Secretary Dr York CHOW and others have also cited some examples under their purviews, such as the setting of a minimum wage, the criminalization of non-payment of wages by unscrupulous employers, and so on, and Secretary York CHOW also said that radiation checks were conducted. Chairman, these are certainly the actions of the Government. In fact, to a great extent, the Government was forced to do something about these matters only when it is no longer possible not to take actions. However, the effort required would increase by more than 10-fold

when actions are taken at such a late stage than when actions are taken with foresight. For example, the universal retirement protection that we in the pan-democratic camp have kept lobbying for is certainly controversial and what should the Government do? Since it can note that the existing Mandatory Provident Fund (MPF) schemes are charging high fees but have low returns and that 40% of the population in Hong Kong is not covered, and with four persons in 10 persons going to retire, what should be done? The Government should have foresight. To my knowledge, the Central Policy Unit has been studying this matter since 2003. However, up to now, we heard Mr YIP — he is also present at the meeting today — say that this is still not enough study; they still have to conduct means tests on a household basis and of course, such a delay will hold things until Donald TSANG's term of office has ended. Actually, is this action or inaction? I believe that members of the public will pass their own judgments.

At any rate, the Government cannot say that it is working every day — of course, it has work to do — but are the actions of the Government what we ask for? Do they have the goals and complementary measures that are capable of addressing the problems that will rise in Hong Kong five or 10 years later? This kind of actions are what we ask for. Just now, I cited what some local residents really wanted instead of being handed out \$6,000. The Government just cites some examples of its stop-gap and reactive actions, saying that it is taking actions. If you really regard taking such actions as the will of governance, or interpret a lame-duck government or caretaker government in this way, I really have to submit.

Chairman, I must also say that recently, I heard a very interesting saying, or you may say that it is a theory of great conspiracy. The Financial Secretary, having formulated this Budget after six months of consultation, still kept saying in newspapers, radio and television stations in the next few days after the delivery of the Budget, that it was quite a good budget and that it would be difficult to make any change or fine-tuning.

Why is it that while these words were still ringing in our ears, he could make an abrupt U-turn in less than 72 hours after having two meetings with the pro-establishment camp, and suddenly stepped forward to announce the distribution of \$6,000? Of course, in the eyes of many people who are very concerned about the system in Hong Kong, this represents a "collapse of traditional values and ethics", rather than what some other Members in this Council have claimed that cash would only be handed out this year but we do not

have to do so next year. I believe that this would be rather difficult because if the distribution of cash is adopted as a policy to return wealth to the people or to leave wealth with the community this year, why not continue to leave wealth with the community next year if there is still a surplus? This calls for an explanation.

This is why — Chairman, you may also have heard of this — Dr Margaret NG said that the Financial Secretary should seriously consider resigning. If he resigns, this decision of his will not make the whole Government assume responsibility and live with his legacy in the future. Next year, Mr Donald TSANG will still have to prepare one more policy address and his Financial Secretary also has to formulate a budget. This is what the problem of a "collapse of traditional values and ethics" is about.

Chairman, I have not yet talked about the content of the conspiracy theory I have heard of. According to this theory, one of the strengths of Hong Kong is our system as it can prevent individuals who are in power from practising tyranny. However, when this system is compromised, it may be replaced by the rule of people. In that event, we may have to beg the Financial Secretary or the Chief Executive for everything because we do not have any system to fall back on or to comply with.

Of course, I hope that this conspiracy theory is just the futile imagination of this friend of mine. However, since such a conspiracy is making its rounds and since the Financial Secretary is present at the meeting today, I also hope that he can hear clearly that such an abrupt U-turn on his part is really shocking and disappointing to many people.

I also noticed in the speech of the Financial Secretary earlier today, in particular, in paragraph 57, he said, "For Members who have yet to show their support, I earnestly ask you not to veto these relief measures for the sake of short-term political interests. These measures can genuinely benefit our people.". Mr Ronny TONG of our party has spoken extremely eloquently on this particular paragraph. I fully adopt what Mr Ronny TONG said just now.

I was really perplexed as to exactly what the Financial Secretary really means in mentioning "short-term political interests" in paragraph 57. Chairman, if you ask me who can get any political interests in this matter, I believe that nobody else but Donald TSANG's administration. However, the Financial Secretary went so far as to say that some Members who oppose the Budget would

stand to gain. I think the Financial Secretary really owes this Council an explanation.

Chairman, I wish to use the last couple of minutes to explain the voting intentions of the Civic Party. The Civic Party has also expressed our disappointment with the Financial Secretary's total failure to accept any of the requests made by the pan-democratic camp — these are not requests made recently, rather they have been raised for eight or 10 years — and that this Budget's complete lack of any long-term planning. Therefore, regarding the Budget, on the whole, the Civic Party will vote against it.

However, regarding the measure of handing out \$6,000, the Civic Party finds that it is very difficult for us to raise opposition. Our concern is not the points mentioned by Mr Vincent FANG that we would be beaten up on going out or we would not be able to leave the Legislative Council, rather we have really seen many real-life examples in local communities, that is, many Hong Kong people are struggling in deep water. To borrow the words of Prof LAU Siu-kai, they are living at a critical point. Can they actually make both ends meet? Or, do they have enough to eat and have a shelter? In fact, many members of the public are close to this critical point.

Since the Government chooses not to take actions, not to build hospitals, not to implement small class teaching, not to plan for welfare services and not to build homes for the elderly, we think that if the public can receive \$6,000 to meet their pressing needs, we should not hinder Hong Kong people from getting this timely relief.

However, I strongly believe that after receiving this sum of \$6,000, Chairman, Hong Kong people would also think that they hope to see their children having the chance to move from Lower Wong Tai Sin Estate to the Peak. The \$6,000 from the Government can help them cope with their living for a couple of months, or perhaps their living will be easier for three or four months if they can be more frugal. However, how will happen afterwards? These three to four months will eventually pass. Do they have to beg the Financial Secretary to hand out cash again next year? Or how would it be like? Therefore, Chairman, on the handing out of \$6,000, the Civic Party will abstain from voting. I wish to explain our position clearly.



**MR ALBERT HO** (in Cantonese): Chairman, as we deal with this amendment today and discuss the policy of the Government to distribute \$6,000 to all Hong Kong permanent residents, I am reminded of a controversy in Hong Kong society some two decades ago.

Some two decades ago, as we all know, strong voices demanding democracy began to rise in society. We all know that as a result, there were many street campaigns, such as the campaign for direct elections in 1988 and that for a democratic Basic Law. However, at that time, there were many conservatives in society, in particular, members of the business sector said that all these demands were unacceptable. They said that this group of people campaigning for democracy only know how to foment populism, that if they had the opportunity to join the legislature or even rise to power, they would surely hand out a lot of free luncheons. However, never has it occurred to anyone that nowadays, in this legislature, what we can see is the Government handing out a lot of money. Of course, this sum of money can be used to have many free luncheons. On the contrary, it was the political parties and groupings campaigning for democracy that keep reminding the Government and those in power that they should have long-term commitment and responsibility for society, that they should not try to win temporary popular support and that they must not try to win momentary applause and think that handing out money can serve to reduce the heat, with a view to resolving the flaring discontents and sentiments in society momentarily. In view of this, I think that there is a fairly good revelation, that is, people lobbying for democracy must have their beliefs and commitments and if democracy can really be practised in Hong Kong in the future, changes in the ruling party should be made possible. We believe that this kind of social responsibility is important.

Second, my reflection is: What is the problem facing Hong Kong at present? The problem we are facing is not the pressure from a huge deficit, as is the case in countries such as the United Kingdom or the United States, which are forced to slash their expenditures, including slashing a lot of welfare benefits but they also face other problems. At the same time, we all know that whenever a country cuts back on its welfare benefits, many people who lose such benefits will protest, and needless to say, this is the case in the United States. Recently, I visited the United Kingdom and I found that many students came out to stage protests because the tuition fees for local students had been increased by as much as three fold. As a result, students have to bear immense pressure but if the

expenditure is not reduced, the deficit will of course remain high and subsequently, problems such as unemployment rate and economic contraction will arise, or the country's currency will subject to great pressure.

Hong Kong is very lucky. There is now too much money in the coffers, so the Government needs to think of ways to spend the money in the light of its beliefs. In fact, Hong Kong is really a place endowed with unique advantages, Financial Secretary. If one has political beliefs, vision and aspirations, this is the right time for him to give play to his abilities, so that he can make full use of the resources at his disposal to carry out long-term planning, solve a lot of structural problems in society and meet various needs, so as to display one's leadership abilities. This is such a valuable opportunity but it turned out that our Government has missed all the opportunities. It went repeatedly from being on the offensive to being on the defensive under public pressure, and after turning to be on the defensive again, it finally had to splurge money, but still there was great doubts and discontent in society. Why has the Government come to such a pathetic pass these days? I think the answer is very simple. The Government really has neither the will power nor ideologies, and it does not have any ideologies in administration either. This is where the problem lies. Now, the Government resorts to a case-by-case approach. Whenever it encounters pressure, it only adopts short-term solutions.

Third, the huge surplus in the coffers is not attained overnight. From 2002 to 2003, as we were affected by the aftermaths of the SARS outbreak and the Asian financial turmoil, the Government was very worried at that time and it pointed out that structural deficit had occurred. In fact, deficits were recorded only for three years and in 2004, there was already a surplus and surpluses were then recorded for seven years in a row. Upon calculation, we found that over \$300 billion has been accumulated in the coffers. Why is there such a large surplus? There are two possible explanations, first, the taxes collected have been excessive, that is, the Government should not have levied so much taxes; and second, we have not well utilized the money that ought to have been spent.

Chairman, I definitely do not believe that the Government has received excess tax revenue. How high are the tax rates in Hong Kong? Our tax rates are well-known for being low and at present, many places have to reduce their tax rates to follow Hong Kong's example more closely. In fact, the problem is that the Government has suppressed a lot of expenditure that ought to be spent. For

many years, we have criticized the Government, querying why it has to adhere obstinately to the so-called golden rule on expenditure, that is, recurrent expenditure cannot exceed 20% of the GDP whenever possible. If all capital expenditures this year are discounted, the expenditure is also below 20% but we can see how many problems have to be solved in society. If the Government still says that it does not know how to spend the money, saying that social conditions are quite fine and that the Government has done a great deal, so on, so forth, this is being unaware of the miseries of the public and what is happening in society in any way.

In many Panels, for example, the Panel on Welfare Services, the Panel on Health Services and the Panel on Education, which I have joined, as well as in the Panel on Environmental Affairs, in which I am not its member, I know that there are a lot of arguments among members. For policies that have to be improved and rationalized, long-term investments are required. The issues frequently raised by us include homes for the elderly, free education and even increases in funding for universities and in the number of school places. All these issues are very familiar to us all. There are also a lot of problems besetting the livelihood of the grassroots that may not be well aware by the public, such as the long waiting time for services provided by specialist clinics. Do Members know that many people have to wait for over a year for consultation? Yesterday, a young man with speech impairment approached me. Actually his mother took him to see me. They showed me a letter concerning a medical appointment in Tuen Mun Hospital. The mother hoped that her son could get treatment for his language problem. Of course, this is a case requiring specialist service because the young man has speech impairment and arrangements have to be made to see what more can be done. It is now April and they are now waiting for a consultation, Chairman, do you know when they can get a medical appointment? It is December next year. The waiting time for many specialist services is also over a year. These people are the poorest, they can hardly afford to pay several thousand dollars or some \$10,000 to seek medical consultation on their own.

Concerning these people who need assistance and medical treatment, has the Government fulfilled its responsibility? Such examples are really too numerous and very often, we hope the Government can spend a little more money. To put it in more vulgar terms, we have really talked until our gums bleed. However, the Government still responds by saying that funds need to be spent as appropriate and funds have to be managed prudently. It then also asks,

"Where does the money come from?" We all remember very well that it was Dr YEOH Eng-kiong who made this comment. Dr YEOH Eng-kiong was a more conscientious Director of Bureau and he was most willing to spend the funds on public healthcare. However, nowadays, in many areas, we fail to see the Government making good use the fiscal surplus to rationalize the situation.

Recently, doctors in public hospitals have lodged complaints. As funding for the healthcare system in public hospitals is not enough, the authorities concerned are often afraid of having deficits, thus leading to numerous problems nowadays. Public doctors have complained for a long time, do Members know that it was only recently that the Government said, "Since doctors are working so hard, having to work 60 to 70 hours per week, and some work even longer hours, and since they often have to work night shifts, I will provide additional funding as allowance for doctors." The Government only released a paper on 18 March, that is, one month after the Financial Secretary delivered his Budget. I learnt from the paper that an additional \$100 million will be allocated to slightly increase the expenditure. Are we doing justice to front-line healthcare workers who are toiling away? For this reason, Chairman, due to a sense of responsibility, if we can make good use of the money available, we can make long-term investments in many areas, so that poor people can have the opportunity to escape from poverty and people of various classes can have the opportunities to move up the social ladder and to compete fairly? This is what we ask for.

Chairman, of course, if Members say that this is a payment back to society, we would not oppose it fully. We also say that it is not true the Financial Secretary has not responded to Members' demands, for example, the waivers on the rent of public rental housing and granting another month of CSSA are measures that should be taken and the Government has also responded. However, this time, the Government failed to do one thing, that is, to take care of the "n have-nots". Hence, many people think that the Government may as well use the \$6,000 for this purpose. If the Government hands out money to the most needy people — in fact, this should not be called a cash handout — if supplements can be provided to people most in need of help, the middle class would not raise objection and the poor will also feel even happier. However, this time, there was no careful consideration and the public opinion was not gauged properly. I even think that no assessment has ever been made on the

implications of implementing this policy but some \$37 billion will be distributed in such circumstances, so this is really appalling and disappointing.

Just now, Mr Alan LEONG also mentioned that many members of the middle class would rather the Government do a better job in social security, for example, building more hospitals and homes for the elderly. I have talked about these points repeatedly and perhaps I have said too much, but still many people consider that there is no need to do so. At the same time, many people feel sad because this measure has caused social divisions. Many poor new immigrants are employed and originally, the Government promised to inject funds into MPF accounts but this promise has now been taken back. The new immigrants have to apply to the Community Care Fund but they are not certain if their applications will be approved. What hurts them most is not the sum of several thousand dollars, but the realization that the Hong Kong people actually have class concepts. They have lived and worked in Hong Kong for six and a half years and yet, it turned out that they are still being treated as another kind of people. This really makes one feel very sad.

In addition, little have I expected that the Government have not thought of the hundreds of thousands of people who have emigrated. In Canada, Australia and the United States, these people enjoy excellent social security benefits that are even better than those in Hong Kong, so why must the Government still give them \$6,000? The Government has never considered these issues at all. Therefore, all these made us feel that the Government is being perfunctory and sloppy. Having to respond to the strong reactions in society within a short time, the Government become bankrupt in its concept and is caught in a bustle, thus giving rise to the present situation.

Chairman, if the Government wants to hand out cash to the public, and if the amount of money given is appropriate or people in need are catered to, we will certainly not have opposing views; but now, the Government is going to hand out money to all people, the Democratic Party has great reservation about this. However, since the Government is not going to do anything else, why should I oppose the Government? Therefore, I can only make an assessment on the Budget as a whole. We will neither support nor vote against this Budget but we will abstain from voting to express our disappointment with the Government's approach. However, generally speaking, if the Government still adopts such an attitude in financial management, this will give the impression that the whole

Government is perhaps already brain dead, that is, it does not think anymore, so how can it go on in this way?

**MR CHIM PUI-CHUNG** (in Cantonese): Chairman, after speaking in this Council during the Second Reading debate last week, I was criticized by some media that I had made the worst and most insensible remarks. As I have said before, we Legislative Council Members should express our views based on our conscience, and we should explicate on behalf of those people whom we represent. As regards who is right or who is wrong, I totally disagree with the practice adopted by some Honourable colleagues, and I have never criticized that the comments made by Honourable colleagues are right or wrong, especially because independent Members will not speak again after they have been criticized. So, one of the merits of this Council is that we Members can freely express our views, and it is entirely up to the electors to decide whether they will support us.

Originally, it was announced in the Budget that the Government would hand out money to 4 million people; that is, an injection of \$6,000 into the MPF accounts of each person, and the total amount involved would be \$24 billion. However, pan-democratic Members raised objection right away. The Financial Secretary is also an ordinary person, how should he handle the situation in the face of objection? The Financial Secretary was indeed forced by circumstances to take such action. Members should reflect upon themselves and they should have a clear picture of the situation; and they should not be involved in political manoeuvring. Placing their bets too fast will only force the Financial Secretary to make another decision. I trust that I should make this point frankly and explicitly.

People generally think if the Financial Secretary injected \$6,000 into the MPF accounts, a large proportion of the money will be eroded by fund managers, and the remaining amount will only be receivable when people have reached the age of 65. For this reason, they raised a counter proposal that the Government should hand out cash, either \$2,000 or \$3,000 will be fine. Members from another grouping have reflected to the Government the public's views. As I have always said, since the Government has accepted public views and has rectified its mistakes by not taking care of the interests of fund managers, what is wrong with this act?

The Financial Secretary met with Members on 25 February soon after he delivered the Budget on 23 February so as to listen to their views. He later announced on 28 February (Monday) that the Budget would be revised. He had acted so swiftly that I believe this is the swiftest action taken by him since he has assumed office as the Financial Secretary, and it is also the swiftest response from relevant government departments concerned. Owing to the Financial Secretary's swift response, pan-democratic Members, who have been the attacking team in a football match, suddenly lost ground and abruptly met a setback. How can they clear up the mess? They have to think of a way-out. Making a scene shamelessly after placing the wrong bets is precisely one of the strengths of politicians.

How many people took to the streets last Sunday, that is, 10 April? They claimed that there were 800 people while some others said that only some 300 people participated. Let us take the median figure, that is, 600 people had taken to the streets. Among these people, how many of them were their own fellows? I estimated that fewer than 50 to 60 people had taken part in the protest. This is only my estimation and Honourable colleagues can make their own estimation. What has this reflected? It has reflected that the eyes of the public are absolutely sharp.

Members of the opposition camp have expressed their views and I have listened very attentively. I observe that they have mainly made two criticisms. First, the Budget has not formulated any proposals with continuity, the Government must admit this inadequacy. In fact, Hong Kong is under the influence of some objective factors and external impacts, how can we devise a proposal that is always applicable? It is impossible to do so. Thus, the Financial Secretary must explain to the public that in this year's Budget, the Government hands out money to meet the needs of the public. Since the Government's reserve belongs to the public, the money should also belong to the public. While the Financial Secretary has a fixed term of office, the wealth of the Government always belongs to Hong Kong residents, and Hong Kong people who have emigrated overseas may also have a share.

Concerning the second criticism, some Honourable colleagues have just said that the Budget has not looked after the welfare of the elderly, educational needs and some other areas. Chairman, I trust that you also know that the Government has already catered to the appeals in these areas. What other areas

do they want the Government to look after? Balance should be maintained in our society and biasing towards either side will invite attack and criticism. Even if we wish the Government would do better in future, we should understand that Hong Kong basically lacks resources, and without resources, we cannot levy tax on resource and we can only collect profits tax and income tax. Also, we should understand that members of the business sector have made various suggestions and requests, and they would like Hong Kong to remain competitive. Among all countries in the world, a few North European countries such as Sweden, Norway, Denmark and Switzerland have the best performance in respect of the people's welfare. These countries can be described as extreme socialist societies. If people can be well taken care of by the Government, how much tax should the people pay? Hong Kong people may immediately revolt if we propose the same level of taxation.

"No needle is sharp at both ends", we cannot have the wishful thinking that we are completely correct. Anyway, "Heaven is watching the acts of us all". Hong Kong can actually be called a paradise. As I have emphasized from time to time, after the reunification, some people in this place within the Chinese territory have undisguisedly taken actions against China and to mess up Hong Kong. I can audaciously say that the Central Authorities are solely responsible for that. To be sure, criticisms would be an impetus to the Central Authorities.

Chairman, some people object the additional injection of \$7.1 billion on top of \$24 billion, that is a total of \$31.1 billion, for handing out money. The easiest way to deal with such opposing views is to ask these people not to receive the cash handout. Members of the public who have heard my opinion can exercise their rights. If they support political parties which oppose the provision on their behalf, they should not receive the money handed out. How mighty they will be! Some people have also announced that they will donate the \$6,000 they are going to receive. In any case, each person has his or her own purpose and opinion. Some Members can raise opposition but I think that they will not be supported by the public or their electors.

Some people have strongly demanded the Financial Secretary's resignation; as I have previously said, being the Financial Secretary is purely taking up a job, whereas being the Chief Executive is not a job. Being the Financial Secretary has a sense of honour and mission. Nonetheless, if the Financial Secretary is just offered a job but not an appointment, he can pretend not to hear the voices of



those who have asked for his resignation. He can just adhere to his own views and allow the critics to continue to criticize. Everyone has the freedom of expression after all.

Chairman, we must be fair and equitable in all respects. Some Honourable colleagues have just mentioned that the current proposal is unfair to the new arrivals. Nevertheless, we must comply with the law. Even if some people have lived in Hong Kong for six and a half years, six years or five and a half years, they have actually failed to comply with the residency requirement under the laws of Hong Kong. It would be unreasonable for such a provision to be included in the laws of Hong Kong all of a sudden. Yet, as it has been specified long ago that Hong Kong permanent residents should have lived in Hong Kong for a minimum of seven years, is there anything wrong?

If Legislative Council Members do not understand the provisions of the laws and judge on their own that political separation may not be necessary, does transient politics or perpetual politics really not exist as some Honourable colleagues have just said? Some people oppose the Government all the time. I have criticized some media before for defending their own interests and avenging a personal wrong in the name of public interests. Most important, in our capacity as Legislative Council Members, we should actually criticize and rectify those who are using public tools for private objectives. They can certainly call themselves political figures but political figures sometimes have no sense of shame.

Chairman, we should understand the most important point, that is, Hong Kong is a place lacking in resources, and we should be very proud of our achievements in the past. Besides being proud, we should also feel honoured and fortunate. Yet, the achievements that made us feel honoured and fortunate are not perpetual. I earnestly hope that the public will not always complain about why others get rich so easily while they do not have the opportunities and luck. History tells us that many people who came to Hong Kong by illegal means in the 1950s and they have become successful. People like us who engaged in the stock market and only attain success after 30 to 40 years; however, an industry player has had outstanding achievements after more than 10 years. I have cited this story as an example of the success achieved by Hong Kong people. We should determine our future and remind ourselves not to shift our grievances to others and held others responsible for their failure. On the

contrary, we should learn from others and always bear in mind that, even if we have been given \$6,000, the sum will only be an incentive and it will remind us to be vigilant. Hence, we should have high aspirations and believe that we may have a chance to earn \$60 million though we only receive \$6,000 now.

Our society has completely transformed into a service-oriented community. In recent years, as a result of the Individual Visit Schemes, Hong Kong have benefited much from travellers from Mainland China to visit Hong Kong and Macao. However, as I have just said, "no needle is sharp at both ends" and there must be merits and demerits. The merit is that the socio-economic environment has improved and the demerit is that rentals for housing have been rising and have become increasingly expensive. Looking back, there was rent control in Hong Kong before the outbreak of SARS. The real estate sector was badly hit during the outbreak of SARS, thus the Government abolished rent control at that time. In my opinion, in order to strike a balance in our society and deal with issues such as whether the construction of HOS flats should be resumed, as well as the problems arising from an ageing population, the Chief Executive must be accountable to the public when he is going to deliver his last Policy Address this October. Nonetheless, it is certainly unfair to shift all responsibilities to the Financial Secretary. I am not defending him or pleading for him because he definitely has the competence to convince us all.

Chairman, I definitely support the proposed additional injection of \$7.1 billion. I also hope that the public will not regard the sum of \$6,000 as alms giving. Instead, we should partly recover our self-confidence on this occasion, and take advantage of this opportunity to work with the Government to strive for the unity of the whole community in future. In fact, all of us are fair before the traffic light but each of us should go our own way when the light changes. If a person moves slower than the others, he can only blame himself for he is the one who has made a mistake, not others. It is most important for us to be willing to examine our mistakes.

Chairman, I so submit.

**MR LEE CHEUK-YAN** (in Cantonese): Chairman, what Mr CHIM Pui-chung has just said is a bit misleading. I do not understand why he has said that there are legal grounds for not handing out \$6,000 to new arrivals. These people have

been approved to come to Hong Kong; they have not come to Hong Kong on their own and they have been officially approved to come to Hong Kong.

Chairman, it seems that Mr CHIM Pui-chung is saying that there are no legal grounds for new arrivals to receive \$6,000. I absolutely disagree because there is no relevant law. What is the legal ground for handing out \$6,000? Are there legal provisions about handing out \$6,000? There are not and this is just a policy. It is only stated in the laws that there are permanent residents and non-permanent residents in Hong Kong. As a policy, the injection of funds into the Mandatory Provident Fund (MPF) accounts was originally intended for all working people, even new arrivals. They could receive \$6,000 so long as they were employed. Nevertheless, these people cannot receive the relevant amounts now. Hence, some new arrivals have asked why they could not receive the relevant amounts though they were employed. It is very reasonable for them to have such concerns.

To be fair, all Hong Kong people should be accommodating and consider other people as members of the same family. It is very undesirable for Hong Kong people to be divided into two types this time, and these two types of people have torn the community apart. As I said during the last debate, I heard a person ask in a cafeteria why he was not entitled to the cash handout while another person ask why some people were eligible for receiving the handout. That is the situation created by the Government. The Financial Secretary has unnecessarily created the problem. He has given rise to the mutual attacks. Will this be beneficial to our community? How can those who have lived in Hong Kong for seven years say that people who have lived here for more than six years are ineligible because they have not lived here for a minimum period of seven years? How exactly is eligibility defined? After all, we are all members of the same family. Why should we distinguish between new and old members? As Mrs Regina IP has just mentioned, some non-permanent Hong Kong residents are One-way Exit Permit holders and some of them are just holders of work permits. It is easy to distinguish between these people. She was the former Secretary for Security and she certainly knows that it is easy to distinguish between these people. The Government may hand out money to all new arrivals who are One-way Exit Permit holders. Nonetheless, there is such an unfair policy which will tear Hong Kong apart, causing long-term and sustained harm. In this process, the Financial Secretary has been very unfair and he has not taken into consideration the harmony of our society; thus a group of people discriminate

against another group, and the community has been torn apart. This is really unfortunate.

On the one hand, he discriminates against new arrivals and refuses to hand out \$6,000 to them; on the other hand, he allows Chinese people overseas to collect the money in Hong Kong. Some of these people may have left Hong Kong 20 to 30 years ago. Should money be spent this way? I do not understand why we should hand out money to them. Maybe that is because it is difficult to tell who are eligible and who are not. Yet, that is just an administrative reason. We can simply ask them to take an oath, if they do not hold foreign nationality, they can get the cash handout. If they hold foreign nationality and receive the cash handout, they would violate their oaths. If elderly persons or Hong Kong people who have returned to the Mainland to spend their twilight years and they are still citizens of Hong Kong, the Government can also hand out money to them. Many people return to the Mainland to spend their twilight years. As they have lived in Hong Kong for many years, we should hand out money to them. However, for those who have emigrated to other countries, we need not hand out money to them. Yet, the Government will also hand out money to them. Therefore, in handing out \$6,000, the Government has actually created many unnecessary disputes.

We believe that the reason is very simple. The Government had spent \$850,000 on consultation, and it had not considered this measure at the very beginning. The Financial Secretary changed his mind within a few days and came up with this idea. For this reason, thorough consideration has not been made. Why has he considered adopting this measure within a few days? Since the democrats will organize a march on 6 March, he evidently wants to defuse public anger before the march. There is public anger because \$6,000 will be injected into the MPF accounts and people will only receive the money when they reach the age of 65. Thus, the Financial Secretary had hastily made a U-turn within two days before 6 March, without careful consideration. If more reasonable acts were taken and careful consideration had been made, he should not make an announcement together with the pro-establishment camp at the end. These are not sour grapes and we do not mind at all. However, the Government will not be serving all the people if it does so. If the Government is to serve all the people, the Financial Secretary should announce the new policy in this Council and then collect the views of Members and various parties and groupings on the new policy. Truly, this is the behaviour expected of the Government.

I am not sure if the Financial Secretary has become very impatient as he just wanted to solicit enough votes. For this reason, he just said he wished that pan-democratic Members or some other Members would not oppose the Budget for political interests. Who have acted recklessly for the sake of political interests? The Financial Secretary and the Government have acted recklessly. For his political interests, he introduced this policy without careful consideration. His act has violated the appropriate approach of the Government in serving all the people; his act was biased in nature. The Financial Secretary suddenly met with some pro-establishment Members and then made an announcement, but not in this Council. This completely violated the previous practice. Hence, the Financial Secretary has ignored the interests of the community for his political interests.

Chairman, the second point that I would like to make is that, Mr CHIM Pui-chung has just said that we initially opposed handing out \$6,000. In fact, when we opposed handing out \$6,000 at the very beginning, we explicitly stated that the Financial Secretary had the responsibility of solving the long-term and deep-rooted social conflicts. He has the responsibility to do so, but he has not fulfilled his responsibility; all he did was to hand out \$6,000. I remember a famous remark recently made by the Financial Secretary — in his Blog, and as reported in the press — he has quoted the famous saying of Winston CHURCHILL: "Give me the tool and I would do the job". The problem with his remark is that, the public have given him "the tool", that is the taxes we paid and we wanted the Financial Secretary to "do the job" well. How has he tried to "do the job" well? What is his practice? We have given him money but the job he has done is simply returning \$6,000 to us. Will this be considered as fulfilling one's duties? Is that the responsibility of the Financial Secretary? I really want to take a look at the Financial Secretary's job description — from the perspective of personnel management — as it turns out, his job description or responsibility is just to hand out money when there is a surplus. Is this the case? This is certainly not the case.

We all know that this is not the case. All of us know that the Financial Secretary and the Government have the responsibilities of allocating resources for solving social problems. The question is: Has the Budget solved the current problems in our society? Has he, in his Budget, helped to solve or alleviated these problems, or made long-term plans or taken steps to solve these problems? Has he done so? Obviously, there are two major problems in Hong Kong at

present. The first problem is that under real estate hegemony, property prices remain high and the public cannot afford home purchase and they cannot live and work in peace and contentment. This is very clearly the first major problem.

The second major problem is the disparity between the rich and the poor. Many people have experienced the financial turmoil, SARS and the financial tsunami, and they have become poor because of the economic changes within more than 10 years after 1997. The problem of wealth disparity, the poverty problems of the elderly and low-income households have persisted.

Concerning the Government, the Financial Secretary is in charge of the financial resources of Hong Kong, does he have the responsibility of solving these problems? Now that the Government is going to hand out \$6,000, even though eligible members of the public will each receive \$6,000, the young families cannot buy their homes and they have to tolerate the pain of being affected by high rents. Have their problems been solved? Can they buy their homes? When elderly persons are given \$6,000, they may be very happy for a short time. Yet, they still have to collect carton boxes and continue to live in poverty and to struggle under the hardships of life soon afterwards. Can \$6,000 solve their problems? Giving them \$6,000 ..... in respect of the education system which has always been criticized, resources are frequently needed to solve the relevant problems such as small class teaching. Is the Government not required to handle such problems after it has handed out \$6,000? After handing out \$6,000, the residential institutions ..... Currently, we may clearly challenge the Government in one area; in the past three years, the number of people finally rehoused after waiting for a long time is less than the number of people on the waiting list who passed away. In the face of such a government and such figures, do we not feel the pain and sorrow that Hong Kong has gone this far?

What are we asking for? We wish that there would be more residential institutions. How much money is needed? The provision of 10 000 residential care places requires \$1 billion. Is \$1 billion a negligible amount as compared to \$40 billion required for a one-off handout? Yet, the Financial Secretary is just going to hand out \$6,000. After he has decided to hand out \$6,000, he has told us that he was sorry but the travelling allowance would not be provided. The travelling allowance is a monthly provision of \$600 for members of low-income households and workers to go to work, with a view to alleviating the high travelling expenses. We have done some calculations; if the Government adopts

the dual track system we proposed — meaning that applications can be made by households and individuals basis — basing on our calculations, if each person is given \$600 a month, the Government only needs to spend \$1 billion. The Government has not targeted at helping these people with genuine needs. Even after it has handed out \$6,000, it has not solved the existing problem of having to wait for one year for specialist hospital services. Many people in my neighbourhood have told me that they are facing life choices. They should either be admitted to private hospitals or they have to wait two to five months for examination in public hospitals. They are not sure what would happen to them within a few months. Therefore, they become very impatient but they do not know what to do. They may eventually be forced to undergo examination in private hospitals, and the \$6,000 they received will then be gone. Nonetheless, the Government has failed to solve these medical problems.

Lastly, one can certainly say that handing out \$6,000 may not be contradictory to all the issues I have just mentioned. In fact, the Government is well-off and this also involves the issue of opportunity cost. When the Government invests all the money in some short-term measures, will it be deprived of the resources that should originally be invested in long-term measures? This involves the issue of opportunity cost; but the commitment of the Government is an issue after all. As the Government is unwilling to commit itself towards some long-term measures for solving long-term problems, it just solves short-term problems each year, just as what it is now doing. Alternatively, it acts just like the Financial Secretary who does not need to use his brain and it hands out the surplus of whatever it has received. It then thinks that it has done its job well. Does the Government or the Financial Secretary consider that as purely its or his duty?

The Financial Secretary has just remarked that his duty is to financially co-ordinate the policy proposals prepared by the Policy Bureaux. So, why has the Government not prepared for solving the long-term problems when the Policy Bureaux are working out the policy proposals? Why has the Financial Secretary only told us throughout the process that we should discuss with Director of Bureau the long-term measures next year? Honestly speaking, the issues I have just mentioned have not just been raised with the Financial Secretary or Directors of Bureaux this year. I already raised these issues last year but the Financial Secretary had not made co-ordinating policies this year. We have been doing so year after year. Should we not express strong dissatisfaction with this Budget?

Although we have been raising these issues for so many years, the Financial Secretary is after all unwilling to financially co-ordinate some policies that can really effect long-term solutions to problems, and invest more money into such areas as education, healthcare, social welfare and environmental protection, with a view to seriously solving these long-term problems.

We are just asking for an injection of \$20 billion into the Government's recurrent expenditure for solving the problems in education, healthcare and welfares, and for the relevant work to be undertaken seriously. Furthermore, the Government should establish universal retirement protection system with a \$50 billion seed fund, as well as resume the construction of HOS flats and build more public housing. Why is the Government unwilling to accede to such a humble request?

Thank you, Chairman.

**MR LEUNG YIU-CHUNG** (in Cantonese): Chairman, since the Government has announced changing the original proposal of injecting \$6,000 into the Mandatory Provident Fund (MPF) accounts to handing out \$6,000 to holders of Hong Kong permanent resident identity cards who have reached the age of 18, it seems that the public resentment has slightly alleviated. As Mr CHIM Pui-chung has just said, the march against the Budget last week was only joined by a few hundred people. So, it seems that the general public has already accepted the proposal, and the Government could be relieved.

This seems to be true but I hope that the Government will not feel complacent. Many of my friends from the press and the media have continuously asked me how we should analyse the reasons for the considerable reduction in the number of people who participated in the march last week. Does this mean that it is correct for the Government to change the original proposal of injecting \$6,000 into MPF accounts to handing out \$6,000 to all eligible persons? To a certain extent, this is acceptable to some people and it can really help alleviate their grievances; but we should not overlook certain problems. In the past three weeks, the earthquake in Japan and the resultant tsunami and nuclear radiation problems had overshadowed many issues. They transferred the focus of public concern and slowly alleviated the grievances arising from dissatisfaction with the Budget. In any event, the Government's



change from injecting \$6,000 into the MPF accounts to handing out money to almost everybody seems to have resolved some superficial problems. Nevertheless, I am still extremely worried about some deep-rooted conflicts in society. Once these conflicts are triggered in the future, situations may get out of control.

As many Honourable colleagues have just mentioned, the first problem is about the conflicts between new arrivals and local people. Some Honourable colleagues have described it as social differentiation while Mr LEE Cheuk-yan has even used the words "torn apart" to describe the problem. Be it differentiation or tearing apart, the situation has really created profound social conflicts. Those of us who have surfed the Internet should have found that there are heated discussions about this issue in many discussion forums, and some have even made an argument about a disastrous "locust invasion" of Hong Kong.

After such an argument has been made, a profound hostile contradictions will be formed in the community. Of course, we do not think that there are any racial issues between new arrivals and local people but the effects of the argument would be similar to the racial issues in other countries. I am really worried about these social problems; what will happen in the future if there are great differences between different social groups? Even if we can solve this issue involving \$6,000 today, how can we solve other derivative problems in the future? Indeed, the Government should not be complacent and it should conversely look squarely at the extreme worries arising from this issue for it is not so easy to solve the problems, and the Government has once again deepened the problems. What should be done in the future?

Apart from the conflicts between the communities, the deep-seated social problems frequently mentioned by many Honourable colleagues still exist. How can these problems be solved? Does everybody welcome the Government's handing out of \$6,000? I am sure that people who urgently need money for alleviating their difficulties really want to receive \$6,000. I agree that people living in poverty would really think that receiving \$6,000 can somewhat alleviate their difficulties. I fully understand how desperately these people wish to receive \$6,000. Yet, some other people earnestly hope that the Government would solve the long-standing social problems. For this reason, they would rather not receive \$6,000 as they would like the Government to solve some other problems. Yet, the Government has not responded to their demands. For

example, as Chairman can see from this advertisement in a newspaper, some people "prefer to have care-and-attention places than getting \$6,000". It is stated that persons with disabilities have been waiting for care-and-attention places for more than 10 years, and over 4 000 elderly persons waiting for care-and-attention places passed away last year, and it also asked if the Financial Secretary noticed the problem.

Chairman, this is just one of the social problems and there are many other problems. However, unfortunately and regrettably, the Budget has failed to solve these problems. Now that the Government has taken the measure of handing out money, some Honourable colleagues cannot help but ask what will happen next year after money has been handed out this year. Will the Government continue to hand out money? Mr CHIM Pui-chung has just said that this is not a commitment and the Government will not necessarily hand out money. It can hand out money if it is affluent, and it can stop handing out money if no money is available. We certainly understand this rule but it is a great pity that the Financial Secretary is handing out money again and he has already done so before. Does he not have another trick? He is repeatedly using the same trick because he does not have any long-term strategies. Will he hand out money again next year? Only God knows the answer.

I have said before that the Financial Secretary may not need to worry as this may be the last Budget prepared by him. He may not continue to take up the office of the Financial Secretary next year and he may not need to hand out money again next year. He will probably become the Chief Secretary for Administration. Since the incumbent Chief Secretary for Administration may have to resign in order to run in the Chief Executive election, the Financial Secretary would not be responsible for working out the Budget again because the work would be handled by another official, thus he does not need to hand out money again. Whether or not he will continue to perform the duty, it can be said that since the reunification in 1997, every Financial Secretary has failed to fully fulfil his responsibilities. The most important duty of the Financial Secretary is to make strategic plans for the long-term economic development of Hong Kong. He has repeatedly adopted the same measure of handing out money, and this is not the first time that he has done so. Chairman, if you remember, he has adopted the same measure throughout the years and he has always handled matters in almost exactly the same way.

Nevertheless, concerning the deep-seated structural problems of our society, though the Government is expected to make improvements each year, the situation has always remained the same. We have asked the Government to allocate resources for handling the problems but we have never been given a response. For instance, there are problems concerning care-and-attention places which have just been mentioned, and there are loads of problems concerning healthcare, retirement of the elderly, housing, and so on. Although we have asked the Government to address these problems year after year, it has turned a blind eye and a deaf ear as mentioned in the advertisement. That is the biggest problem.

Therefore, the focal point of our discussions today should not be about whether the Government should hand out \$6,000. Most importantly, we expect the Government to make commitments for devising long-term plans for the economic development of Hong Kong; yet, the Government has disappointed us time and again. Thus, while many people do not object to the Government's handing out of \$6,000, they hope that the Government would make certain commitments apart from handing out money, so that we can visualize the future. This is much better than eagerly waiting for the Government to hand out money, reduce rents or offer double pay when it announces the budget each year. We are not just expecting such offers and we think that this is already enough as the Government has already implemented the same measure for so many years. We really hope that the Government would make more satisfactory plans.

Chairman, another point that I would like to make is that the Financial Secretary has continuously called upon us not to focus on short-term political interests. Instead, we should vote in support of the Budget in consideration of the future. Chairman, we conversely think that we cannot support the Budget this time precisely because of long-term political interests. In supporting the Budget, we will be saying that we affirm the guiding principles under which the past budgets as well as the present Budget are formulated. What are the guiding principles? They are principles lacking in strategies and long-term commitment. How can I support them? How can we not play our role as Members and ask the Government to make commitments? On this point, I really cannot agree with the Financial Secretary, Mr John TSANG.

As to whether \$6,000 should be handed out this time, I have some new ideas. As it turns out, the SAR Government which has always emphasized on

strong governance to handle the affairs in Hong Kong would bow to public present and consent to make changes. In this incident, we all know that \$6,000 would originally be injected into the MPF accounts. However, the public have complained a lot and have become very dissatisfied after the Government has announced the proposed injection into the MPF accounts. There are several major reasons. First, the injected amounts can only be withdrawn when a person reaches the age of 65 and it is of no help to his livelihood at present. Second, when a person reaches the age of 65 and becomes eligible for receiving the money, it is uncertain whether the full amount of \$6,000 is still available and it is unsure how much money will be left. Third, only fund managers will benefit from the injection of \$6,000 into the fund accounts, whereas the public will not have any actual benefits.

Since the Financial Secretary has completely ignored the above criticisms and he adopts the same measure again this year when he works out the Budget, many people are discontented. When there were stronger voices of discontent, the Government and the Financial Secretary made an abrupt U-turn and revised the proposal which was originally described as unchangeable after some 70 hours.

The public should cherish this force. When the general public are discontented with the Government's policies, they must look for opportunities to voice their discontent; otherwise, the Government will impose such policies and it will continue to make mistakes again. This is a very good lesson and the general public will know that they must voice their discontent when the Government's policies run counter to public opinion, to show the power of the people. Only then would the Government submit. In connection with this very important point, it can be said that the Government's changing its stance in respect of handing out \$6,000 has very positive values.

As I have said a while ago, there are still many negative issues but I am not going to repeat what I have already said. Lastly, I trust that the Budget should contain commitments as it is the Government's responsibility. The Government should not be so short-sighted and it should not think that the problems have already been solved when it has won a temporal applause. The Government must be committed towards solving various social problems.

Chairman, I so submit.

**MR PAUL TSE** (in Cantonese): Chairman, I will wait until you have finished with your handover.

(THE DEPUTY CHAIRMAN, MS MIRIAM LAU, took the Chair)

Deputy Chairman, this amendment concerns the additional appropriation required for handing out \$6,000 to each member of the public. Last week, debates were already held in this Council on the main contents of the Budget, and I also spoke to express my position of supporting the overall Budget. Therefore, unless necessary, I am not going to repeat the points I already made last week, so as not to waste Members' time. For those who are now watching the live television broadcast of this meeting — it is 7 pm, and many people may be having dinner — they may not know what we are arguing over. Or, they may think that both sides have got their points, so they have yet to come up with their own judgments. Or, they may find our arguments rather elusive. I therefore wish to add a few points here for everybody's reference.

Frankly speaking, I am afraid that Members in this Chamber have already made up their minds, and they have just been digging up justifications to substantiate their opinions or positions, rather than really keeping a cool head to weigh the pros and cons before making a fair and impartial decision. I am afraid that many members of the public may not be quite so satisfied with such ways or habits of doing things. In particular, those members of the public who are generally neutral, or who are swing voters with undecided positions, may still fail to understand what we are doing here.

Deputy Chairman, anyway, when Mr LEUNG Yiu-chung spoke just now — I am a bit baffled because after looking at past records, I notice that he voted against all the budgets in the past four years. No matter what measures the Government introduced, he would invariably be overly critical, always digging up some issues as excuses for opposing the budget. This can aptly illustrate the problem I have just mentioned — anyone who is bent on opposing the budget can always dig up justifications for his opposition, because no budget can possibly be totally acceptable. Therefore, I suppose that it will all be fine, as long as we can state our positions sensibly for everybody's reference.

Deputy Chairman, overall speaking, this Budget is not without measures on tackling certain specific problems, and the measures it proposes are not inadequate either. As I remarked last time, many proposals in the Budget — people may read the Highlights for lack of time — are intended to tackle problems in different areas. But it has still come under severe criticisms, mainly because of the cash handout of \$6,000, that is, the problem of distributing "sweeteners". In 2008, when the Administration proposed to make injections into the Mandatory Provident Fund (MPF) accounts, it was instantly censured, and many people emoted that the measure was extremely unfair to people with "n have-nots".

Expectedly, whenever the Government spends a huge sum of money on handing out "sweeteners", there are bound to be criticisms that such a measure lacks any long-term commitment or sense of responsibility. But are such criticisms really justified? Deputy Chairman, the fact is that in various budgets in the past, measures basically similar to handing out "sweeteners" were also put forward. One example was electricity charge subsidy. Even Mr LEE Cheuk-yan appreciated this idea. I remember that in 2008, Mr LEE appreciated this measure, saying that even he had not thought of such a measure. There are other measures, such as the remission of public housing rents and waiving of rates as well as tax rebate. There was also the huge capital injection into the MPF accounts. These measures are also relief measures in nature, not very much different from handing out cash. In that case, why did certain Members not hysterically oppose such proposals of handing out "sweeteners"? And, why did they even support the measures?

When I reviewed the relevant information, I found that there were indeed more voices of opposition following the announcement of the 2009-2010 Budget. Whereas for the 2008 Budget — the first Budget prepared by Financial Secretary John TSANG — the Administration spent \$500 billion on handing out "sweeteners". There were 45 affirmative votes, with only three negative votes and two abstentions. Of course, that budget had still aroused some criticisms at the time. For example, Mr LEE Cheuk-yan talked about one-night stand and abandoning one's legally-wedded wife. Actually, this year is not the first time that references to one-night stand are heard. Besides, Mr Ronny TONG also likened such a measure to giving a factory to a rich man but just a candy to a poor fellow. All these were the criticisms made by Members at that time.

As a matter of fact, there is nothing new in all the criticisms we level at the Government today. These criticisms are all about the same old stuff. When the Government adheres to prudent financial management principles or refuses to take any drastic actions, we will criticize it for being overly tight-fisted — Mr LEE Cheuk-yan described the Government as a "miserly ostrich" at that time. However, when the Government introduces some relatively generous measures to relieve people's hardship, we will criticize it for abandoning the principles of prudent financial management, or for failing to draw up long-term planning or policies.

Deputy Chairman, what I first wish to emphasize is that we must find out whether there are any longer-term measures in the Budget in addition to those measures on handing out "sweeteners". Actually, according to the records on the total annual expenditure between 2007-2008 and 2011-2011, there is an increase of over 60% in total annual expenditure during this period. As a matter of fact, the expenditure on all items has increased. It was only because of the comparatively large surplus and the pressure from all sides that the Government initially proposed to re-adopt the 2008 measure of making huge injections into the MPF accounts.

Why has such a big problem arisen this time? Basically, I believe and think that the main reason was that the 2008 measure of injecting funds into the MPF accounts was problematic in the very first place. This measure was not quite so fair in the very first place or was unable to benefit many "n have-nots". The greatest blunder committed by the Government this time is that being overly influenced by considerations of administrative or operational convenience, it adopts again the 2008 measure of injecting funds into the MPF accounts. In the eyes of many people in dire need of relief, this measure is just not timely accessible. Therefore, this measure is a mistake in the very first place. The second blunder is that the Administration has switched to the adoption of cash handout much too hastily. The Government may have done so due to the lack of alternatives at that time.

Actually, as Members may remember, if the Government had not taken this abrupt U-turn, this Budget would have triggered a much more serious crisis. Therefore, as a whole, given that a mistake was already committed at the very beginning, this abrupt U-turn can be regarded as a relatively acceptable solution in the absence of any alternatives.

Deputy Chairman, since there is nothing wrong with the nature of cash handout, injections into the MPF accounts and other relief measures, does the problem lie with the large amount involved? This really leads one to question what the right course of actions is supposed to be. It seems that no course of actions can possibly be right. I have talked about certain viewpoints. For example, the happiness index of a person very often depends on how he looks at things. I think that the approaches and positions adopted by some Members will, frankly speaking, make many members of the public feel not quite so happy in many cases. I do not think that this is good to society.

Deputy Chairman, while I support the Budget, I do not, in principle, accept the Government's hasty action of handing out money at a time when there are still many tasks to be completed, and given that such large amounts of funds are required.

As I said last week, I agree to Dr Margaret NG's opinions, and I have reservations about the Government's measure. However, at the same time, I also think that this relief measure, as rightly described by Mr Albert CHAN yesterday — I very much agree to his analogy that when a person is sick, he should be prescribed a pain killer when necessary, and while it is of course true that the patient may need a surgical operation, it is unreasonable to lightly conclude that he should not even take any pain killer before his health conditions or the risks of surgical operation are thoroughly assessed. Therefore, at this moment, I think this Budget as a whole should merit our support.

Some Members' position is kind of interesting because they assert that while they support the handing out of cash, they do not support the Budget as a whole. My only conclusion in response is that they only want to get all the advantages. On the one hand, they want to please electors, and on the other, they also want to have the upper hand in the debate. I hope members of the public can realize what is going on. The public should realize what certain Members are up to when they openly support the handing out of cash on the one hand but vote against the Budget on the other. The reason is that frankly speaking, they only want to get an economical lunch by doing so. Suppose the Budget is really vetoed owing to their opposition, or the public cannot get the \$6,000, what will be the consequence? They must have a reason for supporting the cash handout of \$6,000 and voting against the Budget. They must explain the reason. If they do not do so, we can only conclude that they simply want to get all the advantages.



Deputy Chairman, there is still a little time left. Please permit me to raise one simple point. I think the method for identifying the targets of cash handout mentioned by Mrs Regina IP in her speech just now is open to discussion.

Although residents of Hong Kong are simply divided into permanent residents and non-permanent residents under the Basic Law, I have to point out that there may be problems with this classification upon close analysis. Under Article 24 of the Basic Law, there are six categories of permanent residents. Certainly no disputes will arise with regard to certain categories of permanent residents. For example, the first category refers to Chinese citizens born in Hong Kong. There is of course no problem in this case. The second category refers to Chinese citizens who have ordinarily resided in Hong Kong for a continuous period of not less than seven years. There is no problem in this case either. The third category refers to persons of Chinese nationality born outside Hong Kong of the aforesaid Chinese citizens, that is, the children of permanent residents listed in categories (1) and (2). Such children are also permanent residents of Hong Kong. Who belong to this category? The next generations of those Hong Kong permanent residents who have emigrated are of this category. The fourth category refers to persons not of Chinese nationality who have ordinarily resided in Hong Kong for a continuous period of not less than seven years and have taken Hong Kong as their place of permanent residence. Many foreigners, such as Indians, Europeans and Americans belong to this category. The fifth category is a bit strange because it refers to persons under 21 years of age born in Hong Kong of those residents listed in category (4), that is, foreigners. Who belong to this category? Foreigners born in Hong Kong are included, but they may no longer have any connections with Hong Kong and may be living or studying overseas. However, under Article 24(5) of the Basic Law, they are still permanent residents of Hong Kong when they are still under 21 years of age. In other words, if these people are aged between 18 and 21, even though they are foreigners having no connections with Hong Kong, they can still benefit from the current cash handout measure. The sixth category refers to persons other than those residents listed in categories (1) to (5), who, before 1997, had the right of abode in Hong Kong only.

Hong Kong's system of classification is a bit different from those in other countries. The system adopted by many countries is based on the differentiation of citizens from permanent residents (PR). What makes the difference is the green card. We find such a system very easy to understand and comprehend. In many cases, the measures and welfare benefits in these countries are based on

this system of classification. Sometimes, certain welfare benefits are offered to both citizens and permanent residents. Naturally, citizens may enjoy more rights. However, very often, permanent residents, or green card holders are equally entitled to certain welfare benefits.

However, in the case of Hong Kong, the status of permanent residents is not used as the means of demarcation because our definition of permanent residents is a bit different. That being the case, I think that in accordance with the concept of permanent residents or green card holders adopted in foreign countries, new immigrants who have entered Hong Kong with One-way Exit Permit, and who have ordinarily resided in Hong Kong should be entitled in principle to more welfare benefits and preferential treatment in Hong Kong. We should not determine our practices solely on the basis of the Basic Law. This will of course involve technical problems.

I hope the Government can refrain from drawing the line rigidly solely on the basis of Article 24. I also hope that it can consider the practical circumstances. In the course of handling things, the Government sometimes really needs to let political wisdom supersede its so-called professional perspectives. If not, many unnecessary disputes may arise in society. If the Government can appreciate the practical circumstances, the practices it eventually works out may more aptly meet the present needs of Hong Kong.

Thank you, Deputy Chairman.

**MR LEUNG KWOK-HUNG** (in Cantonese): Deputy Chairman, what kind of government is ours? I would say it is a "ninth-type government". What is a "ninth-type government"? It is a government of the "ninth type". Then, what is a government of the "ninth type"? A very authoritative figure said: "Liberalism manifests itself in various ways." There are, let me count, the first, second, third, fourth, fifth, sixth, seventh, eighth ..... And, what is the ninth type? The answer is: "To work half-heartedly without a definite plan or direction; to work perfunctorily and muddle along — 'So long as one remains a monk, one goes on tolling the bell.' This is a ninth type." It is of course the "ninth-type government" discussed in the Quotations from Chairman MAO Zedong on combating liberalism, a book which the President read avidly as a child — he is now out for dinner.

The Government has certainly been working half-heartedly. In the past, when I still had to sit over there, it injected money into the Mandatory Provident Fund (MPF) accounts, and it was criticized for not handing out cash immediately. If it wanted to hand out money, it should do so directly and immediately. If it had been working whole-heartedly, it would not have injected money into the MPF accounts when it knew very well that this could not meet people's urgent needs. But it still did so all the same; was this not a point to indicate that it worked half-heartedly? The first time it was lazy and was given a dressing-down; this time it made the same mistake, and once again, it was given a dressing-down.

Speaking of "without a definite plan", the Government truly does not have any plan at all, thinking that prescribing painkillers will work. "Without a definite direction" is an apt description. When we requested it to formulate long-term strategies ..... we actually did not put forward this request at the time of the budget. Instead, we made this request when we throw objects at Donald TSANG. We chided him for refusing to implement universal retirement protection, and he had failed the elderly in Hong Kong. I was thus pushed out of the Chamber. I already warned him as early as half a year ago. The Government works "without a definite direction." John TSANG is his "foster brother", right? His "sworn brother", in other words. There is a contract, and everybody must seek to run Hong Kong well. They must abide by this contract. But they have no sense of direction. When people request him to do something for the elderly in Hong Kong, he does not respond. Well, in a way, he did once give an answer, saying that the Government should not make, on account of an occasional increase in revenue, commitments that are difficult to sustain. This will bring nothing but tax increases and reduced competitiveness for future generations. He has in fact given an answer already. On the one hand, he talks about the need for social harmony and enabling the elderly to live a better life; yet he claims that there is no money for the purpose on the other. What is he up to anyway? He just wants to muddle along and work perfunctorily — "So long as one remains a monk, one goes on tolling the bell." He is completely like this because he thinks that his government is just a caretaker government. Please do not insult the term "caretaker government". A caretaker government is one which has lost an election, and which serves as a caretaker for the government-elect during the interim period. However, he has been in charge of the government for over a decade. How can he talk about being a caretaker government? A caretaker government must relinquish power to the incoming government. The present situation arises because two sects of people are

competing to be the prospective candidates for the Chief Executive. A person who once asserted that he would not run for the Chief Executive in "n" years has now been described as having a chance. Therefore, the competition has started, right? Many Members are already doing things along these two lines, though the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region may already be acting as the go-between.

Deputy Chairman, let us look at the genealogy of this "ninth-type government". This is the head of the ninth type. This man is the head of the ninth type. He is called Donald TSANG. Donald TSANG simply stays behind the scene all the time. After his debate with Mr Alan LEONG in 2007, he said, "I don't want to argue with you. You talk as if you are invincible, but you do not possess any actual capability." Mr Alan LEONG then told him, "Hey! I am asking you to do concrete things for us. I am of course powerless despite all my good intentions." Therefore, he must be given a cross mark. He must be given a cross mark. He is a member of the "ninth-type government".

As Donald TSANG has broken his promises for personal benefits, his foster/sworn brother has to take the brunt for him. When he spoke here earlier today, he said: "Oh!" — he has now become stern, for he has learnt how to refute us. He said, "Do not veto these relief measures for the sake of short-term political interests. These measures can genuinely benefit our people. I would like to thank Members who have pledged their support for the Budget. With their support, we can hopefully see the early implementation of the relief measures." There are of course problems of logic here.

First, in case those Members who support him vote against the Budget in the end, what will be the consequence? I have done some research. According to Article 51 of the Basic Law, I am sorry to say, the Chief Executive will have to submit a revised Budget to us. If Mr Abraham SHEK votes down the Budget, you will have to submit a revised budget. You may say: "No. We are sorry. Please make a further provision of \$50 billion for launching universal retirement protection, and a further provision of \$20 billion for meeting day-to-day expenses. Also, please allocate five more sites for building Home Ownership Scheme (HOS) flats." If you work with us in opposing the Budget, Donald TSANG will be no match for us even if he has several more "sworn brothers". His power is limited. As there are limited "sworn brothers" in this holy ruling coalition, they can hardly resist us.

I really want to seek advice from Members who rebuke us today. What special political benefits can we possibly get? Why do you not "make your good deeds complete"? Why do you not keep up your courageous drive? After others had thrown things at those people, demanding immediate cash handout, did you not put forward the same demand immediately? Are you telling us that you will only do so once and for all? Are you saying that this is only a one-off act? Why can similar actions not be taken? You have told people in the communities that some Members want to stop them from getting the \$6,000. You have only told half of the story.

I now ask you this question: under the pressure of Article 51 of the Basic Law, will the Chief Executive hold further negotiations with you people? He will certainly do so because in case the budget is not approved, he must dissolve the Legislative Council. Incidentally, in that case, you people can get rid of the demons for the people. When the Legislative Council is dissolved, all those who aim to get short-term political benefits will be driven out. But you people simply do not dare to do so. All is just like what had happened during the "five geographical constituencies referendum". All are just empty talks. What have you been talking about? Are you not clamouring every day for universal retirement protection? Are you not demanding the resumption of the construction of HOS flats every day? Are you not urging the Government to look after the socially disadvantaged every day? You have instead rebuked other people. People only propose to make a second attempt. It is not good enough just to prescribe painkillers, a surgical operation is needed. But then, you people disagree, give me a pain killer first, and the operation can be done later. So, this is your problem, not mine, right? Buddy, our actions are all based on sound justifications. After taking the pain killer, you then ask them to be anesthetized for the operation. But after one has been anesthetized, you simply push him out of the hospital without operating on him. Buddies, have you anesthetized them?

This "ninth-type government" is ..... He has just left. If not, I will once again throw something at him. He is lucky to have left just in time. You people have been clamouring for a start-up fund of \$50 billion. But has the Government ever responded? You people in the pro-establishment camp or whatever camp it is, do you still want that \$50 billion? If so, just press the buttons before you, and the Government must give it to you. How can you be so sure that Donald TSANG is definitely not afraid of you? You have only been giving lip-service and cursing the emperor at his back.

All is so simple. The "ninth-type officials" in this "ninth-type government" have already left. They have all the time been cursing us and the masses. They claim that the masses are all dying, so give them painkillers. If the masses are so miserable that they must take painkillers to survive, what has the Government actually been doing over the past decade or so?

Donald TSANG has been talking about "getting the job done". This slogan should now be changed to "getting the good job". How come he has plunged the masses into the miserable state of depending on painkillers? If he had not received the support of the pro-establishment camp, could he have plunged the masses into the miserable state of requiring an operation? The Government must answer these questions.

SU Dongpi, I mean SU Dongpo, the poet, was on duty one day. It should be some day close to the end of the year. He was sad to see some people being arrested because they committed crimes to get food. Today, some people grumble loudly that we are standing in their way of getting the \$6,000. You are all responsible for this.

If they really intend to help the poor, why should they hand out \$6,000? I do not oppose handing out money; they may as well hand out money to all people. If they really intend to help the poor, why not hand out money to all people? In that case, poor people will not lose out because the distribution of money will not be regressive in nature. But the Government has not adopted this approach; it has instead chosen a discriminatory approach.

What did SU Dongpi (that is, SU Dongpo) say in his poem? He wrote: "Kept by official duties, I could not be home early on New Year's Eve. Pen in hand, I could not help sobbing and feeling sorry for the prisoner. Shamelessly, this ordinary man had broken the law just to pilfer some tiny rations. I have likewise missed many opportunities of retirement for the sake of my meager stipend. All men, wise or not, are just trying to earn a living. Who could release this man temporarily? I was ashamed to have let all past sages down." He was demoted to the rank of a petty official, but the plight of the masses nonetheless remained his concern. He did not think that he was any better than others. What are our government officials doing today? They are saying, "We have picked up others' ideas. You can now get \$6,000. Why don't you thank us?" How can they say anything like this?

Honourable Members, there is unquestionable and concrete evidence to show that "the opposition to the opposition", that is, those who claim that the opposition are wrong on every front, does not have any political sense and commitment. Am I correct? We must "strike while the iron is hot" in order to succeed! You people have already succeeded in your first demand for cash handout. If you people can join us in pressing the buttons to veto this \$50 billion package today, can he possibly refuse to submit another package? Do you really think that he is not afraid of having to form a new Legislative Council? Do you really think that he is not afraid of having to resign as the Chief Executive after being vetoed and fail to get re-elected? The only problem is that you people do not want to do so. Precisely, "you talk as if you are invincible, but you do not possess any actual capability". You are all like the Lord YE who professed to love dragons. I am very clear about all this. I also do not understand why the democratic camp does not explain this point clearly. By choosing not to vote for him, they are ..... The pro-establishment camp must not render mere lip-service. They must stage an uprising, an uprising for the people, so that we can all compel the Chief Executive to face the problem and then proceed to deal with the Chief Executive's "sworn brother".

If we win, I promise that I will not squeeze my way to the front. You people can all walk to the front. Therefore, all those who condemn us for seeking short-term political benefits must stop saying so any more. Go home and read Article 51 of the Basic Law, will you?

**MR WONG YUK-MAN** (in Cantonese): Deputy Chairman, let me first declare my position. I will not vote against this amendment. However, I will not abstain from voting either. I will vote for it. Mr Albert CHAN and I will both do so. Unlike some of those in the democratic camp who are too timid to raise objection and too narrow-minded to come to any compromise, we have long been advocating the proposal of handing out cash. Some people have criticized me for voting against the whole Appropriation Bill while voting for this particular amendment, saying that since I want to fell the whole tree, I should not expect to have any fruit to eat. I must say to them that the political reality is that this Budget will certainly be passed in the end. Am I correct? My reason for voting in favour of this amendment is that since 2008, we have been asking the Government to hand out cash. I have the record here.

In 2008, following the announcement of the 2008-2009 Policy Address, we already took to the streets and staged a protest outside the Government Secretariat, demanding a cash handout of \$5,000 to every one. After the announcement of the 2009-2010 Budget, I "stormed" the Financial Secretary in this Chamber, ripping a copy of his budget. Actually, before that, I had met with him and stated my views very clearly to him. At that time, he decided to inject \$6,000 into the Mandatory Provident Fund (MPF) account of each employee earning less than \$10,000 a month, and I gave him a big dressing-down. I can remember that my speech was entitled *John TSANG, you are really "bu gai"<sup>2</sup>*, and I delivered a 15-minute speech in Putonghua. I told him that under his approach of handing out money by injecting \$6,000 into each eligible MPF account, members of the public would not be able to withdraw any money until they reach the age of 65, so he would surely be cursed by all Hong Kong people. To my utter surprise, after doing so in 2009, he decided to do it once again this year, even raising the amount to \$24 billion in total. This matter alone can already lead me to conclude that this Government, or this Financial Secretary, is "hopeless". However, I have still exhorted him sincerely: "Financial Secretary, please hand out \$6,000, and also hand out an additional \$5,000 to everyone."

Before the announcement of last year's budget, we were not Members of this Council, but we still submitted our written proposal to the Financial Secretary, asking him to hand out cash. We have always been consistent in our words. Many people have criticized us for proposing to hand out cash, saying that this will lead to inflation, that cash handout is only a short-term measure which cannot really save people, and that the best solution is to build more public rental housing units and resume the construction of Home Ownership Scheme (HOS) flats. This argument is nothing but nonsense. How are the two issues related to each other? I do not think they are inter-related. It is a matter of extreme urgency to provide assistance, buddies. In this sense, handing out cash is the best solution. Initially, I only requested to hand out \$5,000, and a family of three would get \$15,000, which was quite a handsome amount of money to poor people. For middle-class people, they can use the money for paying rents and taxes, so as to meet their urgent needs. As for this year, in view of the higher inflation rate, we have even demanded a handout of \$10,000 from the Government. Why? Because the Government has a surplus of nearly \$100 billion.

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<sup>2</sup> "bu gai" in Putonghua means should not. The two words also sound similar to the Cantonese smear word which means "stumbling to death in the street".



I remember that before this Chinese New year, I sold books in the Lunar New Year Fair. I shouted myself hoarse, and in the end, I managed to sell 1 000 books and have raised \$180,000. The result was not bad at all. When I was selling books in the Lunar New Year Fair, I put up a talk show. I said that there was a surplus of nearly \$100 billion, so if I were Donald TSANG, I would hand out \$10,000 to everyone, to all people with a Hong Kong Identity Card, regardless whether he is a new immigrant, a permanent resident or a Hong Kong-born resident. All 7 million people will each get \$10,000, and the total amount required would be \$70 billion. I told my audiences that in that case, when Donald TSANG "retires", he would be well remembered in the days to come. His policy blunders and inadequacies, though many, would all be forgotten by Hong Kong people. They would only remember that before Donald TSANG stepped down ..... before his term of office expired, he handed out \$10,000 to everyone. I told my audiences that all Hong Kong people would call him "grandpa" because they are all materialistic and would forget all his mistakes. However, I added, given his personality, Donald TSANG would surely not want others to call him "grandpa"; he would rather be described as "bu gai". Therefore, he would not hand out \$10,000. However, we would still go to the Government Secretariat, requesting for the handout of \$10,000 to everyone. I do not want to repeat all the justifications here.

Recently, in residents' meetings or when we meet with elderly persons in the districts ..... Our office in Lei Cheng Uk Estate opened not too long ago, and on that day, some elderly persons gathered around me and asked, "When can we get the \$6,000, Yuk-man?" I suppose many Members also have similar experiences. This sum of money is very important to elderly persons. The Members belonging to the democratic camp have all left their seats, and they will abstain from voting later on. In that case, why do they not cast negative votes? Some Members belonging to the Democratic Party have openly opposed any cash handout. Then, why do they not cast negative votes? The reason is that in terms of objective effect, abstentions are just the same as opposition. I will not abstain. Let us see what they can do to me anyway. I will vote for the proposal. The meaning of this is very simple. I do not support the Government, but I will give it encouragement and courage, so that I can ask it to hand out cash again in the future. If the Government wants me to vote for the whole Budget, it must hand out more. Presently, it has not handed out enough. Since we propose handing out cash, naturally I cannot oppose it.

However, some people have questioned the wisdom of our stance. They have even accused us of suffering from schizophrenia as we would vote for this amendment on the one hand and vote against the Budget on the other. Mr Abraham SHEK described us as "political swindlers". It does not matter how we are described — "political swindlers" or politicians; we only want to fight for the well-being of the masses and the poor. The Government is now willing to hand out cash, and we of course welcome such a move. While we welcome this overture, we will still chide the Government all the same. This has nothing to do with schizophrenia. The reason is very simple. Politics are always like this. Some other Members are unlike us, however. They are too timid to raise objection and too narrow-minded to come to any compromise. They neither have the broad-mindedness to come to any compromise, nor the courage to stick to any objection to the end. In that case, what is the point of raising objection? "They are neither ghosts nor humans", I should say. When the time for voting on the Budget comes, I will vote against it because the Government has still failed to do many things.

Some people are perplexed by our proposed amendments on deleting certain estimated expenditure items. Honestly speaking, in the context of the Hong Kong Legislative Council, whatever a Member wants to do — deleting an expenditure item or opposing the Budget — there can only be one result: futility. The reason is that we are not large enough in number. Am I correct? What we want to do is just a form of political declaration — a political declaration for our constituents, and a political declaration of our political party's political convictions. We cannot allow ourselves to say anything today that will overturn what we said yesterday. Mr Fred LI is an example here. As the Chairman of the Panel on Food Safety and Environmental Hygiene, last year he supported the Government's introduction of a licensing system for regulating columbaria, in particular privately-run columbaria. He supported regulation and enforcement by stipulating Schedules 1 and 2, and so on. However, recently, he showed up in an unlawful columbarium to indicate support. A government official then hastened to remind him: "Mr LI, you cannot do so. The columbarium is unlawful, and it does not have ....." Hearing this, he immediately retorted: "What? Why don't you arrest them if the establishment is unlawful?" How ridiculous! This is only one example. He has been working as a Legislative Council Member for some 10 to 20 years, but he still behaves like this.

Therefore, when I raised the issue of columbaria with the Secretary at the meeting of the Panel on Food Safety and Environmental Hygiene yesterday, I told

him that he could not possibly solve the problem. I told him that the problem was much too complicated, to the extent that he would never be able to solve it. Well, due to public outcries, he first produced a consultation document and then talked about the enactment of legislation. Now, he has mentioned the need for conducting a second round of consultation at the end of this year. This in effect means that this present government will no longer have to do anything more during its remaining term of office. I hope my guess will not come true. Once again, all is just a delaying tactic, right? All is just intended to appease you people.

By telling him that it was impossible to solve the problem, I actually wanted him to act carefully. How can he possibly deal with all these unlawful columbia? He wants to offer exemption to some, but in that case, others will certainly grumble loudly, right? The reason is that very huge interests are at stake, and residents in the vicinity will also be affected. So, it is a very thorny issue, but inaction is not possible. Therefore, he has put up all the shows, pretending to put the issue on his agenda. Following this, he will simply let the matter drag on and leave it to the next government. This is also the case with many other policies, right?

I do not bother to guess why the Government is willing to hand out \$6,000 to everyone this time. However, last time, I already mentioned that if "grandpa" had not stepped in, how would the Government ever steer a U-turn? Oh, Secretary Prof K C CHAN is now coming into the Chamber. By the way, since the start of this debate, there have only been a handful of Members in the Chamber all the time. The Secretaries of Departments were here this morning, but they are all gone now. Why do they not stay here to listen to Members' speeches? I suppose that is because they think that we have just been repeating the same old points. Therefore, they do not find it necessary to stay here to be chided by us. So, they have all left. They simply do not respect this legislature, right? We criticize them because we want to monitor their work. But anyway, they do not need to worry because all our criticisms will be to no avail. "Advice heeded but actions as usual". It has always been like this. However, the case is different this time. There is an abrupt U-turn — absolutely shocking, unprecedented and dramatic. Many of you sitting here could never have dreamed that he would really hand out \$6,000 in cash. Frankly, you could never have imagined this, neither do I. Right? He is really going to hand out cash!

Alright, he is now really willing to hand out cash, so why are there still so many noisy disputes? We still want to make noises not so much because we object to his handing out of \$6,000. Rather, it is because we think that the problem is not with scarcity but with uneven distribution. That will not do either, and people will still make criticisms. However, I myself have not criticized the Government. I welcome the proposal instead. Therefore, I told the Secretary just now that I would vote for this amendment. Hearing this, the Secretary remarked that I saw only the trees, not the entire jungle. He said that if I wanted to fell the whole jungle, I could not possibly expect to have any fruit. From his position, this viewpoint is not entirely without any justifications. However, my intention is just to encourage him to go on. It will be wonderful if he can hand out more money, right?

Just look at the relevant statistics, and we will understand the situation. Do you know how large the poor population in Hong Kong is? Do you know how many poor people there are? Some critics have said that some people do not actually need the money, but now they are forced to accept it. To these critics, I would say that he who does not need the money may donate it. On our part, we will donate the tax rebate of \$6,000 and the cash handout of \$6,000. Anyone who does not need the money may likewise donate it. But to those in need, this \$6,000 is very important.

An "auntie" once told me, "Yuk-man, by scavenging cardboard for a whole month, battered by rains and the scorching sun, I can only earn several hundred dollars. If I am given \$6,000, I need not scavenge any cardboard for one whole year." Such words are really heartbreaking. Such people really need this sum of money, right? In our society, the rate of the poor population was already as high as 18% in the first half of this year. There has been a rise of 1%. In other words, 18 in 100 people in our society are poor people. But our per capita income, on the other hand, ranks among those of the most advanced countries and places in the world, being as much as some US\$30,000. And, our wage-floor is only \$28 per hour.

Since the Government is now flooded with cash, it should do as much as it can. Regarding the disputes over the new immigrants' eligibility to get the cash handout, there is a social division and our ethnic groups have been torn apart. Recently, anti-new immigrants groups have become quite a formidable force in some discussion forums on the Internet. People have been arguing bitterly with

one another. Who have created such a situation? Are new immigrants not Chinese people? Some people have boarded the bus, but why must they ask the driver to skip the next stop? Did their fathers not come from the Mainland as well?

Mrs Regina IP is now in the Chamber. She should know best what happened years ago. The 1.67 million ..... In 1999 ..... The Court of Final Appeal ..... Have the 1.67 million people all come to Hong Kong? The Mainland Government has decided to be lenient to the over-age Mainland children of Hong Kong people, because the daily quota of 150 entrants is not used up, and only several dozen people come every day. Before the reunification, the numbers of entrants were of course very large, right? State security people, public security people, people in charge of window companies and even secret agents all made use of the daily quota of 150 persons. All of them have already come to Hong Kong by now.

Some people have been talking about the conspiracy of the Mainland Government. They claim that if the 150 places are all allocated to over-age children, the democratic camp need not run in future elections because all votes will go to the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB). I do not believe that this will be the case because I think we should not be over-anxious. After these people have arrived at Hong Kong, they will see the contrast with the Mainland. They will agree that we enjoy more freedom, unless they have a "sacred mission" and must vote as directed. I frankly do not believe that they will not change.

Recently, a columnist called CHAN Wan has been discussing this point. He says that new immigrants are all ungrateful people. Such discussions and controversies in Internet forums have already split our society. The handout of \$6,000 has likewise caused a division, right?

I have been participating in the work of the Subcommittee to Study Issues Relating to Mainland-HKSAR Families. Honestly, at every meeting, I will hear single mothers cry. Such scenes are unique in Hong Kong. In a case in which a mother has two sons, aged eight and 12 respectively. She is not a Hong Kong resident, but she was married to a Hong Kong resident. The Hong Kong resident either died or abandoned her, hence she cannot get the One-way Exit Permit. Her two sons are eligible to receive Comprehensive Social Security Assistance (CSSA), but the three of them must live on the CSSA rates for two.

As she only holds a Two-way Permit, she must travel between Hong Kong and the Mainland in order to look after her sons. Under the existing legislation, we are unable to give her any assistance. Therefore, we have been asking the Government to offer more welfare assistance and negotiate with the relevant Mainland authorities on discretionary treatment. Honestly, how many such cases are there in total? I think that the number should be something like 7 000 or 8 000. Why is it impossible to resolve these cases? On the one hand, the Government has been consciously or unconsciously smearing the compatriots from the Mainland. In the past, for example, those Mainland people who were rich, and could afford to buy a housing unit in Hong Kong worth \$6 million, would be permitted to become permanent residents. As for those who did not have \$6 million, such as the single mother whom I have mentioned, they have to wait ..... Such people simply cannot see any ray of hope, they simply do not know when they can stop travelling on Two-way Permit and settle down in Hong Kong to take care of their children. They must wait endlessly. The Government has been trying to alienate the compatriots from the Mainland. Some people argue that this is actually the case all over the world. All over the world? They are all foreign countries. But this is the Hong Kong Special Administrative of the People's Republic of China (*The buzzer sounded*) .....

**DEPUTY CHAIRMAN** (in Cantonese): Mr WONG, time is up.

**MR PAUL CHAN** (in Cantonese): Deputy Chairman, I have expressed some views on the Budget on several occasions, especially during the Budget debate last week. I will not repeat what I said. Tonight, I will just say a few words about the amendment that we are debating.

This amendment seeks to increase head 106 by \$7,100,000,000 in respect of subhead 789. The Government explained that an additional \$7.1 billion is required since a handout of \$6,000 will be given to everyone instead of an injection into the MPF accounts. However, if we make some calculations, we will find that it is not quite right. How come? According to paragraphs 46 to 48 of the Financial Secretary's speech today, 6.1 million people will benefit. Let's just talk about the general figures. Assuming that 6 million people will receive \$6,000 each, it will involve \$37 billion. If we add the \$1.5 billion to be injected into the Community Care Fund for the cash handouts to the new immigrants, it would be \$38.5 billion in total. If an injection is made into the

MPF accounts, it would benefit 4 million people. At \$6,000 each, the total amount would be \$24 billion. This means that the Government should be asking for \$14.5 billion more. How come it is only asking for \$7.1 billion? I will talk about this later.

With regard to the handout of \$6,000, I wish to convey the views of some people I have been in touch with. For some low-income individuals whom I have talked to, such as cleaning workers, they are certainly delighted with the handout. If both husband and wife are cleaning workers, they will only earn about \$12,000. They would certainly be happy to be given a handout of \$6,000. When my friends in my professional constituency meet, they often talk about this Budget. They think that since there is such a big surplus and fiscal reserve, there is no harm in giving people handouts to ease their financial strain. They do not have great objection. However, these professionals have two points to make. First, there is still a lot of long-term work to be done. Second, this measure is not targeted. If you give money to those who do not need it, not only will they not be thankful, they will scold you — Deputy Chairman, I do not mean you, I mean the Government. They think that the Government has failed to address some long-term problems in Hong Kong.

Apart from the professionals, young people — my son and his friends — also have some objections to the Government's handing out of \$6,000 to everyone. They think that it should not hand out money indiscriminately. Let me stress that young people of the "post-80s" may not be as happy about the handout of \$6,000 as the Government may think. Once they have given some thought to fundamental and long-term issues as well as certain principles, they will find that this measure will give rise to problems. Thus, with regard to the measure of handing out \$6,000, I reiterate that this must not be repeated. Regarding the Government's previous measures of tax rebate or rates reduction, I have repeatedly criticized them as being not targeted. I very much hope that the SAR Government will learn a lesson and formulate targeted and strategic measures in future.

Deputy Chairman, the second point I want to make briefly is whether we should give handouts to the new immigrants and if so, how much. I cannot help but ask if this handout of \$6,000 is meant to be a "refund" or an allowance to help those in need. By "refund", I mean is the Government returning money to those who have paid excessive tax? Tax rebate is already a way of returning tax money to those who have paid it. There is tax rebate on salaries tax. However,

all permanent Hong Kong residents aged 18 and above holding an identity card are entitled to the handout of \$6,000. Thus, strictly speaking, it is not a "refund". To a certain extent, it is a handout to make everyone happy.

As I recall, after the Budget was announced, a number of Members raised serious objections and there were also considerable repercussions in society. When we met with Secretary John TSANG, many colleagues pointed out that this Budget had left out some people, especially the "three have-nots" and the "five have-nots". I recall that Ms LI Fung-ying, who did not have time to meet with the Secretary that day, asked us to raise this point. The "three have-nots", "five have-nots" and housewives do not have MPF accounts and most of them, including the retired elderly, are in need of help. Thus, there are special circumstances for handing out the \$6,000 to them. When the suggestion was made to hand out \$6,000, we were thinking of those in need. I believe many of us who were there that day probably had no idea that the Secretary would announce a handout of \$6,000 to everyone.

As for the new arrivals and new immigrants to Hong Kong, I share the view of Mr WONG Yuk-man. We must remember that Hong Kong is an immigrant city. Most of our elders and parents were once new immigrants, and they lived in hardship when they first arrived. If the Government had the means to give them cash handouts at that time, they would have been overjoyed, even though it would be just a temporary relief. We should try to put ourselves into others' shoes. While it feels great to have money, we should also care about the people around us. This kind of compassion is very important. Although they are new immigrants, they are also one of us and part of society. If the purpose of the handout is to help those in need, the majority of them are exactly people in need. If we are giving handouts, how can we not give it to them? There is nothing wrong with giving them handouts. After all, it is "money to make everyone happy".

Deputy Chairman, my third point is to explain why I said the additional amount of \$7.1 billion the Government is asking for is wrong. Deputy Chairman, in paragraphs 46 to 48 of the Financial Secretary's speech, he mentioned that 6.1 million people would benefit from the handout of \$6,000, which would involve \$37 billion. However, he has only earmarked \$29.6 billion for it. In other words, he did not reserve enough funds. This also brings out one issue. After his announcement of the \$6,000 handout, many people kept asking how and when the Government would give out the \$6,000. In fact, the



janitor of the building where I live and others made very concrete suggestions to me and asked me to tell the Secretary. They said that since the Government was able to issue new identity cards to residents in separate stages, there is no reason why they cannot find a way to give the handout.

I wish to point out that since the Government has earmarked \$29.6 billion, it does not expect to give \$6,000 to all eligible people this year. First, it would be ridiculous if the Government cannot even accomplish such a simple administrative task. Second, the political reality is that if it cannot distribute the \$6,000 to all eligible people, we would have serious doubts about the governing ability of the SAR Government. Therefore, I urge Secretary K C CHAN to tell the SAR Government again that it would be best to hand out all of the \$37 billion in the coming financial year.

Deputy Chairman, if it has to finish distributing the money, would the additional \$7.1 billion be sufficient? Actually it may be sufficient. The Government has made a lot of allowance for itself in the Budget, earmarking \$51.7 billion for head 106 in respect of subhead 789. I have asked a written question as to what the Government intends to do with the \$51.7 billion. How are we supposed to approve such a large sum of emergency funds? The Government replied that \$24 billion would be injected into the MPF accounts, \$1.221 billion were earmarked for the Work Incentive Transport Subsidy Scheme, while \$5 billion would be injected into the Community Care Fund, and \$100 million were earmarked for Legal Aid Schemes. Together, they add up to \$30.3 billion. This means that an extra \$21.4 billion have been reserved. Later, the Government explained that the sum would be used for any adjustments in civil servants' salaries. Considering that the Budget has made such a big allowance, even though the Government is merely asking for an extra \$7.1 billion, I think it would be enough for it to hand out all \$37.1 billion in this financial year. I just wish to reiterate that I very much hope the SAR Government can implement, without procrastination, the announced "cash handout" measure in this financial year, whether it involves the handout to the ordinary people or to the new immigrants who would benefit from the Community Care Fund.

Thank you, Deputy Chairman.

**MR JEFFREY LAM** (in Cantonese): Deputy Chairman, the Government's unprecedented proposal to give cash handouts to the public has aroused great controversy. Certainly, when the Administration initially proposed to inject \$6,000 into every MPF account, it had failed to grasp public opinion. However, after listening to our views and the public's views, the Secretary changed his mind and decided to give a cash handout of \$6,000 instead in response to people's expectations and needs. While we may have different views about the Government's handling of this matter, it is undeniable that given the recent steady rise in inflation and the rising retail prices of all commodities, the \$6,000 can be a timely help to the people.

That is why the Economic Synergy supports this amendment and hopes that people in need will be given \$6,000 as soon as possible to cope with the pressure of inflation. As for those with no urgent needs, I call on them to donate the \$6,000 to help more people in need.

Even at the risk of sounding "long-winded", I have to ask the Government again to announce, as soon as possible, the details of the handout. It has been more than a month since Secretary John TSANG announced the cash handout measure. Every time I attend any function, people and friends would ask me when and how the \$6,000 will be given out, and I cannot answer.

Even the amendment submitted by the Government to the Legislative Council only contains simple information on the sum of appropriation, and the Government has not disclosed how and when the money will be given out. I understand that handing out \$6,000 to several million Hong Kong people at the same time involves a lot of administrative and technical problems, which must be studied and handled carefully. The Secretary also mentioned the issue of privacy, which must be dealt with cautiously. I hope the relevant problems can be solved quickly. Many people would like to get the \$6,000 as soon as possible to meet their needs. That is why I hope that while proceeding carefully, the Government should speed up its work and announce the timetable and details of the handout, so that people would have an idea.

Deputy Chairman, the amendment also involves injecting \$1.5 billion into the Community Care Fund (CCF) to help new immigrants. I hereby declare that I am a member of the Steering Committee of the CCF.

Should the Government give cash handouts to the new immigrants? There are different views in society and some think that this will deepen the divisions in the community. I hope members of the public will not differentiate between Hong Kong people and new immigrants, or between old and new immigrants. We are all residents of Hong Kong.

The allocation of resources by the Government has to adhere to certain principles. There are some groups who cannot enjoy equal benefits. We should try to think of ways to help these people in need. Confrontation and mutual accusations would not help to solve all problems in society.

I and other members of the Steering Committee of the CCF will conscientiously and carefully study the matter of providing proper support to all those in need, including new immigrants. We will hopefully announce the good news to those in need soon.

Deputy Chairman, I so submit.

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

**DR MARGARET NG** (in Cantonese): Deputy Chairman, I rise to speak because someone has to point out that this is the first time since the establishment of the Special Administrative Region that the Government has amended the appendices to the Budget. Actually, the appendices to the Budget can be amended by law. There is nothing wrong with amending it. Unfortunately, this is the first time that the Government has made amendments in such a way. The amendments were made hastily, without careful consideration or undergoing fair and open consultations. Of course, the Government made these amendments shortly after the Budget was announced. But even within such a short time, it could have done a better work.

This unprecedented measure reflects that under the present system, the Government has formed a bad habit. Instead of making decisions rationally, it does so merely out of political considerations. When a policy needs to be introduced quickly, it is announced without any concrete details or careful thoughts. This amounts to "promise first, study later". No one knows how many loopholes will have to be filled later. What tactics did they use? They

used political intimidation. Everyone likes "cash handouts", if you do not support this measure, you are against the people. Actually, the Government knows very well that this is done out of political considerations. If the pan-democrats oppose it, it would be for the sake of short-term political gain. This is totally contradictory. How can you reap short-term political gain if you are standing on the opposite side of the people? The Secretary is an educated man. How can you say such a thing?

What is wrong with this kind of measure? Deputy Chairman, in my speech during the resumption of the Second Reading, I already pointed out that there was no real need to give "cash handouts". However, there must be some reasons for giving "cash handouts". On what basis are you giving them? What are your policy objectives? This is very important. As Mr Paul CHAN said, if it is some kind of refund, you will take some things into consideration. If it is a measure to alleviate poverty, you will give the money to someone else. Why are these considerations important? In fiscal management, we must try to avoid wasting money. If you do it hastily, you will waste a lot of money. As evident from this measure, the Government has already formed a bad habit.

We have already seen some hasty decisions made by the Government. In 2008, the Government wanted to donate \$10 billion to Sichuan for disaster relief, which aroused strong objections from society. This is because at a time when local residents were suffering from so much hardship, the Government wanted to donate \$10 billion for disaster relief, while refusing to implement many measures to relieve people's hardship. As a result of such objections, the Government hastily decided to spend \$11 billion to relieve people's hardship and introduced a series of measures.

In reviewing the previous information, I found a report with the following description: Chief Executive Donald TSANG announced, at the last Chief Executive question time at the Legislative Council, the allocation of \$11 billion for relief measures, \$1 billion more than the funds for disaster relief. As pointed out by some scholars and Members, the Government's unprecedented decision to apply for huge funding to relieve people's hardship outside the time frame of the policy address and budget was made entirely out of political considerations. The goal was to overcome Legislative Council's resistance to the Government's application for disaster relief funds for Sichuan. That was why some people say that the Government's move this time was made purely out of political consideration. This comment did not come not from the pan-democrats, but

from Prof Francis T. LUI, Director of the Center for Economic Development, The Hong Kong University of Science and Technology. Many scholars said that the Government was "giving cash handouts to buy public support".

What is wrong with "giving cash handouts to buy public support"? It means that the money is being misused. In order to give out the \$11 billion quickly, the Government chose to do some simple tasks. That is how the term "three have-nots" (non-CSSA recipients, non-homeowners and non-taxpayers) came about. While these people were the worst off, they did not fall into any of the categories set by the Government and could not get any of the money for relieving people's hardship. Thus, while a lot of money was spent at that time, those most in need did not get any help.

Deputy Chairman, the reason I brought this issue up is to show that when you do something hastily and spend lots of money out of political considerations, it will always produce the worst outcome. Not only has money been wasted, you fail to help those who are most in need.

Deputy Chairman, actually I have no wish to be tedious and to refute what some people said. Still, I feel there is a need to set the record straight. Mr Albert CHAN said some pan-democrats, especially Mr Ronny TONG, have a very peculiar stance. He said that "you cannot object to the Financial Secretary's sudden change of mind on the one hand, and make so many demands on the other." Actually, the logic is quite simple. Why did the pan-democrats make those suggestions to deal with long-term problems? Because if the Government wants to spend money like this, it might as well spend it on more important matters. What is so illogical about that?

Deputy Chairman, we have already made many suggestions and I have no wish to make the debate even longer. However, I wish to make it clear that we cannot oppose the amendment to the appropriation, because many people can only get help through this means. Nevertheless, it is a very wasteful means to help them, because you are giving handouts to 10 people, and only two of them are in need of help. This goes against the principles. We really feel it is not worth breaking with conventions to do this.

Therefore, while we should not prevent people in need from getting the money, we can hardly support this measure that goes against all principles of prudent fiscal management and is also a waste of public money. Deputy

Chairman, it is very unfortunate today that the Financial Secretary has moved an amendment for the first time under these circumstances and sparked such controversy in society.

Deputy Chairman, lastly, I want to say a few words to the new immigrants. How come there are so many new immigrants in Hong Kong? Hong Kong residents are partly to blame. Many mothers come from the Mainland to Hong Kong because their husbands want them here to take care of their children. Thus, they are making an important contribution to Hong Kong. However, we say that because they are new immigrants, they will not get any handouts. This is a double insult to them. In particular, I object to Secretary K C CHAN's saying that this is because of legal reasons. Who should get the cash handouts and how to hand out money is a matter of government policy. Government policies should have reasonable targets, and they should be implemented through means that would achieve the reasonable targets, rather than through the law. Which law states that cash handouts should be given to permanent residents? Therefore, do not use the law as an excuse. We are talking about the Budget and how to use public money.

Deputy Chairman, that is all I have to say. We have tried our best to do what should be done and to convey our position to the community. We are not concerned about whether we will gain or lose politically. We just want it to be put on record. We have done what could be done. Now, we have to put the past behind us and deal with the future and what the Government plans to do. Thank you, Deputy Chairman.

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

**MR TAM YIU-CHUNG** (in Cantonese): Deputy Chairman, during the Second Reading of the Appropriation Bill last week, we already spoke at length about the relevant issues. Hence, I will now comment on the amendment to the Bill on behalf of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB). The DAB supports giving the cash handout of \$6,000.

Over the last couple of days, many people have been quite concerned whether the Budget can be passed. They are concerned because this is the first time that the Budget has provided for a cash handout. This shows that many

people are happy about the handout of \$6,000. That is why they are paying close attention to when they can get the money. The Government is now making preparations. We suggest that the Government should make good preparation. Once it is ready, it should give out the money as soon as possible. If it is not yet ready, it should get ready as soon as possible. Otherwise, any flaws in the process of giving out the money would mar what should have been a happy event. I hope the formalities will be simple so as to make it easy for the people. The Government should keep this in mind.

I heard some Members opposing the \$6,000 cash handout to the need for long-term planning by the Government, especially in terms of welfare, in their speeches. They seem to imply that giving the \$6,000 cash handout would exclude the other. Mr Alan LEONG, in particular, repeatedly quoted some residents, saying that they would rather have more places in residential care homes, small class teaching, retirement protection and improvements in healthcare, than getting \$6,000. I do not think the two have to be mutually exclusive. Actually, the \$6,000 handout would also help the so-called "n have-nots" to a great extent. Very often, they might not be able to get anything in the past. This is what we often point out. But this time, the majority of them may be covered, because we are using the simplest and most general criterion.

As for long-term planning, especially in terms of welfare, the DAB has always asked the Government to do so, rather than only do a little when the coffers are full. The Government must have long-term planning, at least planning for five years. However, giving the \$6,000 cash handout does not mean it will do nothing else. I do not think this is the Government's intention. Moreover, we will continue to urge the Government to undertake planning in areas such as healthcare, welfare, housing, the environment and education, as well as improve the relevant policies. Thus, in this respect, I do not think we should regard the two as mutually exclusive. We have presented this argument before. I am just taking this opportunity to reiterate it.

Dr Margaret NG suggested that giving the \$6,000 handout seems to be a waste of money. Of course, some measures to help the poor or relief measures are sometimes targeted. This time, the measure is more general and applies to almost everyone. I do not think this is necessarily a waste of money. While some people do need the money urgently, others may not have such needs, but still they can use the \$6,000 for other purposes, such as donating it to those in

need, or supporting some organizations to relief people's hardships. It would be meaningful to put this sum of money to such use. It depends on how you spend it. Hence, it is not necessarily a waste of money.

As for the question of permanent and non-permanent residents, the Basic Law also contains provisions that treat them differently. One simple example is political rights. Those who have not been residing in Hong Kong for more than seven years do not have the right to vote. Is this a kind of discrimination? I do not think so. You have to treat permanent and non-permanent residents differently in some matters, such as political rights and the right to certain welfare. But they will have the same rights sooner or later. Once they become permanent residents, they will enjoy the same rights. There may be a transition, and I think that such transition is reasonable and legal. That is why we do not see it as something unacceptable. These kinds of things happen in real life.

After the Budget was announced by the Financial Secretary, it has provoked different reactions. However, he managed to listen to public opinions and accept good advice in a short time, thereby making this amendment. I think this is a rational move, rather than suddenly doing something irrationally. After listening to people's views, he managed to make amendment to rectify the arrangement that people were unhappy with. This is a sign of his courage and commitment as the Financial Secretary. That is why the DAB supports giving the \$6,000 cash handout.

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

**MR WONG KWOK-HING** (in Cantonese): Deputy Chairman, the Hong Kong Federation of Trade Unions (FTU) supports the Government's amendment to increase the appropriation in order to give a cash handout of \$6,000. Deputy Chairman, after the Financial Secretary announced the Budget at the Legislative Council one month ago, the Legislative Council has been split into two camps. The focus was on the proposed injection of \$6,000 into every MPF account, which met with public disapproval. One camp got lucky and used this as an excuse to oppose the Budget and as the best weapon of incitement and protest to demand the resignation of the Financial Secretary. Thus, from 6 March onwards, they organized marches every Sunday, culminating in the final march on 10 April, demanding the resignation of the Financial Secretary. That was



what one camp did. The other camp in Legislative Council is the pro-establishment camp. We felt that the Government was not doing enough in this respect and we strongly disapproved. That is why the FTU urgently asked to meet with the Government on 25 February and 26 to put forward our demand. On the night of the 26 February, the Government finally agreed to meet us. As a result, a meeting was held at 2.30 pm on the 28 February.

During the meeting that lasted an hour or so, we expressed our views strongly. I will only mention the three points that the FTU raised: first, we opined that if the Government were to inject money into the MPF accounts, it would not be immediately accessible and could not help people fight the current high inflation; second, many employees who do not have MPF accounts, in particular civil servants and teachers, had strong objections to this measure; third, how would the Government help the so-called "n have-nots" who are in financial difficulties? We asked the Government to consider these three points. I would not repeat the points raised by other colleagues. We were pleased that the Government was willing to consider them.

Later, on 1 March, the Government replied that it would be willing to meet with us to discuss the results of its deliberations. Hence, we met with the Financial Secretary in the morning of 2 March. The Secretary put forward three modes of making changes. We welcomed the Government's willingness to take on board the views that we reflected and make amendments to accommodate public opinions. In the history of the Budget, we have rarely seen the Government willing to make such substantial amendments and changes.

That is why we consider that the Government is willing to hear and has heard the views of Hong Kong people, and has responded positively. Today, we are quite proud of being Hong Kong people, because the Government is willing to listen and has finally agreed to change.

Deputy Chairman, I sincerely hope that when the Government implements this measure of giving a \$6,000 handout and various relief measures, it will have learned a lesson from its mistake of provoking people's resentment that I mentioned just now. It must listen to public opinion about how to properly distribute the handout, in order to minimize dissensions and divisions. Therefore, I wish to take this opportunity to reiterate a few points that we would like the Government to consider.

First, in terms of the age requirement of 18 years old and above, I very much hope that the year 2011 will be used as the dividing line for all birthdays, so that the handout would be a sort of birthday present for young people. Second, we should consider those who have MPF accounts but are under 18 years of age. Originally, they were entitled to the \$6,000, but now they got nothing. What should be done? Should there be some relaxation measures? Please think of some measures.

Third, I wish to talk about the proposal that people have to undergo a means or asset test in order to be given handouts through the Community Care Fund. Actually, various criteria are currently adopted in assessing eligibility for public housing, the Work Incentive Transport Subsidy, and so on. I hope the Government will choose the greatest common divisor in order to help the largest number of people, and to adopt the least strict criteria to minimize resentment and discontent. I made these three points in the last debate. I reiterate them today in the hope that the Administration can take them seriously into account and do a better job, in order to avoid stirring up more controversy. I hope the cash handouts will make everyone happy, instead of causing new problems and new dissent.

I earnestly hope the Secretary will listen to views carefully and learn a lesson from last time. Even if you have a preliminary plan in hand, could you listen to people's views first? I hope the Government will take this into serious consideration.

Deputy Chairman, I have paid careful attention to the speeches of colleagues in today's debate on the Government's amendment. This amendment proposed by the Government has taught us a very good lesson, which both the Government and Members, as well as political parties, political groupings or independent Members should learn from. What lesson is that? We should listen patiently and attentively to people's views in order to improve governance and make sure that government policies stay close to public opinion.

There is a saying that "while the waters can keep a boat afloat, they can also overturn it". How come the Government was able to change its course this time? It is because of the people's views and their dissatisfaction. It is the "water" that made the Government change. It is a good thing that the Government is willing to change and we should welcome it. It is a good thing that the Government is willing to change its mind. That is the goal we try to

achieve in supervising the Government and urging it to improve its governance. Is it not a good thing that we have achieved this goal?

Deputy Chairman, the reason why I quoted the saying "while the waters can keep a boat afloat, they can also overturn it" is that many colleagues who spoke in Legislative Council today have demonstrated a turnaround. We are amazed at the complete change of stance of many Members. Many of them have criticized the Financial Secretary for making a 180 degree change within three days. But the same goes for the representatives of political parties and Members who have spoken today. After raising their fists high, they have put them down quietly. It is remarkable. For instance, Members from the pan-democratic camp have all along opposed the Budget and urged the Financial Secretary to resign. They said they would find someone to replace the Financial Secretary through an open recruitment, and organize a "Bauhinia Revolution" to echo the "Jasmine Revolution". However, no one mentioned anything about "resignation" today. Nor was there any mention of open recruitment. Can they recruit someone? The "Bauhinia Revolution" is also gone. They raised their fists high and then put them down quietly. Just like what Mr WONG Yuk-man described, they have "neither the guts to oppose nor the ability to compromise".

Moreover, one colleague or political party leader said the Financial Secretary's change is comparable to a breakdown of the "norms of etiquette", and that he is sabotaging the system and the rule of law ..... This is not the rule of law, but rule by man. He said the Secretary is not abiding by the system and the rules. This is pretty high-sounding. He is saying that the Financial Secretary is breaking the rules. But when the Secretary accepts the suggestions and is willing to make amendments, they oppose again. What exactly do they want? I do not know whether these colleagues want the Secretary to abide by the rules and not accept any suggestions, or they want the Secretary to accept the suggestions and amend an inappropriate measure. Actually, they want both, but they choose whichever option the circumstances call for, and use the other as an excuse to attack the Secretary. They apply double standards and use straw man arguments. However, it is good that they have turned around and chosen to abstain instead of voting against the amendment today. They have invented an excellent excuse and that is, one should not throw the baby out with the bath-water. They said the cash handout of \$6,000 would also help those in need. I think this is a good thing, and I applaud their turnaround.

Actually, many Members from the opposing side have toned down their words, their slogans and their opposition, and they have chosen to abstain by offering different excuses. I think it is a good thing and I welcome it. In fact, everyone has to take the people's interests and views into account. None of us can always be right. As Legislative Council Members, we should be rational about government policies and be guided by public opinion. If the people think it is right, we should support it. If the people think that it is in their interest, we should amend the incorrect or inappropriate suggestions, stance or words. This is actually a good thing.

Deputy Chairman, regarding this historic amendment to the Budget, senior officials and the Government should really learn a lesson. They should base their policies on the people and stay close to public opinion and not stray away from it. Otherwise, they would be acting inappropriately. Whether returned through direct or indirect election, or by functional constituencies, we as Members should also listen to public opinion and be guided by the people. If the Government is doing the right thing, we should firmly support it. If the Government is not doing enough, we should criticize it and put forward our demands strongly.

I admire Mr WONG Yuk-man. Today, he declared loud and clear that "we will vote for this amendment". I think this is great. The pan-democratic camp should follow his example and have such courage. If you have the people's interest at heart, you should not just criticize officials all the time. We ask officials to listen to public opinion. We Members should do the same. As legislators, we should speak what is right and just.

That is why we really hope colleagues will support the Government's amendment in this matter and not abstain from voting. Let us give the Government our firm support and distribute the \$6,000 handout as soon as possible to help Hong Kong people fight inflation.*(The buzzer sounded)*

**DEPUTY CHAIRMAN** (in Cantonese): Your time is up.

**MR ABRAHAM SHEK** (in Cantonese): Mr Secretary, today, many Members have spoken on your amendment. The debate was much more meaningful than the one on the amendment this morning, and of a high standard too. Even

though a number of colleagues may not support your amendment, their views must not be ignored. They brought out many fundamental problems in Hong Kong from different angles. This is what the Government and Hong Kong have to face.

They have proposed all kinds of long-term plans. Although these cannot be handled in the present Budget, the future Chief Executive should take into account their views in his/her future policy address. I think this is very important. The pan-democratic Members represent hundreds of thousands of voters. We cannot say they oppose for the sake of opposing. They have their arguments. We should understand and accommodate them.

Many colleagues say the Secretary has done a U-turn. Actually you did not do a U-turn. You have only changed the mode of giving handouts. Many people cannot understand why you did a U-turn. Thus, I hope the Secretary can give some explanations in his reply to Members later on, such as responding to the points raised by Margaret. I have said repeatedly that you must not only tell Members about your prudent fiscal management principles. You must tell all Hong Kong people that your prudent fiscal management principles have not changed. You have adhered to them in the past, you are still adhering to them. I hope you will continue to adhere to them in future. I believe you will do so.

That is why it is quite clear that you are giving the \$6,000 handout to share the surplus with the people. Second, it is quite clear that while drafting the Budget, you did not just listen to the people's views over the past few days. In fact, you have been listening to their views for a long time. You did well to go on TV to advertise and meet the people out there. You have the courage to come out and listen to people's views. There is no great difference between your first and second budgets. As I said just now, the methods are different, but the principles are the same.

From this, we can see that the Government and the people are taking the same road. The question is how we should change. In terms of problems such as housing, the wealth gap and the elderly problem the community is now facing, it is time to change and adjust our policies in these areas.

As for the \$6,000 handout, I feel it is a bit inadequate, since the \$6,000 will only be given to Hong Kong residents, while new immigrants, that is, non-permanent residents, will not get it. I think this is rather unfair.

When the Land Development Corporation (LDC) was set up more than a decade ago, the Government asked us to resettle the residents affected. At the time, there were many new immigrants living in the old districts. If the Government was responsible for resettlement, they would not be resettled, because they had not been residing in Hong Kong for more than seven years. However, the LDC made a decision to resettle all legal residents affected, whether they had been residing in Hong Kong for more than seven years or not.

This shows that if you use the law as the basis, it is only the most fundamental, even if it is right. Aside from the law, it must also be reasonable. While it is right to keep to the law, it is not a bad thing to go a few more steps. Everyone in Hong Kong should adhere to the principle of fairness, justice and openness in order to create a truly harmonious society.

Your decision to give a cash handout of \$6,000 to the people by a different method is a political one. It is the right thing to do. Whether through an injection into the MPF accounts, or by giving cash to people aged 18 years and above, the \$6,000 will be given to the people, and you will be solving the biggest problem in society. If you think there could be disharmony in society and you want to create harmony by giving \$6,000 each to all 6 million residents, why not do so? It is the right thing to do. If a disturbance is caused because someone is injured or killed, it will result in social unrest. You are not giving the money out of fear, but in order to achieve social stability and harmony. This is a very courageous and correct decision.

On the other hand, I think using the Community Care Fund (CCF) to take care of these matters would be problematic. The CCF was set up to help those who are not covered by the safety net, such as people who are not entitled to CSSA or other kinds of help. This was the original aim of the CCF. Please correct me if I am wrong. But now, you are using the CCF to deal with problems. The Government should not tackle matters through these frameworks. It should act boldly and give them the cash handouts at the same time. This will make them feel they are part of Hong Kong. We should not make them feel they do not belong to this place. Many Hong Kong people are immigrants from the Mainland. They will become Hong Kong residents after residing here for seven years. Even if they still have not resided here for more than seven years, it is important to make them feel that they are equally cared for, and that they are not being looked down upon. I think you have made the right move, so you need not be afraid. Do not listen to any political party or the

opposition party. If you feel what you do is in the interest of Hong Kong, just go ahead. We will support you.

**DEPUTY CHAIRMAN** (in Cantonese): Mr LEUNG Kwok-hung, this is the second time you speak.

**MR LEUNG KWOK-HUNG** (in Cantonese): Deputy Chairman, I intend to stay here until the end and speak whenever necessary. If anyone wants to debate with me, let him know that I intend to remain in the Chamber until very late into the night. Those people are truly very despicable.

You people are behaving like the characters in a Beijing opera called "The Shameless Braggart". When did the Federation of Trade Unions (FTU) and the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) start to raise the idea of handing out cash? Is it true that others raised the idea well before them? You people still have the face to lecture the Financial Secretary, praising him for his U-turn. You are instead the very people who have made a U-turn. When I threw something at the Financial Secretary in this Chamber at the very beginning, someone already commented that this Budget was tentatively acceptable. This is no fabrication. A fellow belonging to the DAB told me so. But why was he so silly? I must telephone him to tell him that this Budget is certainly unacceptable.

Buddies, why do you still want to raise this issue again? Everybody should know very well what has happened. This is backroom politics, but I am not a part of it. Financial Secretary, I have never met with you in any backroom, right? Buddies, if you have really been so sensible and clever, you should not have let the Financial Secretary do something so unjust at the outset. When he proposed to inject funds into the Mandatory Provident Fund (MPF) accounts for the first time, why did you not give him any advice right away? Why did you not ask him to hold discussions with you right away? Financial Secretary, did they ever ask to see you when you raised this proposal for the first time? Did they vote for your Budget, Financial Secretary? You people have all forgotten that further discussions may still be held during the actual legislative process. Buddies, you always employ such a tactic of waiting until the last minute before you speak.

Who have broken their own promises? Who supported the listing of the Link REIT? Who supported the privatization of the Mass Transit Railway Corporation Limited? Who supported the pay cuts of civil servants? Excuse me for recounting some of their deeds. Who have always expressed support for the Government like dogs echoing the barks of one another every time the Government has announced something, thus pushing it to the unjust cause?

I certainly have no affection for this Government. I just cannot stand such behaviour. Were you not the very people who plunged the Government into such trouble? When the Government proposed this measure for the first time, why did you not raise your objection right away? Why did you watch with folded arms when I was expelled from the Chamber by Mrs FAN for brandishing a cheque? I asked the Administration not to do so, but did you ever say the same thing? No. I should actually be given a credit for opposing the proposal at that time. But you people simply said: "This man is a lunatic. Long Hair must be a lunatic because he even opposes the handing out of money." Buddies, we must be true to our consciences, we should not try to get all the advantages by betraying the very people on whom we depend. I have already explained that a boy cannot possibly teach his father how to give birth to a little brother for him. This is something impossible. Do you have such ability? You are all mere timeservers clinging to others, right? Did you raise any objection at the very beginning? Yes or no? How come you still have the face to condemn me?

This is the first point which must be clarified. I do not have any personal affection for the Financial Secretary. But how can you say anything like this? Many of you were in fact prepared to support this Budget. Did you ever hold any discussions with the Financial Secretary? If you have really held any discussions with him, you may claim the credit. If you have not, why do you still "call the kettle black"? The reason is very simple. You may still press the buttons to request to speak. At what time, in which year, in which month, and on which day did you people advise Financial Secretary John TSANG that if he did not hand out cash, you would reprimand him? Did you ever do so? I have already reprimanded him, even as many as four times.

I am not putting the credit on myself. Frankly speaking, according to the theories of social democracy, handing out cash is the least desirable measure. However, since the Government has even turned cash handout from a "remedy"



into a "toxin", I must naturally raise objection. And, I must also ask it to hand out cash immediately.

Second, I have said several times that we request the Government to introduce progressive profit tax as a means of wealth redistribution. But it has refused. I have mentioned this proposal to Financial Secretary John TSANG many times, so many times that he may well go deaf as a result. At present, we also use our fiscal reserves for stocks speculation. We request the Financial Secretary to allocate only 0.02% of the stocks speculation returns, that is, only two-ten-thousandths of the profits, for implementing universal retirement protection. Again, he refused. Even so, what I have done is only to reprimand him. Unlike you people, I will not frame him up and put words into his mouth. When he does not accept my proposals, I will only reprimand him, asking him for reasons.

How can anyone be so contemptuous? Buddies, who is pitying who anyway — you pity him, or he pities you? Although the latest situation is that Donald TSANG's powers have already fallen into the hands of others, you people still should not do anything like this. Did you not support him in the past? Did you not choose this very Government? Right? In that case, why should you reprimand this Government? One should always affirm what is right and refute what is wrong. But we in the democratic camp are bound to reprimand the Government, right?

Besides, there is also the point of choosing the lesser of the two evils. While many poor people do not have enough money for their subsistence, the Government is so generous as to hand out cash. When LI Ka-shing is given a cash handout, he will accept it because he is such a contemptible man. However, you people cannot shake off your responsibility. You ask for a tax rebate of \$6,000, so that those who are more well-off can get \$6,000 more, right? Do you not want to secure the votes of electors? I must ask you this question: why the poorest people are not the ones to get \$6,000 more?

Why? What are the reasons? Are you not the representatives of labour organizations? Let us not talk about the DAB because at the very beginning, it already said that it would basically support the Budget. Therefore, I am not going to talk about it. But they must really answer this question. At the very beginning, when they said that they would basically support the Budget, what

kind of support they were talking about? Did they mean they supported the Financial Secretary's actions of killing himself? But then, they also reprimanded him. What did they mean by "tentative support" and "can be supported basically"? What did they support anyway? You people just tell us loud and clear now. All will be tape-recorded, buddies.

Under the present situation, everyone is scrambling for credit. Then, they may suddenly realize that they will also benefit from the tax rebate of \$6,000. I know what I am saying now will attract criticism from many Members. They will say: "I am also eligible to receive the \$6,000. Long Hair, what you are saying now may make me lose the \$6,000." See, the reason is just so simple. Seeing that the Government is going to hand out money to the wrong people, you people have decided to take advantage of the mistake. Mr CHEUNG Man-kwong is of course one of these people. I also wish to ask him why some people should get \$6,000 more in the form of tax rebate. Why? Alright, I can forget all about this question. But even so, I must still say that if you people are really so sensible and clever, you should advise the Financial Secretary not to hand out the \$6,000, right?

There is another point. During the legislative process, voting for the Financial Secretary's cash handout measure to help the poorest people is not the same as supporting the whole Budget itself. All people can understand this point. And, you people cannot deny that you have also adopted such a voting position before. If the contrary is true, it will not be necessary to put forward any amendments. All of us should simply accept the whole Budget. Therefore, what are you people talking about anyway?

It is true that public opinions are divided. That day, when I took a taxi back here, the driver told me that he would not support the pan-democratic camp because it advised against the cash handout of \$6,000. I must repeat the point that such voices are heard because you people have deceived the public. Under Article 51 of the Basic Law — the Financial Secretary is here — do you really think that in case this Budget is vetoed, he can just sit back without submitting another one? Can he do so? Can he say that this Budget is the only one he will submit, and simply go home for a nap after it has been vetoed, rendering Hong Kong unable to meet its expenditure? The Financial Secretary of course knows that he must draft another Budget for re-submission to the Legislative Council, right? He must obtain the consent of this Council.

Therefore, we are actually giving you people further benefits. We have 23 negative votes. Then, when the votes of you people are also counted, another haggle will be possible. In that case, you people can walk up to Financial Secretary John TSANG and say, "No, you cannot refuse. They have given us their 23 votes. So, we have no alternative but to proceed with the introduction of universal retirement protection, right?" Is this a possible scenario? I think the answer is yes under our constitutional system. What is meant by being rational? Being rational is the same as being willing to reason things out. This means that such a scenario is possible. In that case, I must ask you people, "Why do you think that you must not raise any objection? And, why do you think that even if you veto this Budget, this government will not heed your advice all the same? Is there a deal already? Have you already decided to vote for the Government? Is that the case?" This is already the second time that I ask this very question. Mr WONG Kwok-hing, you are walking away. You may not be able to hear me. Please answer me quickly. Has the FTU already resolved .....

**DEPUTY CHAIRMAN** (in Cantonese): Mr LEUNG, please speak to the Chairman.

**MR LEUNG KWOK-HUNG** (in Cantonese): Deputy Chairman, I will stop chiding him. Has the FTU already resolved that all should end here, and it will stop opposing the Financial Secretary? Is this the case? I now ask you, "Suppose you now take on board others' opinions, or I take on board your opinions ....., And, more demands are presented. Suppose there are also enough votes to veto the Financial Secretary's Budget, then what makes you so sure that he will definitely refuse to accede to your demands? And, in that case, why do you want to rebuke those people who are still making attempts to fight for more benefits for Hong Kong people?"

You must not confound right and wrong. Article 51 of the Basic Law provides that if the Chief Executive dares to put forward another budget, and this second budget is once again vetoed by the Legislative Council, he shall have to dissolve the Legislative Council. When this happens, people like us who are labeled as trouble-makers will no longer be able stay in this Council and cause hindrance to you people. Why do you not do so? I am always here, ready to

debate with others. I have never changed my position. Unlike others, I am not a capricious person. Why do you people not do so?

You people have been saying all these things before so many people here today. I really want to ask you one more question. When you people conduct election campaigns ..... I mean, when I competed with you people in elections, your election platforms — oh, I have never competed with the FTU in any elections, but I did compete with the DAB — covered a wide variety of proposals, all sorts of different proposals, right? Mr CHAN Hak-kan's election platform consisted of all sorts of different proposals, ranging from the provision of rent subsidy and "first-time property purchase subsidy" for young people to various other types of proposals. Why do you not mention all these proposals during the discussions on the Budget? Why have you behaved like this? Why do you chide those people who are just exerting pressure on the Government as promised in their election platforms?

Why do you people behave like this? What do you people take this Chamber for? Do you think this is a place for immoral consummation? Is that because you people have already made a deal with the Government through backroom politics? Or, perhaps, it is because you people have heard a heavenly message from the Western Land of Ecstasy that says, "People, you have no alternative but to support John TSANG's Budget, for everything must come to a stop now." In that case, you people should not continue to ridicule the Financial Secretary in this Chamber, should not continue to jeer at him in this way, right? Please do not make things so awkward. You people have already been coerced to sign a truce. Do you think others, not you people, have been coerced to sign a truce? Don't be mistaken. You people will know what I mean if you now tell him that you do not agree to certain something. Just see whether he will pay any heed to you. I am most unequivocal — I am most unequivocal — and, the Financial Secretary knows this very clearly. I have long since been asking him to step down. I still ask him to step down today. I am most unequivocal in my demand. Whether he is going to comply is all up to him to decide. But on my part, I will oppose him to the very end.

However, unlike those people described by Lu Xun, I will not show a change of face once I become rich. Lu Xun hated such people most. They will show a change of face once they become even just a bit richer. As Members all know, there are two camps in this Chamber. One of these camps is in support of the Government, right? It is as simple as that. Our opposition to the

Government is solidly based on principles and stances. If the Government does not introduce universal retirement protection, we will not cast any affirmative votes. This is very clear. The Government may argue that since it only has a certain amount of money at its disposal, it will not introduce any universal retirement protection. In response, I will say that in that case, it can first allocate \$50 billion for the purpose.

The Financial Secretary has certainly said so, only that you were out for dinner just now. He asserted that he would not make any long-term commitments. On the other hand, all those "eunuchs" simply keep saying that they will carry on their struggle. But the Financial Secretary has already said that under the present economic circumstances, he will not make any long-term commitment. In that case, what can they still get in their future struggles? He has already told you people the answer. If you people refuse to listen to him, I really have nothing to say. He already gave you people an answer today, telling you that he will not introduce universal retirement protection. But even today, you people still try to deceive us, saying, "You just vote for his Budget today, and we will renew the struggle for you later on." What do you still want to get in your struggle? Has the Financial Secretary not given you people an answer already? He said, "In no case should we make, on account of an occasional increase in revenue, commitments that are difficult to sustain. This will bring nothing but tax increase and reduced competitiveness for future generations." This is the reason for his refusal to implement any reform in all cases. The Financial Secretary has already given you an answer. Why do you still want to deceive Hong Kong people? You people can just go ahead and ask him once again. He has already given you an answer. You could not hear him, and you even have the face to ridicule him. If he answers back, I will speak again.

**MR WONG KWOK-KIN** (in Cantonese): Deputy Chairman, I seldom sit here for so long listening to Mr LEUNG Kwok-hung. He said he wanted a debate, so I intended to listen attentively to find out what he wanted. However, after listening for 15 minutes, I totally do not know and have no idea what he was talking about. I only heard surmise, fabrication, condemnation and pointless arguments. He then claimed to debate with other people. It is difficult. I was eager to have a debate with him but now I really think that it is not possible. All I can do is to express my regret.

Thank you, Deputy Chairman.

**DEPUTY CHAIRMAN** (in Cantonese): Mr LEUNG, do you want to speak?

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

**DEPUTY CHAIRMAN** (in Cantonese): Mr LEUNG, you are speaking for the third time.

**MR LEUNG KWOK-HUNG** (in Cantonese): I am going to speak for the third time. The reason given by the SAR Government for not introducing the universal retirement protection is that it may not be sustainable. They said that the decision was reasonable, beneficial and justifiable because they could help the poor first and then appealed to the Secretary to fight for other benefits. They said that we could have everything, including universal retirement protection and the resumption of the Home Ownership Scheme (HOS). However, the Secretary has already said that this was not possible.

I would like to ask for their advice. The Government has made it clear that it would not handle these issues after the passing of the Budget because of rationality. Of course I know the Secretary's rationale, that is, the Government does not have money to undertake these works, right? He has clearly pointed out that the Government would not make long-term commitments and that "this would bring nothing but tax increases". It is very clear, isn't it? After successfully fighting for \$6,000, some parties told the Secretary that they would be successful in striving for their demands. Are they deceiving the public? Let me challenge you people (they have all left the Chamber), have you asked the Secretary to undertake these measures after the Budget is approved. What then is the implication of paragraph 53 of the Secretary's speech when he spoke today? He has his own financial management philosophy, only that it is different from mine. Are they fooling the Hong Kong people?

(THE CHAIRMAN resumed the Chair)

I will not be scared even if they now ask the Chairman to sanction me. They have simply deceived him. I now ask them at what time, on what date, in what month and in what year did they say to the Secretary "I voted for you and you have to promise me that there will be universal retirement protection in five years"? If not, then it is a claptrap, right? We know that the proposals cannot be approved, then we use votes to give him pressure. For the sake of short-term political interests (the Secretary is clever to know that it is only short-term), and with their help, we can have a long-term policy.

We are like the guiding drugs or the licorice. We lack your votes. Even if 23 of us can pull together, there are only 23 votes. If we can also have their eight votes, or some votes from the Hong Kong Federation of Trade Unions (HKFTU), the DAB, or even the Liberal Party, then we can force the Secretary to discuss with us. The Secretary may have to report to the Chief Executive Donald TSANG immediately, saying that the Budget may not be approved. In that case, he may have to revise the saying that "in no case should we make, on account of an occasional increase in revenue, commitments that are difficult to sustain. This will bring nothing but tax increases and reduced competitiveness for future generations". The concerns are already present, they are not hidden in any sense. If the Budget cannot be passed, the Government has to re-submit a budget to the Legislative Council for the second time. If it cannot be approved again, "Long Hair", HKFTU and the DAB will keep their vows and the Legislative Council will be dissolved. No one knows what the world will be by then. Maybe "Long Hair" will disappear, and people will be happy; what if other people but not "Long Hair" will disappear, there will be great troubles. Should this be the course of events? Are they the legislators? Should this be the case? They are liars. What are my wild guesses?

I now ask them one more question. What is their basis to claim that the Secretary will make amendment? Last time they were only repeating the words of others and "terrorized" the Secretary like members of the triad society, buddy. Have they ever said to the Secretary, "If you do not hand out \$6,000, we will not cast an affirmative vote"? If they have, why not share with us? If they have, why did they say it is initially acceptable in the first place, buddy? Was I deaf or the recording of reporters was inferior in quality?

I am now talking about justifications. I have to ask them, when they visit the local communities, will they say to the residents, "Take the \$6,000 because

there will not be universal retirement protection"? Or will they repeat the lies told here and claim that they will appeal to the Secretary to strive for their demands? Fight for what? The Secretary will leave soon, right? I am not saying that he will resign. Do not be afraid. I mean the end of tenure. This is the situation before the retirement of the Secretary. Will they strive to get approval from the next Chief Executive? Let us wait and see if they will, in March next year, appeal to Mr LEUNG Chun-ying, Mr Henry TANG Ying-yen or whoever to introduce the policy. If they will not do so, how can they justify what they have said? They feel gleeful to scold others but they do not know that they can press the button for many times to vote today, right?

The last time I was so furious was during the deliberation of the Interception of Communications and Surveillance Ordinance, which got Donald TSANG into trouble. The situation was the same today. One is being rebuked once he has left. Now I am not afraid of them. I am a reasonable man. Come on, I do not think they can beat me.

**CHAIRMAN** (in Cantonese): Mr LEUNG, please speak on the amendment.

**MR LEUNG KWOK-HUNG** (in Cantonese): Yes, Chairman. Oh, you are back. There is nothing I can do. You always "knock me down".

I have some advice for them. I have heard of the following maxim: be determined, be courageous to sacrifice and overcome any difficulties to strive for a victory. What is the lesson of the story about a foolish old man trying to remove a mountain? It teaches us that we need to fight even for something impossible. We have to act like the Monkey King with 72 magics, turning something out of nothing. Presently, Mr Alan LEONG or I may be severely criticized, we may have made mistakes, but we are only exercising our rights as legislators and playing the game of the Council to push the Secretary. They did not work with us but even blamed us. Why laughed at us? What are the subject of ridicule, buddies?

Chairman, what I mean is that whether approval for provisions in the Budget is granted or not today, the result will be the same, just like the ready made food, right? Since the food has already been cooked, what else can be



done? If the Council runs normally, which means members are returned by a normal election, there is a ruling party, right? The ruling party should have enough votes, otherwise it has to put forward the issue for debate. This is the present situation. What are the reasons to blame the opposition party for not voting in support of the Government? Besides, the opposition party is only fighting for what they have been advocating. Should they not lead the opposition party? This is leadership. Even if they oppose me, they need to accept me. This is what makes up a Council.

My point is very simple. If we approve the provision so that the Secretary can implement this measure, that implies that we do not oppose in principle handing out cash. However, if eventually we consider that it is useless to hand out money as more measures should be introduced. It is reasonable for us to oppose the cash handout. How can it be unreasonable? It is them who are unreasonable. They said, "We have never requested for cash handouts, but after the disturbances of 'Long Hair', Hong Kong is in chaos." Then for whatever reasons, they suddenly requested for cash handouts and "coerce" the Secretary. Now they said it was good that the Secretary has rectified his mistakes. This is ridiculous, buddy. Is it that they do not need to correct their wrongdoings?

**CHAIRMAN** (in Cantonese): Mr LEUNG, you are repeating your points.

**MR LEUNG KWOK-HUNG** (in Cantonese): Yes, Chairman. I am always like this when I am angry. Thank you for correcting me. I am not going to speak any more as you also think that I am repeating. I believe that you are fair.

If I have a new subject to debate, I will press the button at any time and please do not stop me.

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

**MR CHEUNG MAN-KWONG** (in Cantonese): Chairman, today I am on the rush to finish writing an article so I did not have time to respond. Now that I have completed the work I can respond to the speeches made by Mr WONG

Kwok-hing and the pro-establishment camp. Mr WONG Kwok-hing is especially excited about this Budget. He thinks that he has, on behalf of Hong Kong people, won a battle and he felt excited. He sneered at the Democratic Party for making a volte-face and he hoped the Democratic Party would make a volte-face. I wanted to say that he is too early to be happy.

With respect to this Budget, why did the Government make a concession? Why did the Government finally decide to hand out \$6,000? The reason behind is that after the announcement of the Budget, the general public was furious and wanted the Secretary to resign. The pro-establishment camp did not know what to do. If they supported the Budget, the public would be displeased; and if they opposed the Budget, a constitutional crisis would emerge. They can prattle on many local issues but cannot do the same on matters that will lead to a constitutional crisis. The Budget is an important bill, and frankly speaking, should there be a constitutional crisis, either the pro-establishment camp or the Government can shoulder responsibility. Therefore, they cannot handle the issue so "lightly" as they did on transport subsidy. They have to be "pro-government".

For the Government, it needed the support of the pro-establishment camp, hence it made a U-turn and decided to hand out \$6,000. This does not imply that Hong Kong people have won. Under the Basic Law, failure to pass the Budget will lead to a constitutional crisis, which is the actual reason that the Government has conceded.

The next thing the Government was afraid of was the Bauhinia Revolution proposed by us unintentionally. It happened that the Bauhinia Revolution matched in time with the emails about the Jasmine Revolution in China. If the Bauhinia Revolution led to a movement in Hong Kong, it would easily catalyze the Jasmine Revolution in China, which would be a disaster for the Government.

Under this situation, settling the disagreements on the Budget, suppressing the fear about the Bauhinia Revolution and preventing it from influencing the Jasmine Revolution have become very important political missions; which are also the social and political basis for the Government to make a concession.

What the Government frightens more is the snowball effect on public opinion, as well as the recurrence of the situation in 2003 when people took to the

streets, leading to the downfall of the then Government. Therefore, the Government could not help but take a step back. It is not a victory of Hong Kong people. Otherwise, Mr LAU Siu-kai would not say that public discontent had reached a critical point.

Under this situation, we should not be self complacent because of the cash handout of \$6,000, thinking that we have won. The Government is only begging peace to avoid being defeated and it is a Pyrrhic victory under the constitutional system. This is the real reason. If the pro-establishment camp truly wants the public to get more protection, and if they can grasp this political situation to stand on the same line with the pan-democrats to request for the resumption of the HOS, establishment of the universal retirement protection and additional recurrent expenditure in areas affecting people's livelihood, such as education, healthcare, social welfare and poverty alleviation, then we will get more, walk farther and resolve the deep-rooted conflicts through this Budget.

However, the pro-establishment camp will not do so. They dare not get involved in the constitutional crisis, they dare not instigate the Jasmine Revolution; they dare not exceed the critical point of public discontent and cause a bigger snowball in society. They do not have the guts to do so. Therefore, regarding this issue, they are "strict at the beginning but relaxed at the end". This is the real political implication that I want to tell Mr WONG Kwok-hing.

When it comes to "making a volte-face", no one is better than Mr WONG Kwok-hing. He changed his stance on issues including the bid for hosting the Asian Games, Octopus card and penalties on drink driving offences. He is the king in this respect to gain personal interests in Legislative Council. I understand and comprehend the retreat of the pro-establishment camp, but it is a pity. I regret that Hong Kong people cannot take hold of what they should get.

Here is a quote from MAO Zedong: "With power and to spare we must pursue the tottering foe And not ape Hsiang Yu the conqueror seeking idle fame"<sup>3</sup>. We can treat the Budget like this, but we did not do so. WEN Jiabao pointed out that the SAR Government should make better use of the huge financial reserve and surplus on issues of people's livelihood. The pro-establishment camp is inferior to WEN Jiabao. Frankly speaking, today I

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<sup>3</sup> <<http://www.marxists.org/reference/archive/mao/selected-works/poems/poems19.htm>>

heard some responses from Government officials instead. They are actually concerned over the demand from the pan-democrats and the public. They are preparing to make amendments or even initiate related work in the coming year. I can feel that they have a mind to do this and I truly hope that they do.

To err is human, it is never too late to mend. The Government should find the root of the problem and sincerely serve the public in the rest of its term of office. It is not a problem that the Government is not perfect in decision-making for the Budget. If it can protect the long-term interest of the public and solve the deep-rooted conflicts, I will still support and praise the Government when its term expires, because making refinement now can change the future. There are conflicts in many issues including housing, retirement, education and healthcare that need to be solved. It is not because WEN Jiabao has pointed them out, but because they are the actual needs of Hong Kong and the expectation of society. For this point, I set my hope in the Secretary that he is not blind to the society, but just that he was not on the right direction for the Budget and fell into a big hole and found himself stuck.

The opposition proposed by the pan-democrats is not successful either. We also need a review. There were something unexpected during our try, like the disaster in Japan which attracted the society's attention. I understand that we should not deepen the conflicts when others are facing a tragedy. We could not and the public would not allow us to do so.

In addition, the issue has been delayed for so long that we could not get general public support under the sadness for Japan. The Government's proposed handing out of \$6,000 did divide the society and people have raised various views. We, as Members responsible for addressing public needs, should to be honest to the community and to ourselves. There are things that we cannot achieve or solve in the best way, but we will try again in the future. The most important point is that we should never give up, we should truly believe that these conflicts have existed in society for a long time and they must be resolved by the Government. It will be apathetic and uncaring if the Government leaves the problems unsolved.

Both we and the Government have drawn a lesson from this issue, so as to bring real benefits to the people. All we can do is to persevere. There are many things in the world which requires perseverance. Take education as an

example. We have been fighting for over 10 years for subsidized kindergarten education as well as small class teaching. It is really very difficult for the pan-democrats and the non-ruling parties to strive for our demands, and we cannot attain success in one stride or just by a few words of rebuke. However, as long as we believe that these conflicts exist in society, the world will change one day.

If the Government gets a Pyrrhic victory today, if harmony can be attained through the approval of the Budget, I hope it can understand that the "harmony" is attained due to the sufficient votes in the Council under the current constitution. However, after the passing of the Budget and the handing out of \$6,000, will all these conflicts just disappear? Will these conflicts no longer exist in the lives of people at all levels? Of course not. These conflicts will continue to exist, and they may ferment anger, and when public discontent reaches a critical point, people will go to the streets. The Government still has to face the expectation and challenges from the people. Conflicts cannot be solved this way.

A colleague has just quoted the saying of Lu Xun. In his famous words "where there are stones, there are the seed of fire". Stones are social conflicts, how can the fire go out as long there are conflicts? So long as conflicts exist in society, people will not easily accept the situation, and there will not be a peaceful society.

There is still a long time to go. If the Financial Secretary John TSANG can make good use of the financial reserve and learn the lessons, he can do better in the rest of his term of office. I hope that the social conflicts can be basically solved when he retires, so that the barriers of today's Budget can be removed.*(The buzzer sounded)*

**CHAIRMAN** (in Cantonese): Mr CHEUNG, time is up.

**MR WONG YUK-MAN** (in Cantonese): Chairman, when I spoke for the first time earlier, I did not explain in detail our justifications for supporting the cash handout. Let me now explain them all over again because I notice that the Financial Secretary is now present — every time when I previously spoke, this man was not present.*(Laughter)* Why have I come back to the Chamber? It is

because I am delighted to see him here, and I have always wanted him to listen to our views. But every time when I spoke, he was not present. This has been the case since 2008. In 2009, I ripped his budget, and he has been extremely displeased since then.

In the 2008-2009 Budget, the Financial Secretary undertook to make a one-off injection of \$6,000 into the Mandatory Provident Fund (MPF) account of each employee earning less than \$10,000 a month. I immediately told him that grass-roots people could not withdraw any accrued benefits from their MPF accounts for meeting living expenses until their retirement, or unless they declared that they would not become employed again. At that time, I did make this point very clear to the Financial Secretary. Besides, I also pointed out that there were many casual workers, low-pay self-employed persons, employees aged over 65 and marginal workers without any MPF accounts. Since they could not meet the eligibility requirements, they could not benefit from this one-off injection. All these points were written down in black and white at that time. For these reasons, I told him that his injection of \$6,000 into the MPF accounts of grass-roots workers would not really be able to relieve their plight. I therefore proposed that the Government should directly hand out \$6,000 to each employee who met the eligibility requirements of the aforesaid injection. This was the recommendation I put forward regarding the 2008-2009 Budget.

In the several years that followed, we also put forward this recommendation. The Financial Secretary is now willing to hand out cash, so I of course support this amendment, as I clearly stated just now. I am not like all those people who keep talking about moral standards and righteousness, even about staging a so-called Bauhinia Revolution, thus scaring the Financial Secretary into handing out cash immediately. These people are really shameless. Do they understand what is meant by shameless? A Bauhinia Revolution? Do they think they can be successful? The march last week was attended by about 300 people from seven organizations only. This really is a shame to the democratic camp. I can tell Members that once I make an appeal, I can easily mobilize over a thousand people. How ridiculous! How absurd! They have brought shame to the entire democratic camp. How dare they still talk about a Bauhinia Revolution? What is most ridiculous is that in order to protect the interests of his own functional sectors, he even went so far as to say that teachers in the education sector and civil servants should also be given \$6,000. Do you still remember this? But after saying so, he did not say

anything more. It is their usual practice to first go howling around, only to slip away silently afterwards. What kind of justifications did he advance just now? He said that the Government could still do more. Well, everybody knows "a mother is a woman". Is John TSANG capable of doing so? Now that the Government agrees to hand out \$6,000 to each of us, we should already consider ourselves very lucky.

A moment ago, outside the Chamber, I told Mr Frederick FUNG that my voting position was the same as his. I will vote against the Budget as a whole because the Government has not done enough. However, I cannot vote against this present amendment. To begin with, I have always requested the Government to hand out cash. Second, I must repeat that we will never be "too timid to voice opposition and too narrow-minded to accept compromise". We will never behave in this way. Like Ah Kee, I maintain that as long as any measure can help the poor and grass-roots people, I must render my support. This is that simple, not to mention that I have always advocated this proposal.

I am not in the habit of saying "success in fighting for" all the time because these words are something exclusive to the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB). As can be expected, besides the DAB, even the Democratic Party has also formed the habit of saying "success in fighting for". Both parties really have nothing new to talk about. Can they think of any new slogans? The DAB talks about "success in fighting for", and the pigeon party does the same. They boasted everywhere that they have "succeeded in fighting for". This is indeed very ridiculous. They only received the news three days earlier than others, but they still boast of "success in fighting for", pretending that they have succeeded. I do not think that this makes any sense at all. If the package can really help the people, we will certainly render our support. All is so simple. Why are they so keen on claiming the credit, on showing their integrity by smearing others? We have always criticized the Government on the basis of facts. We have never smeared the Government. We are never boastful. Members may look at the video recording at that time. There is the Internet nowadays, and people can see what we said during the budget debate in 2009. Every word is recorded in black and white. The problem of columbaria has caused such chaos these days, but I frequently tell my son that after I died, he should cremate my body and spread the ash into the sea. I tell him that since I am so "talkative" and I am a publicly known figure, he can actually see me anytime he likes on the Internet — as if I am still alive.*(Laughter)*

I say to my son that if he misses me, he can search "WONG Yuk-man" on the Internet. There are 3 000 video clips about me on YouTube, and he can see enough of me. There is no need for any grave-worshipping, nor is it necessary to compete with others for any columbaria.

Speaking of columbaria, I really wish to mention that yesterday, I told the Secretary that I really pitied him, though I was frequently against him. I suppose Members must also do some sort of self-examination. When we speak, we often do not talk any sense at all. We all speak as if we were almighty, but in practice, we are so powerless. We are so fierce in our words ..... I cannot go on with that because what follows is a swear word. The Chairman will not permit me to say this word. This is a special feature of certain people in the democratic camp. I have joined this Council for two to three years, and I really find all this very outrageous. People in the pro-establishment camp, the Government and the "royalists" do not share my political opinions. This is alright. If they like, they can always debate with me. They can just go ahead, and I am not afraid of them at all. I am afraid of no one. But some people have shot their allies at the back. Chairman, you are openly at loggerheads with me, but as the President of the Legislative Council, you cannot debate with me. But those people have shot me at the back, rendering their support for amending the Rules of Procedure. How can they call themselves Members of the democratic camp? I am really outraged by .....

**CHAIRMAN** (in Cantonese): Mr WONG, please focus on this amendment.

**MR WONG YUK-MAN** (in Cantonese): This is just to illustrate how these so-called democrats have tried to say something today in order to overturn what they said yesterday. This is downright hypocrisy. The \$6,000 .....

**CHAIRMAN** (in Cantonese): Mr WONG, since you are now speaking for the second time, you must focus on the amendment.

**MR WONG YUK-MAN** (in Cantonese): I am asking him why he does not cast a negative vote. Chairman, I must start with why he does not cast a negative vote. They can actually cast a negative vote, but they are afraid of being rebuked after



doing so. They fear that people may say, "The Democratic Party has cast negative votes. It does not agree to the Government's proposal of handing out cash to us!" It fears that if people think that way, things will be very bad. Therefore, they want to abstain from voting because people do not know the meaning of abstention votes. They may simply think that Members of the Democratic Party are too busy to turn up for voting, or they are simply absent. They think it will be wonderful if they can get away in this manner. But I must say that they should either cast negative votes, or they should succumb to the reality like me, render their support to the Government's amendment and cast positive votes. Thank you, Chairman.

**DR PAN PEY-CHYOU** (in Cantonese): Chairman, some Members called us the pro-establishment camp just now. Actually, I have never been quite so agreeable to such a label. However, I think that as a Member, one should ask oneself honestly what the 7 million people in Hong Kong really need. As for personal honour, whether we are criticized for any volte-face or accused of not daring to go too far, I think as long as our main concern is the well-being of the majority of all the 7 million Hong Kong people, we should always remember what Mr Lu Xun said, "Head bowed, I will serve the children like an ox with dedication."

Certain Members belonging to the opposition camp may well be as high-sounding as they like. They may claim that since they have lofty ideals and consider the interests of Hong Kong in the long run, they do not need to come to terms with the reality. I can only comment that they apparently do not find it necessary to, or they simply do not want to, serve responsibly as Members. All their words and deeds are for showing their political stances only. In mentioning long-term interests, they are in reality, only concerned about the voting benefits in the coming one or two years. A certain Member belonging to the opposition camp said just now that we did not dare to stir up a Bauhinia Revolution. He must be reminded that a revolution is something that may kill hundreds and thousands of people. Such turbulence will certainly greatly affect the lives, properties and interests of all the 7 million Hong Kong people. Some Members may well think that it is alright to rashly make such a remark, but I honestly think that we must never say anything like this at all. As a Member, I think that Hong Kong people actually need stability. To them, being able to live and work here happily is the most important thing of all. This is my opinion.

There are undeniably many deep-rooted problems in Hong Kong, as also mentioned by many Members. There are truly serious problems, such as wealth disparity, housing, home purchase, and so on. In the course of developing the economy and industries, Hong Kong has indeed "slipped" many times. But, to be frank, when we look around at the rest of the world, we will see that no countries are without problems. As the saying goes, "every family has a skeleton in the cupboard". We think that others are living a happy life, and others will look at us likewise. The point is all so simple. When we look at the United States, we may think that their social conditions are very good. But if we actually live there, we will certainly see all the problems their society is facing. Similarly, when Americans look at Hong Kong, they may think that our society is wonderful beyond any description. But if they come to live in Hong Kong, they will have to face air pollution and other problems.

As a matter of fact, all societies have problems, and also deep-rooted problems. The formation of deep-rooted problems is attributable to the fact they cannot be solved easily. In order to solve these deep-rooted problems, honestly, society as a whole should hold frank and open debates and discussions. Even though Members have divergent views, they must still hold pragmatic and objective discussions in the Chamber, so as to achieve the interaction of divergent views. At the social level, different groups and strata of people can also hold discussions for the purpose of forging a consensus. Only in this way can solutions be identified. Only in this way can deep-rooted problems be solved progressively over time.

Some Members, however, think that we do not need to do so. They think that we only need to force the Financial Secretary to give a reply within several days. They think that we only need to ask him how to solve the problems of housing, disparity in wealth and lack of retirement protection and then force him to give a reply and tackle them within a few days. Honestly, I myself can also put forward several packages of solutions if what we need are solutions that can be put forward within several days without first holding any thorough discussions and forging any consensus. But will such proposals be useful at all? Can they really solve the problems? To solve these problems, we have to conduct studies by experts, followed by debates and discussions. I therefore think that people with this kind of viewpoint and request are highly irresponsible because their demand is simply unattainable, and the Government is even forced to comply.

Likewise, I do not think that the Government's proposal of handing out cash is totally satisfactory. As a one-off measure aiming to return wealth to the people, I think the proposal is acceptable. This change, when viewed against the original proposal in the Financial Secretary's Budget, is only a strategic adjustment. What I mean is that this time, the masses can enjoy immediate benefit; they can spend the money once they get it. This is especially helpful to people of the lower social strata in Hong Kong. People who are better-off or who have savings can, of course, choose to put the money aside for use after their retirement. But for those people leading a hand-to-mouth existence, this is indeed a great delight, because they can spend the \$6,000 immediately after receipt. When we distribute leaflets at "street posts" in local districts these days, many people will ask us when they can receive the \$6,000, and whether the "cash handout" has been approved. Everybody has been paying huge attention to the proposal, and they are very delighted.

I am of the view that if any measure can benefit the grass-roots people and workers and make them happy, we as Members should see no reasons for not rendering our support. It does not matter whether we support such measures at the very beginning, we should decide to pitch in as soon as we observe the aspirations and positive responses of the masses.

In the past few days, many members of the public came to our "street posts" and asked us when the Government would hand out the cash. I told them that the Budget would have to be read the Second time and the Third time, and formally approved by the Legislative Council before it could be implemented. Hearing this, they said, "You must not let those people vote down the amendment, or else our money would simply vanish." This is the response of the public.

Some Members belonging to the opposition camp claimed just now that they would not oppose the amendment; they would only abstain from voting. We all know what abstention means in the legislature. A motion must receive the approval of more than 50% of the Members present before it can be passed. Abstention votes are actually the same as negative votes. I hope Members will not try to deceive the people of Hong Kong. On my part, I will discharge my responsibility, honour my pledge to the kaifongs, stick to my duty and cast my sacred vote, so that they can smoothly get the \$6,000. I so submit.

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

**MR LEUNG KWOK-HUNG** (in Cantonese): Chairman, I want to ask Dr PAN Pey-chyou one question. Did the kaifongs tell him to ask me to change my position? Or, did the kaifongs instead ask him to tell other people to do so? All the supporters will cast affirmative votes, so the amendment will certainly be passed. He should have told the kaifongs that they need not worry, and that it will be impossible for the opponents to succeed, because all the supporters are vigilant and fully-prepared. He should have told them that the Budget will certainly be passed. However, he should also tell the kaifongs that since he will cast an affirmative vote on the Government's Budget as a whole, all his past talks about universal retirement protection will become something like a widow losing her only son — end of all hope. Has he said so to the kaifongs? It is only after he has said so to the kaifongs that he can claim that he has not deceived them.

I will tell the kaifongs that I will definitely cast a negative vote; the only thing that I have not yet decided is whether I should throw anything at the Financial Secretary. However, my casting of a negative vote will not be of any use, because enough affirmative votes have already been secured. The whole thing is as simple as that. I have already made it clear that I will cast a negative vote. We are all above board .....

**CHAIRMAN** (in Cantonese): Mr LEUNG, let me remind you once again that as you are speaking for the fourth time, you must be as concise as possible.

**MR LEUNG KWOK-HUNG** (in Cantonese): Alright, I will be concise. I wish to ask the "opposition to the opposition" whether they have told the kaifongs the truth. It is just like the food prepared on the previous night — readily eatable. The food is already eatable. But he still says that it is not yet ready, and someone wants to take it all away.

Honestly speaking, political views are not a matter of so much importance. The important thing is that one should never deceive the public, right? Chairman, the Financial Secretary insisted that no one had ever asked the Government to hand out \$6,000. I believe him because truly no one has ever

done so. But now, some people are beginning to claim the credit, because they say that they have been talking about a cash handout of \$6,000. I would imagine that no one has actually said so, and it is only the voice from Heaven and the words of God to Moses. Six thousand dollars ..... They now behave as if they were "publicans" or "high priests" in the know. They all seem to be saying: "I am the priest" .....

**CHAIRMAN** (in Cantonese): Mr LEUNG, I understand that in such debates, Members will often put forth criticisms and views regarding other Members' attitudes. But I hope Members can understand that we are now conducting a debate on one single amendment. Members are reminded to speak on the pros and cons of the amendment in their speeches and put forth their views on it.

**MR LEUNG KWOK-HUNG** (in Cantonese): Alright, I will not say anything more.

Dear audiences of the live television broadcast, please note that with the presence of "royalists" (or whatever) in this meeting, the Budget will certainly be passed. Anyone who tells you that the opposition camp may render you unable to get the \$6,000 must be deceiving you. The opposition camp is not that powerful. The only power of the opposition is to vote against the Financial Secretary's Budget in the presence of the "royalists", in the hope of making him reconsider universal retirement protection, resuming the construction of Home Ownership Scheme flats and increasing the investment in education. Please bear this point in mind and pay no heed to their nonsense.

Chairman, I so declare. You are right in saying that I am repeating my views. I am sorry about that.

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

**MR WONG KWOK-HING** (in Cantonese): Chairman, I must say a few words in response to the remarks of Mr CHEUNG Man-kwong just now. I think the aim of Mr CHEUNG Man-kwong's speech was just to put labels on other people.

Regarding the label he put on me, I can but humbly refuse. I also think that what he said is far from the truth.

The Democratic Party has shown a change in attitude this time. Their slogans, strategy and planning were strongly and clearly antagonistic at the initial stage; I believe we all knew about that, given all the press coverage. By now, its attitude has changed, and its volte-face is very clear. History has been made. This change is very obvious, and as I said clearly in my speech just now, making changes in response to people's sensibilities and opinions is a desirable thing, something we should welcome. I also remarked that all parties involved, including the Government, Members and the relevant government departments, should draw lessons from all the U-turns associated with the Budget this year, reminding themselves that all policy formulation and execution as well as monitoring of government policies must be based on public opinions. This was actually the message I wanted to deliver.

Mr CHEUNG Man-kwong's diatribe against me actually involves several things: first, the Octopus incident; second, the bid to host the Asian Games (the bid); and third, drink driving. I must offer a concise clarification in response to the labels he puts on me.

Firstly, on the Octopus incident, I actually made my opinions very clear in various Legislative Council meetings, House Committee meetings and even at a motion debate. The first motion debate in this session, "Improving personal data privacy protection", was actually moved by me. During this motion debate, I clearly explained why I initially proposed to invoke the Legislative Council (Powers and Privileges) Ordinance, and why I ultimately deemed it unnecessary to do so. Therefore, there was no volte-face on my part, and I think that the label was put on me arbitrarily. What Mr CHEUNG said was not true and not fair to me.

Secondly, regarding the bid, right from the time when the Government first briefed us on the document relating to the bid at a meeting of the Panel on Home Affairs, our position had been very clear-cut. We told the Government what we wanted to have. Subsequently, the Government responded to our aspirations. We therefore supported the bid. We had never been opposed to the bid throughout. If anyone says that we were once opposed to the bid, please produce evidence.

Regarding drink driving, we were then of the view that the amendments proposed by the Member concerned were moved too hastily and the Government did not have sufficient time to consult the industries. We therefore could not support the amendments. The whole process was very clear. I think Mr CHEUNG should not put label on others arbitrarily. I must therefore respond to his allegation.

Chairman, I hope Members can base their observations on facts and reasons, rather than putting labels on others arbitrarily. Doing so will not gain any popular support. Thank you, Chairman.

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

**MR ALBERT CHAN** (in Cantonese): Chairman, I must speak again for the sake of clearing possible misunderstanding. And, I must also explain clearly and clarify which expenditure item and which amendment we are dealing with.

The expenditure item that we are now discussing and to be approved is the one on the \$7.1 billion, that is, the Government's proposal on handing out \$6,000 to everyone. This amendment is by nature only part of the Budget. It is not the same as the whole Budget, and the voting on this particular amendment should have nothing to do with whether the Budget as a whole can be passed. Support for this particular amendment to the Budget is not the same as support for the whole Budget, nor does it have anything to do with any subsequent support for or opposition to the other parts of the Budget. When some Members spoke just now, they distorted the implication of voting on this amendment, and I do not know whether they did so purposefully, unintentionally, ignorantly, or shamelessly.

Some people say that they actually have different demands, including Home Ownership Scheme (HOS) flats, universal retirement protection, education and welfare provision. My point is that suppose the Government now puts forward four separate amendments on their demands — four separate amendments on the HOS, universal retirement protection, education, and so on — are they going to say that while they support the amendment on education, they will still vote it down if it is not put forward together with the amendments on the

other items? Is this what they mean? Some people's logic is downright absurd. They claim that they support A, B, C, D and E, that they support universal retirement protection, education, elderly care, and so on. Therefore, according to them, if their demands are not included, they will oppose the handing out of \$6,000 to everyone. This is their logic. Suppose the Financial Secretary puts forward separate amendments on the four or five items they propose, are they going to vote against all the five amendments? Should their logic lead them to such a decision? If they are true to their logic, if their deeds are consistent with their words, they should really vote in this way. Do Members agree that this is very ridiculous?

We are now discussing the amendment on handing out \$6,000 to some 5 million Hong Kong residents. From the perspective of financial management philosophy, and according to the public financial management principles of resource distribution and re-distribution, the proposal is a form of fair and reasonable resource distribution. Of course, we all hope that the Financial Secretary can hand out money to 7 million people. This is our hope. The present proposal has indeed aroused antagonism and conflicts among some social groups. But this should be a separate issue, and this certainly does not mean that the 6 million people should not have, or should not be given, the \$6,000. From the perspective of financial management, the \$6,000 represents the surplus amassed by public coffers over the years as a result of various developments, taxation arrangements and government revenue. When the Government records surplus, what is wrong with distributing it to members of the public in a fair and impartial manner?

As I mentioned when I first spoke, in Scandinavia, there are some taxation arrangements that can protect people's income. In case a person is poor, living below the poverty line and failing to live a reasonable life, the government will offer a sum of money to the person every year under the existing taxation arrangements, so as to ensure his livelihood protection and enable him to live decently above the poverty line. What is wrong with this? Therefore, it does not stand to reason that since the Government fails to offer other services, people should cast a negative vote or abstain from voting on this amendment concerning the \$6,000. I have so far failed to hear any reasonable justifications. Instead, a lot of sophistry has been advanced, with people saying that supporting the handing out of \$6,000 will mean having no universal retirement protection. This is mere sophistry, an argument certainly not based on facts.



Chairman, since the position stated by Yuk-man and me in the debate just now may easily be misrepresented by certain mass media, especially by one or two specific mass media which have a liking for intentionally, shamelessly and sordidly smearing and twisting certain people's real voting motives by putting forth various specious arguments or some people's arguments, I must make everything perfectly clear, make a clarification and correct other Members' comments.

Chairman, a moment ago, when I heard certain Members talk about the Jasmine Revolution and a Bauhinia Revolution in the Ante-Chamber, I immediately lost my temper. The reason is that the Members who talked about all this were the very people who went into the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region (the Liaison Office), who made a secret deal with the Communist Party through backroom politics, who betrayed Hong Kong people, and who supported the farcical constitutional reform package. How can they still have the face to talk about a Bauhinia Revolution? Some say that they have been fighting on the education front for one to two decades. Well, Hong Kong people have similarly been fighting for democracy for over 20 years, but they have still been sold down the river by all these people. He now says that he is dissatisfied with the Budget because it does not cover all those issues. What was he thinking when he sold Hong Kong people's rights to democracy? He now speaks so very righteously, cursing others for supporting the handing out of \$6,000. But secretly, he has acted against his own conscience and deprived Hong Kong people of their rights. How is the Democratic Party going to justify its support for the listing of The Link REIT? Without the support of the Democratic Party years ago, the listing of The Link REIT would definitely have been impossible. Should they bow to the Hong Kong public thrice in apology? The Democratic Party also supported the system of lump-sum grant for the social work sector, thus plunging it into a miserable situation and depriving social workers of reasonable remunerations .....

**CHAIRMAN** (in Cantonese): Mr CHAN, please focus on the amendment.

**MR ALBERT CHAN** (in Cantonese): Chairman, I was very upset when I heard some people talk about the Jasmine Revolution. These people are so very

shameless. They have been betraying different social groups and electors at different stages in our history. But now, they all appear so righteous, posing as defenders of justice. Hong Kong people and electors must see clearly their hideousness and ugliness. They are all impostors.

Chairman, regarding the provision of \$7.1 billion, I must repeat that many poor families are in need of money to pay for their meals, they are living in great misery, and they are in dire need of money to pay electricity tariffs, buy clothes and socks for their children, pay medical consultation fees, buy medication, purchase electric fans, and so on. Many people are looking forward to receiving the \$6,000. Therefore, please do not think that the \$6,000 is expendable, and that it will be spent on extravagant luxuries. It is a very important sum of money to millions of Hong Kong people, a sum of money that can give them some slight relief and comfort in the midst of their plight.

I heard a kind of absurd logic just now. They said, "It does not matter whether we cast a negative vote or abstain from voting. The pro-establishment camp already has enough votes. How can our objection change anything?" By voting for or against the amendment, one can basically show whether one approves of or opposes the amendment. A positive vote or a negative vote will reflect on whether you are true to your own conscience. No vote should be interpreted from the angle of any political ploy. Whether you approve of the Government's proposal of handing out \$6,000, you should always make a value judgment and moral judgment on the impacts of the \$6,000. Why should anyone distort the whole case? They have failed completely to assess the practical impacts of the \$6,000 on the general public.

Chairman, I am so worked up because we have been fighting for handing out the several thousand dollars for four years. The Financial Secretary has decided to hand out a sum that is \$1,000 more than our proposed amount. For four years in a row, when giving advice on the budget, I asked the Government to hand out \$5,000 to each member of the public. Mr SIU (Stephen SIU) set the demand at \$10,000 at one time. So, we changed our proposed amount to \$10,000 accordingly. However, in our proposals to the Financial Secretary, we did not change the sum to \$10,000. Therefore, his proposed cash handout this year is actually bigger than our proposed amount.

Some Members remarked just now that no one had ever advised to the Government to hand out \$6,000. He was exactly right that no one had ever advised the Government to hand out \$6,000. I only proposed a cash handout of \$5,000. And, the Financial Secretary suddenly changed his cash handout package. I have not given the Government any support for a very long time in this Chamber. We will, therefore, definitely support this cash handout proposal. However, after voting on this amendment, Chairman, I will continue to oppose the other amendments. *(Laughter)*

(Mr WONG Yuk-man raised his hand)

**CHAIRMAN** (in Cantonese): Mr WONG, do you wish to speak again?

(Mr WONG Yuk-man nodded in agreement)

**CHAIRMAN** (in Cantonese): It is now five minutes to 10 o'clock. I shall suspend the meeting until 9 am tomorrow after Mr WONG Yuk-man has spoken for the third time.

**MR CHIM PUI-CHUNG** (in Cantonese): Chairman, would you please think about whether we should declare interests at the voting tomorrow because many Members do not have a Mandatory Provident Fund account.

**MR WONG YUK-MAN** (in Cantonese): Chairman, I just wish to supplement what I have said. I remember on the following day after the delivery of the Budget, that is, Thursday, the day when "Big Guy" (Mr Albert CHAN) hurled joss money, the Financial Secretary was not present when I spoke; only the Secretary was there. Later when "Big Guy" hurled joss money, the Financial Secretary was there. "Big Guy" has hurled a zillion dollars at him, but he has only handed out \$6,000 in return. Frankly, this is only equivalent to the interest.

At that time I mentioned the examples of Singapore and Macao. Among our neighbouring countries, Singapore is the first country to implement the policy of handing out cash directly. In 2006, the Singaporean government handed out money to all adult nationals as the bonus of its economic growth. Almost 80%

of the people were benefited. Financial Secretary, you did not listen attentively to my speech; perhaps you already knew how money was handed out in Singapore. Now, we are very concerned about how you are going to hand out money. How did the Macao government hand out money? I think you definitely knew how it handed out money. Many people want to know how the money will be given to them. Do they need to draw it from the bank? Do they need to show their identity cards? I think you need to sort out these technical problems. Theoretically, the Government should have handed out the money before 1 July, not after 1 July. Right? There are only a month or so left. I am worried about you. As for the people who are non-Hong Kong permanent residents, how are you going to deal with them? Money can be handed out through the Community Care Fund, but there are objections to this proposal. You really have a tough question to solve.

Nonetheless, I will give you some encouragement. We have two votes. According to their logics, these two votes make little difference. Should I pretend to oppose the Budget and cast a negative vote? Should I do so? Frankly, this is the same as the "five geographical constituencies referendum", the constitutional reform package or the motions moved by us. Even though we all knew that these motions would not be passed, should we abstain from voting then? If this logic is correct, there is no need to vote then. No need to vote on motions concerning the 4 June incident because they out-number us, so there is no need to vote. This logic is erroneous.

"Big Guy" has made his points clear. This is a matter of one's belief and proposition. If I agree with the motion, I will cast my vote as an indication. "Big Guy" did not go into the details just now. They appeared so righteous, saying that they would fight for universal retirement protection, and that they would work with the pro-establishment camp to create a constitutional crisis, leading to the dissolution of the Legislative Council. Buddies, if this is the case, if your logic is correct, you should not have supported the constitutional reform package, and you should have fought till the end. Why did you support the constitutional reform package? Not to mention that it was a political issue and you should make extra efforts to uphold your principle. This concerns people's livelihood. As long as a motion is conducive to people's livelihood, you should support it. Right? You said, "We need to stand firm. People rely on us to instigate the Bauhinia Revolution?" Has the Bauhinia Revolution ever taken place? Not even the Jasmine Revolution has ever taken place except in the Middle East. Spare the people. You need to speak with substance. You

claim that you will keep fighting and will not give in, and that the \$6,000 is a trick. A trick? People are going to pocket the hard cash. How can this be a trick?

Chairman, do not say that I have digressed from the subject. Coming back to the subject, this year sees the third time that the Singaporean government handed out money. The amount this time has been increased to SGD\$800 per national, benefiting 2.5 million adult nationals, that is, 80% of its population. According to some Singaporean academics, the cash handouts have been given out right before each government election. The Hong Kong Government is about to hold its Chief Executive Election. Is it not the high time to hand out money? Besides, the political parties are also about to hold their elections. The cash handouts will make everyone happy. At the future election forums, if the candidates of the Democratic Party are asked why the Democratic Party did not support the policy of giving cash handouts, I wonder how they will answer the question. They may answer, "We did not support the cash handouts because we need to fight for universal retirement protection." There is simply not the smallest sign of universal retirement protection. They do not support the cash handout because they want to fight for more. If the cash handouts fall through, how are they going to fight for more? "My brothers", you are all adults and have been in the political arena for a decade or two. Please do not act like an idiot. If you say that you shall stand by your dream, uphold your principle and shall not give in, not even if compromising a little can exchange for the greater (this is said by Mencius), then you should not have supported the constitutional reform package. It is you who have lobbied for a roadmap, who have demanded that the Chief Executive Election in 2017 should not be screened and that no Legislative Council Members should be returned by functional constituencies in 2020. You have completely abandoned what you have lobbied! Even if you are right in saying that you have abandoned lobbying for one thing in order to lobby for another, so that there can gradual and orderly progress, there can be one person, two votes, there can progression from quantitative changes to qualitative changes (this is a Marxist theory) ..... These hypocrisies, these hypocrites must be revealed. If not, these hypocrites, these hypocrisies will become the bane of the people.

Chairman, it is now 10 pm. I have finished.*(Laughter)*

**SUSPENSION OF MEETING**

**CHAIRMAN** (in Cantonese): I now suspend the meeting until 9 am tomorrow.

*Suspended accordingly at Ten o'clock.*